

CASE STUDY

FINANCING FOR PENSIONS | AUGUST 4, 2022



\$49,030,000 | PENSION FUNDING REVENUE BONDS | SERIES 2022

Wheeling Municipal Building Commission | Wheeling, West Virginia

PENSION BONDS

Client Profile

The City of Wheeling is a political subdivision and Class II city of the State of West Virginia. Located in Ohio County (as the seat of the County government) and Marshall County in the northern panhandle of West Virginia, the City is the fifth largest city in the state and has a population of approximately 26,600.

Stifel worked with stakeholders in West Virginia to pass a new state law allowing for pension funding bonds, and Wheeling was the inaugural such deal in the state.

The Project & Structure

Stifel served as lead manager on the Wheeling Municipal Building Commission taxable Pension Funding Revenue Bonds, Series 2022. The Bonds are secured by the City's proportionate share of a 1% state

tax on property and casualty insurance premiums, which are estimated to cover approximately 82% of aggregate debt service, and Lease Rentals paid by the City of Wheeling related to a lease of several fire stations that were ground leased to the Wheeling Municipal Building Commission as part of the transaction.

The Bonds received an underlying 'A' rating from S&P, and the transaction was structured with serial bonds from 2023-2032 and term bonds in 2037, 2042, and 2050. The term bonds feature a 10-year par call option.

Upon closing, the City was able to fully fund its Police and Fire pension plans, establish a new \$4.9 million pension reserve fund, and have debt service payments less than its previously projected pension payments.

Pricing Results

The shorter maturities were well received by the market, with up to 4.0x oversubscriptions in 2023 and 2024, enabling 5 basis points of tightening on those maturities on repricing. Broker dealers, SMA, and insurance accounts placed the most orders by par amount. Stifel committed to underwrite \$10 million in balances on the long end of the curve to support the transaction. Ultimately, the Bonds achieved a TIC of 6.14%.

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