

CASE STUDY

PINAL COUNTY, ARIZONA

JULY 2025



\$343,715,000 | PLEDGED REVENUE OBLIGATIONS, TAXABLE SERIES 2025 | SOLE MANAGER

TAXABLE SERIES OVERVIEW

SALE DATE	PAR	SECURITY	RATING	STIFEL ROLE
7/8/2025	\$108.06 mm	Revenue Obligation	Underlying: AA-(S&P)/AA(Fitch) Insured (BAM): AA(S&P)/AA(Fitch)	Sole Manager

- Pinal County is one of only two employers to date to issue bonds to fund its proportionate share of net pension liability (“NPL”) in Arizona State Retirement System’s (“ASRS”) cost-sharing retirement plan
- Pinal County is the first issuer in Arizona to issue pension bonds wrapped by either insurance agency
- *Strong investor demand allowed the County to secure an all-in borrowing cost of 5.83%, producing expected NPV savings of \$13.77 million, or 12.96% of par*

ASRS – CONTRIBUTION PREFUNDING PROGRAM OVERVIEW

- On June 24, 2022, the Arizona legislature passed SB1082, which allows ASRS to establish a Contribution Prefunding Program (“CPP”)
 - ASRS is the first cost-sharing plan to offer all employers the opportunity to pre-pay pension contributions
- The program allows employers to make additional deposits as a pre-payment of future contributions
 - ASRS invests these deposits in the same diversified investments as the pool itself, and employers use their pre-payment balance as an offset to future required contributions
 - The difference between ASRS’ investment return (assumed at 7.00%, ASRS’ current discount rate) and the all-in borrowing cost produces expected savings for the employer

CPP MECHANICS:

1. Deposit bond proceeds (and/or cash on hand) with ASRS up to an amount equal to the ASRS NPL proportionate share
2. Enter into a written agreement with ASRS and receive expected offset credit schedule
3. Achieve expected budgetary savings over as many as 30 years

PINAL COUNTY ASRS SAVINGS STRUCTURE

- After evaluating numerous structuring scenarios, the County elected to:
 1. Assume a 30-year offset, 7 years longer than debt service
 2. Accelerate debt service to the greatest extent possible while matching it with offset credits received, accruing greater savings to be deferred to later years
- The ASRS agreement allows the County to change its offset schedule with 60 days notice, providing flexibility for the County

PRICING RESULTS

- Despite elevated Treasury yields amid ongoing trade negotiations, Stifel’s team drove strong investor demand, generating \$843 million in orders (7.8x oversubscription)
 - Released at levels equal to comparable AA+ credits
 - Tightened spreads across the curve, including 15 bps in the 2047 term maturity
 - The sale attracted 60+ investors, from major money managers and insurers to smaller investment firms

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Mark Reader
Managing Director
(602) 794-4011
mreader@stifel.com

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