



PINAL COUNTY BOARD OF SUPERVISORS  
AGENDA FOR WORK SESSION  
Wednesday, February 12, 2025

9:30 AM - CALL TO ORDER

PINAL COUNTY ADMINISTRATIVE COMPLEX  
BOARD OF SUPERVISORS HEARING ROOM  
135 N. PINAL STREET  
FLORENCE, AZ 85132

- 
- (1) Presentation and discussion of analysis of use of long term financing for refunding of Pledged Revenue Obligations issued in 2014 and 2015 and funding of all or a portion of the County's unfunded liabilities with respect to the Arizona State Retirement System. (Mark Reader/Angeline Woods)

ADJOURNMENT

**(SUPPORTING DOCUMENTS ARE AVAILABLE AT THE CLERK OF THE BOARD OF SUPERVISORS' OFFICE AND AT <https://pinal.novusagenda.com/AgendaPublic/>)**

NOTE: One or more members of the Board may participate in this meeting by telephonic conference call.

In accordance with the requirement of Title II of the Americans with Disabilities Act (ADA), the Pinal County Board of Supervisors and Pinal County Board of Directors do not discriminate against qualified individuals with disabilities admission to public meetings. If you need accommodation for a meeting, please contact the Clerk of the Board Office at (520) 866-6068, at least (3) three business days prior to the meeting (not including weekends or holidays) so that your request may be accommodated.

Pursuant to A.R.S. 38-431.02, NOTICE IS HEREBY GIVEN, that the public will have physical access to the meeting room at 9:15 AM.

Meeting Notice of Posting

General Board Meeting Rules of Order



# PINAL COUNTY

WIDE OPEN OPPORTUNITY

## AGENDA ITEM

February 12, 2025 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

**REQUESTED BY:****Funds #:****Dept. #:****Dept. Name:** Office of Budget and Finance**Director:** Angeline Woods**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Presentation and discussion of analysis of use of long term financing for refunding of Pledged Revenue Obligations issued in 2014 and 2015 and funding of all or a portion of the County's unfunded liabilities with respect to the Arizona State Retirement System. (Mark Reader/Angeline Woods)

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:****BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:****MOTION:**

| History          | Who                | Approval |
|------------------|--------------------|----------|
| Time             |                    |          |
| 2/6/2025 2:05 PM | County Attorney    | Yes      |
| 2/6/2025 2:37 PM | County Manager     | Yes      |
| 2/6/2025 2:54 PM | Clerk of the Board | Yes      |

**ATTACHMENTS:****Click to download** [Presentation](#)



# PINAL COUNTY

WIDE OPEN OPPORTUNITY

## Refinancing, ASRS/CPP & Bond Market Update

*February 12, 2025, 9:30am*

---

# **R**efunding Opportunities

---

# Current Refunding Opportunities (\$000s)

| Maturity Date Ending (August 1) | \$52,700 Pledged Revenue Obligations Series 2014 Dated: 12/17/14                                |        | \$40,310 Pledged Revenue Refunding Obligations Series 2014 Dated: 12/17/14 |        | \$39,075 Pledged Revenue Refunding Obligations Series 2015A Dated: 5/13/15                    |                | Total           |
|---------------------------------|---|--------|--|--------|---|----------------|-----------------|
|                                 | Principal   | Coupon | Principal  | Coupon | Principal   | Coupon         |                 |
| 2025                            | \$3,285   | 5.000% | \$4,910  | 5.000% | \$3,750   | 5.000%         | \$11,945        |
| 2026                            | 3,445   | 5.000% |  |        | 3,950   | 5.000%         | 7,395           |
| 2027                            | 3,620   | 5.000% |  |        | 4,150   | 5.000%         | 7,770           |
| 2028                            | 3,800   | 5.000% |  |        | 4,360   | 5.000%         | 8,160           |
| 2029                            | 3,990   | 3.250% |  |        | 3,820 & 730   | 3.000 & 5.000% | 8,540           |
| 2030                            | 4,120   | 5.000% |  |        |   |                | 4,120           |
| 2031                            | 4,325   | 5.000% |  |        |   |                | 4,325           |
| 2032                            | 4,540   | 5.000% |  |        |   |                | 4,540           |
| 2033                            | 4,770   | 5.000% |  |        |   |                | 4,770           |
| 2034                            | 5,005   | 3.500% |  |        |   |                | 5,005           |
|                                 | <u>\$40,900</u>   |        | <u>\$4,910</u>   |        | <u>\$20,760</u>   |                | <u>\$66,570</u> |
| Call Features:                  | 8/1/25 and After Callable 8/1/24 @ par  |        | 8/1/25 Callable 8/1/24 @ par   |        | 8/1/26 and After Callable 8/1/25 @ par  |                |                 |
| Underlying Rating(s):           | "AA-" (S&P) / "AA" (Fitch)  |        | "AA-" (S&P) / "AA" (Fitch)   |        | "AA-" (S&P) / "AA" (Fitch)  |                |                 |
| Avg. Coupon:                    | 4.533%  |        | 4.533%   |        | 4.375%  |                |                 |
| Purpose:                        | Hunt Highway Improvements, Public Safety Radio Upgrades; Ironwood Drive Improvements and Courts |        | Widening and Improving Ironwood/Gantzel Road                               |        | Adult Detention Facility Expansion, Sheriff's Training Facility & Juvenile Detention Facility |                |                 |

**Potential bonds to be refunded**

Only maturities currently with positive savings are included in the analysis on the following page\*

\* Subject to change.

# Current Refunding Opportunities – \$50,000,000 (estimated)

|               | (1)                   | (2)                  | (3)                  | (4)                  | (5)                 | (6)                 | (7) |  |
|---------------|-----------------------|----------------------|----------------------|----------------------|---------------------|---------------------|-----|--|
|               |                       |                      | Estimated Savings    |                      |                     |                     |     |  |
| Fiscal Year   | Bonds Being Refunded* | Refunding Bonds      |                      |                      | Gross Savings       | PV Savings          |     |  |
|               | Debt Service          | Principal            | Interest             | Debt Service         |                     |                     |     |  |
| 2026          | \$ 2,395,350          | \$ 300,000           | \$ 1,794,053         | \$ 2,094,053         | \$ 301,297          | \$ 298,977          |     |  |
| 2027          | 9,605,475             | 7,090,000            | 2,218,750            | 9,308,750            | 296,725             | 285,468             |     |  |
| 2028          | 9,601,350             | 7,450,000            | 1,855,250            | 9,305,250            | 296,100             | 276,193             |     |  |
| 2029          | 9,593,100             | 7,825,000            | 1,473,375            | 9,298,375            | 294,725             | 266,546             |     |  |
| 2030          | 5,866,013             | 4,405,000            | 1,167,625            | 5,572,625            | 293,388             | 256,782             |     |  |
| 2031          | 5,079,925             | 3,825,000            | 961,875              | 4,786,875            | 293,050             | 248,669             |     |  |
| 2032          | 5,073,800             | 4,010,000            | 766,000              | 4,776,000            | 297,800             | 245,002             |     |  |
| 2033          | 5,067,175             | 4,210,000            | 560,500              | 4,770,500            | 296,675             | 236,648             |     |  |
| 2034          | 5,064,425             | 4,425,000            | 344,625              | 4,769,625            | 294,800             | 228,001             |     |  |
| 2035          | 5,092,588             | 4,680,000            | 117,000              | 4,797,000            | 295,588             | 221,213             |     |  |
| <b>Totals</b> | <b>\$ 62,439,200</b>  | <b>\$ 48,220,000</b> | <b>\$ 11,259,053</b> | <b>\$ 59,479,053</b> | <b>\$ 2,960,147</b> | <b>\$ 2,563,498</b> |     |  |

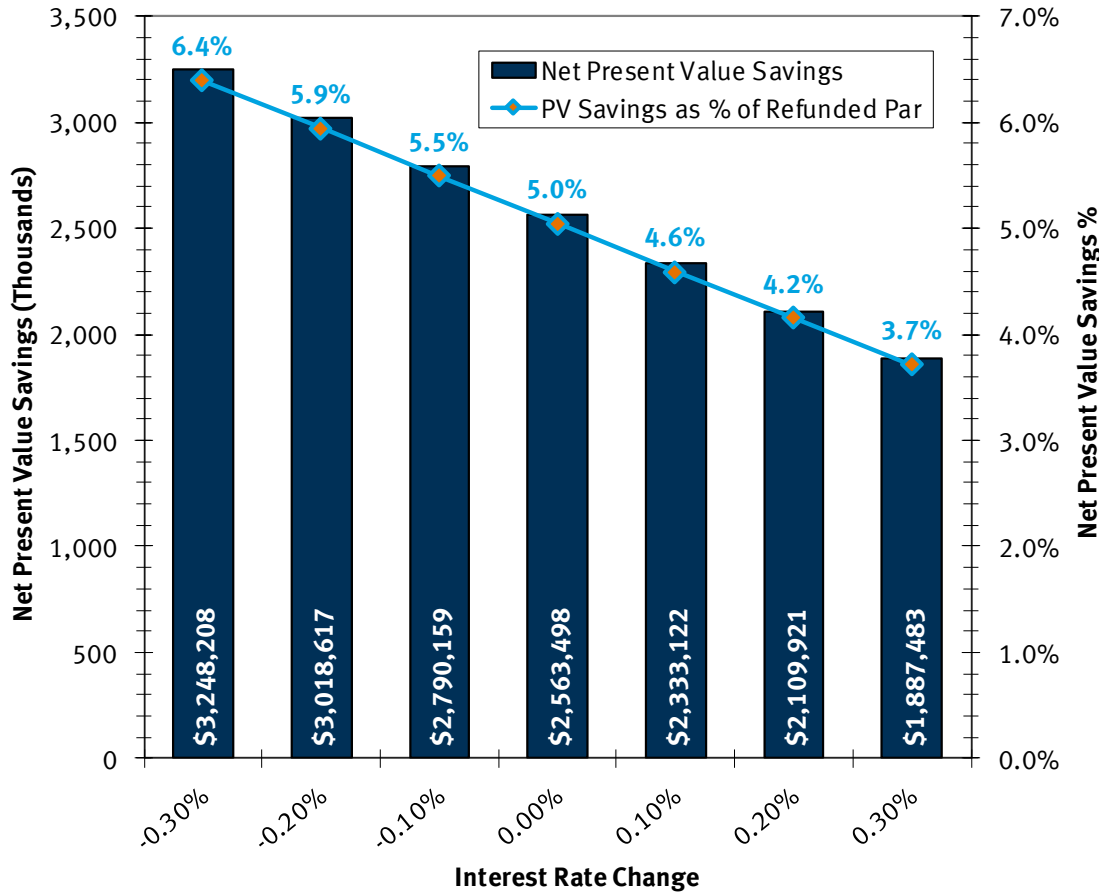
Net PV Savings: **\$ 2,563,498**  
 Net PV Savings as a Percent of Refunded Bonds: **5.05%**

| Refunding Statistics | Results     |
|----------------------|-------------|
| Avg. Ref. Coupon     | 4.59%       |
| All-In TIC           | 3.41%       |
| NPV Savings (\$)     | \$2,563,498 |
| NPV Savings (%)      | 5.05%       |
| Avg Annual Savings   | \$296,015   |
| Total Savings        | \$2,960,147 |

\* Includes certain of the Series 2014 Pledged Revenue Bonds and the Series 2015A Pledged Revenue Refunding Bonds with positive savings currently. Subject to change.

# Current Refunding Sensitivity and Current Rates

## Sensitivity Analysis



## Sensitivity Analysis

| Adjustment to the Bond Yields | Projected NPV Savings | PV Savings as a % of Refunded Par |
|-------------------------------|-----------------------|-----------------------------------|
| -0.30%                        | \$3,248,208           | 6.4%                              |
| -0.20%                        | 3,018,617             | 5.9%                              |
| -0.10%                        | 2,790,159             | 5.5%                              |
| <b>0.00%</b>                  | <b>2,563,498</b>      | <b>5.0%</b>                       |
| 0.10%                         | 2,333,122             | 4.6%                              |
| 0.20%                         | 2,109,921             | 4.2%                              |
| 0.30%                         | 1,887,483             | 3.7%                              |

1. Preliminary and subject to change.
2. The use of the 'AA-' (S&P) / 'AA' (Fitch) ratings is consistent with the rating of the outstanding prior bonds.
3. Interest rate assumptions are based on current market conditions and similar credits.
4. Issuer's actual results may differ and Stifel makes no commitment to underwrite at these levels.
5. Costs of issuance and underwriter's discount are estimates for discussion purposes.
6. Analysis was performed with no changes to the term or the structure of the debt service from the currently outstanding issues.

# **A** **ASRS CPP Contribution**

---



# Pinal County Net Pension Liability Origins

## Pinal County had a \$106.3 million ending net pension liability in fiscal year 2024, which is a small component of the entire \$16 billion ASRS net pension liability

- Arizona State Retirement System (ASRS) is a cost-sharing, multiple-employer retirement system in which each employer is responsible for a proportionate share of the unfunded liability
- ASRS has routinely been recognized as a best-in-class performer in terms of investment management and governance:

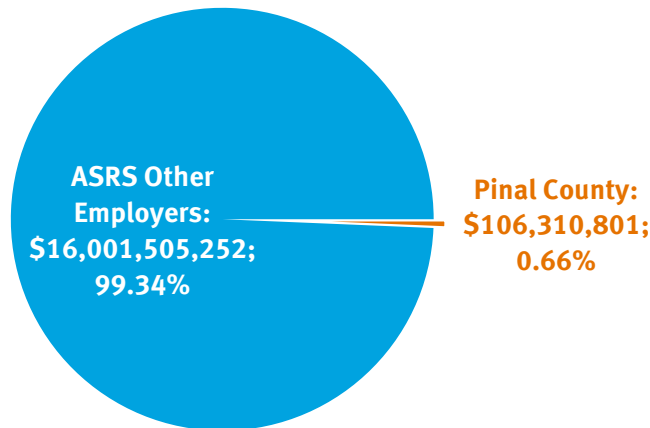
### Awards Presented to ASRS<sup>1</sup>

- **Certificate of Achievement for Excellence in Financial Reporting:** Presented by the GFOA in each of the last 35 years for ASRS’s ACFR
- **Award for Outstanding Achievement in Popular Annual Financial Reporting:** Presented by the GFOA in each of the last 13 years
- **Pension Standards Award for 2024:** Presented by the Public Pension Coordinating Council to ASRS for the 20<sup>th</sup> time

- ASRS, however, does have a \$16 billion unfunded liability and Pinal’s share is \$106.3 million or 0.66%

- *The primary drivers behind ASRS’s funding position are largely national and secular trends including:*

### Pinal County’s Proportionate Share of ASRS Pension Debt<sup>2</sup>



| Driver                                    | Status  |
|---|---|
| Increased Life Expectancy                 | National life expectancy has moved from 76.8 in 2000 to 79.4 in 2025 and drives a 4-5% increase in the Total Pension Liability <sup>3</sup> |
| Decreased Discount Rate                   | 7% is conservative relative to ASRS’s 25-year median annual return of 8.50%, but it is consistent with national best practices              |
| Prefunding of Permanent Benefit Increases | Completed and funded  |
| Change of Liability Accrual Method        | Consistent with actuarially sound advice  |

<sup>1</sup>[https://www.azasrs.gov/sites/default/files/pdf/FY24\\_ACFR\\_WEB.pdf](https://www.azasrs.gov/sites/default/files/pdf/FY24_ACFR_WEB.pdf)

<sup>2</sup>[https://www.azasrs.gov/sites/default/files/pdf/FY24\\_GASB\\_68-75\\_Web.pdf](https://www.azasrs.gov/sites/default/files/pdf/FY24_GASB_68-75_Web.pdf)

<sup>3</sup><https://www.macrotrends.net/global-metrics/countries/usa/united-states/life-expectancy>

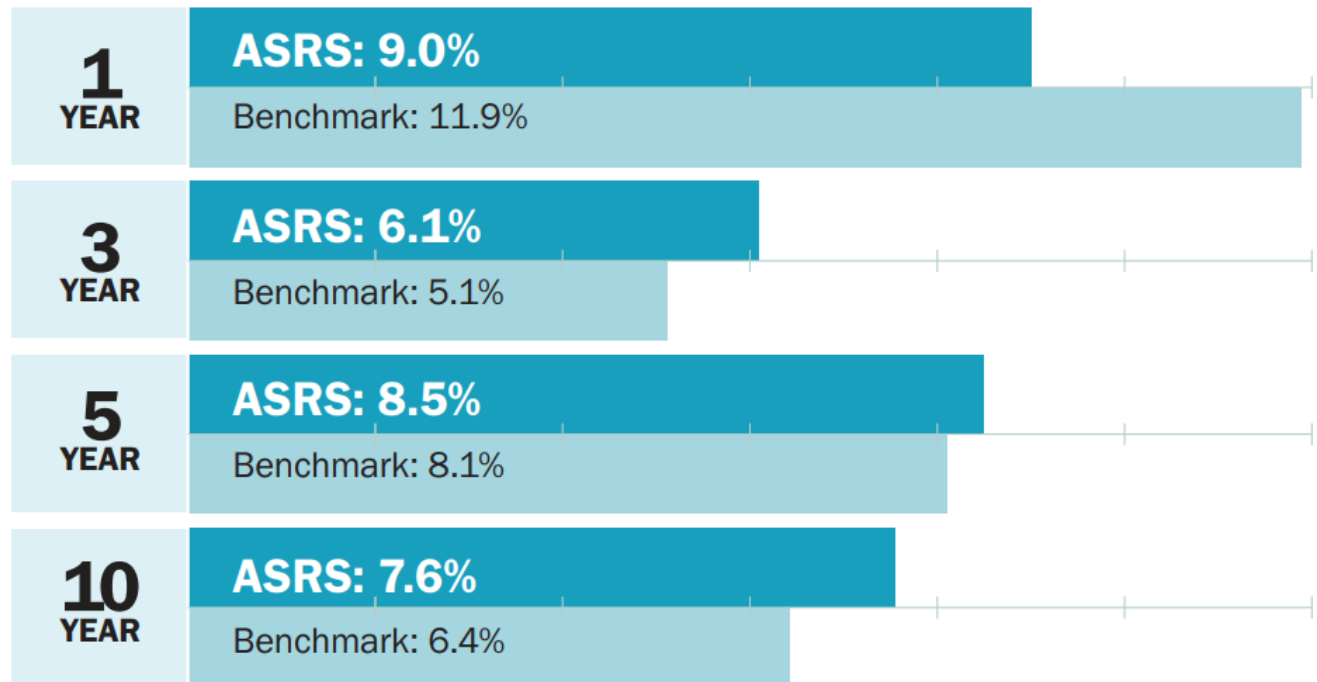
## ASRS has produced strong historical returns with the trailing 10-year annualized return outperforming the current 7.0% assumed rate of return

- Despite the impact of market moving events, ASRS has outperformed its assumed rate of return on a time-weighted basis with a 10-year **annualized return of 7.6%**

### Portfolio Returns and Benchmarks<sup>1</sup>

ASRS funds are well-diversified, professionally managed, and high-performing. These funds have outperformed the 3-year, 5-year and 10-year time weighted return benchmarks.

These data are as of June 30, 2024.



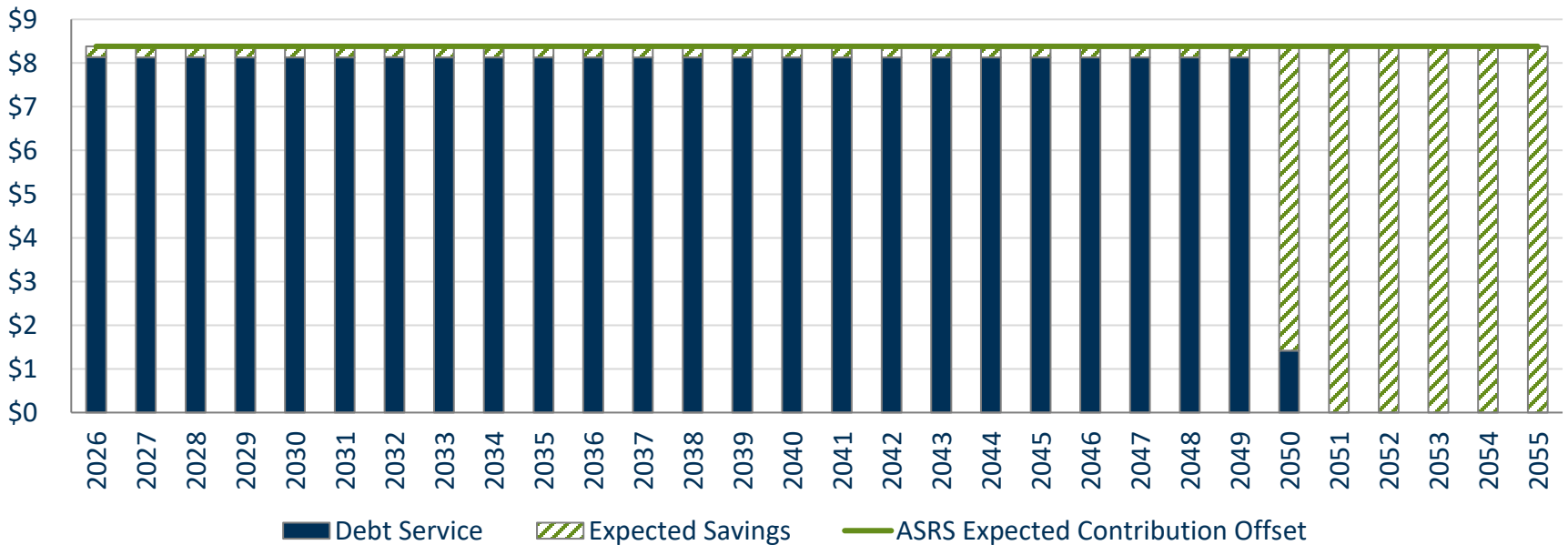
<sup>1</sup>Source: ASRS audited financial reports.

# Taxable Bond Issuance to Fund ASRS Pension Liability: Current Rates

By depositing \$106.31 million of bond proceeds with ASRS, **the County could achieve \$54.94 million of gross expected savings (\$13.24 million of expected PV savings)**

| Summary of Financing Plan <sup>1</sup>                            |                     |
|---|---------------------|
| Dated Date  | 05/02/2025          |
| Final Maturity Date   | 08/01/2049          |
| All-In Borrowing Cost   | 5.881%              |
| Bond Par Amount   | \$107,585,000       |
| Deposit with ASRS   | \$106,310,801       |
| <b>Expected Total Cash Flow Savings<sup>2</sup></b>               | <b>\$54,942,573</b> |
| <b>Expected Total PV Savings (\$) <sup>2,3</sup></b>              | <b>\$13,235,278</b> |
| <b>Expected Total PV Savings (% of CPP Deposit)<sup>2,3</sup></b> | <b>12.45%</b>       |

## Impact on Pinal's Required ASRS Contributions (\$mil)<sup>2,3</sup>



<sup>1</sup>Market conditions as of February 3, 2025 at 8am MST. Stifel does not commit to underwrite at these levels. All interest rate and other assumptions used in this analysis are subject to change.  
<sup>2</sup>Assumes offset accrues at 7%, the expected ARORAA provided by ASRS and is amortized in a level fashion.  
<sup>3</sup>Values are discounted at 5.881%, the All-In Borrowing Cost of the Bonds.

# Taxable Bond Issuance to Fund ASRS Pension Liability: Current Rates<sup>1,2</sup>

- Pattern of savings can be determined by the County on an annual basis with the ability to carry offset credits forward

|              | [A]                                       | [B]                       | [C] = [A] - [B]                  | [D] = NPV [C]   |
|--------------|---|---------------------------|----------------------------------|---|
| FY           | ASRS Expected Contribution Offset (\$000) | Bond Debt Service (\$000) | Expected Program Savings (\$000) | Expected Program Savings (\$000) (NPV @5.881%) <sup>3</sup> |
| 2026         | \$8,383                                   | \$8,133                   | \$250                            | \$234   |
| 2027         | \$8,383                                   | \$8,133                   | \$251                            | \$222   |
| 2028         | \$8,383                                   | \$8,133                   | \$251                            | \$209   |
| 2029         | \$8,383                                   | \$8,129                   | \$254                            | \$200   |
| 2030         | \$8,383                                   | \$8,132                   | \$251                            | \$187   |
| 2031         | \$8,383                                   | \$8,131                   | \$252                            | \$177   |
| 2032         | \$8,383                                   | \$8,133                   | \$250                            | \$166   |
| 2033         | \$8,383                                   | \$8,129                   | \$254                            | \$159   |
| 2034         | \$8,383                                   | \$8,129                   | \$254                            | \$151   |
| 2035         | \$8,383                                   | \$8,131                   | \$252                            | \$141   |
| 2036         | \$8,383                                   | \$8,131                   | \$252                            | \$133   |
| 2037         | \$8,383                                   | \$8,131                   | \$252                            | \$126   |
| 2038         | \$8,383                                   | \$8,133                   | \$251                            | \$118   |
| 2039         | \$8,383                                   | \$8,129                   | \$254                            | \$113   |
| 2040         | \$8,383                                   | \$8,130                   | \$254                            | \$107   |
| 2041         | \$8,383                                   | \$8,133                   | \$251                            | \$100   |
| 2042         | \$8,383                                   | \$8,130                   | \$253                            | \$95  |
| 2043         | \$8,383                                   | \$8,131                   | \$252                            | \$89  |
| 2044         | \$8,383                                   | \$8,129                   | \$254                            | \$85  |
| 2045         | \$8,383                                   | \$8,131                   | \$252                            | \$80  |
| 2046         | \$8,383                                   | \$8,132                   | \$251                            | \$75  |
| 2047         | \$8,383                                   | \$8,128                   | \$255                            | \$72  |
| 2048         | \$8,383                                   | \$8,129                   | \$254                            | \$68  |
| 2049         | \$8,383                                   | \$8,129                   | \$255                            | \$64  |
| 2050         | \$8,383                                   | \$1,416                   | \$6,967                          | \$1,654   |
| 2051         | \$8,383                                   | \$0                       | \$8,383                          | \$1,880   |
| 2052         | \$8,383                                   | \$0                       | \$8,383                          | \$1,775   |
| 2053         | \$8,383                                   | \$0                       | \$8,383                          | \$1,677   |
| 2054         | \$8,383                                   | \$0                       | \$8,383                          | \$1,584   |
| 2055         | \$8,383                                   | \$0                       | \$8,383                          | \$1,496   |
| <b>Total</b> | <b>\$251,497</b>                          | <b>\$196,554</b>          | <b>\$54,943</b>                  | <b>\$13,235 / 12.45%</b>                                    |

<sup>1</sup>Market conditions as of February 3, 2025 at 8am MST. Stifel does not commit to underwrite at these levels. All interest rate and other assumptions used in this analysis are subject to change.

<sup>2</sup>Assumes offset accrues at 7%, the expected ARORAA provided by ASRS and amortized in a level fashion.

<sup>3</sup>Values are discounted at 5.881%, the All-In Borrowing Cost of the Bonds.

# Taxable Bond Issuance to Fund ASRS Pension Liability: Sensitivity

- Expected savings will be greater if ASRS exceeds 7% over the next 30 years and lower if not

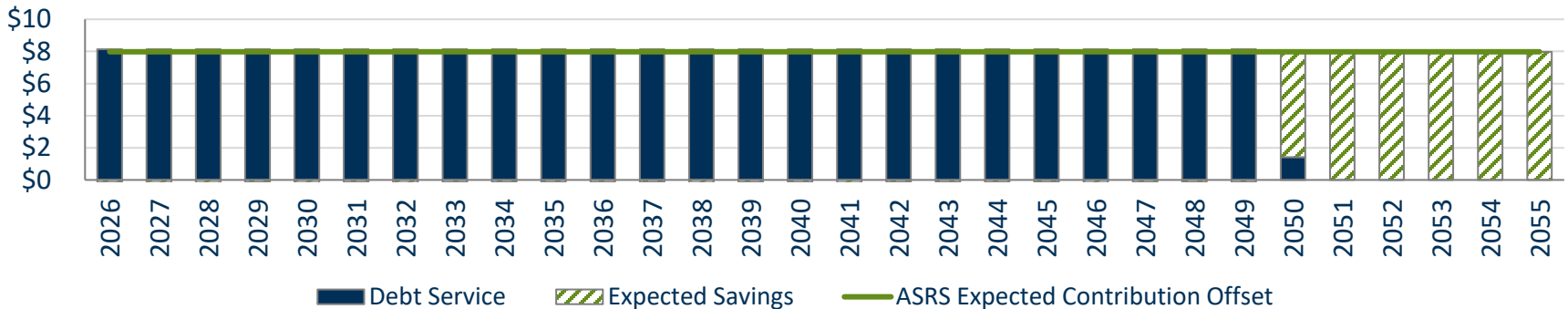
If ASRS outperforms its assumed rate of return, earning 7.5% annually over the offset period, **the County could achieve \$67.29 million of gross expected savings (\$18.92 million of expected PV savings, 17.80% of par)**

## Impact on Pinal's Required ASRS Contributions, Assuming a 7.5% Rate of Return (\$mil)<sup>2,3</sup>



If ASRS underperforms its assumed rate of return, earning 6.5% annually over the offset period, **the County could achieve \$42.79 million of gross expected savings (\$7.64 million of expected PV savings, 7.19% of par)**

## Impact on Pinal's Required ASRS Contributions, Assuming a 6.5% Rate of Return (\$mil)<sup>2,3</sup>



<sup>1</sup>Market conditions as of February 3, 2025 at 8am MST. Stifel does not commit to underwrite at these levels. All interest rate and other assumptions used in this analysis are subject to change.  
<sup>2</sup>Assumes offset accrues at 7.5% and 6.5%, different than the expected APRA provided by ASRS of 7%, and is amortized in a level fashion.  
<sup>3</sup>Values are discounted at 5.881%, the All-In Borrowing Cost of the Bonds.

# Historical and Budgeted Excise Tax Collections

| Source   | Actual        |               |               |               | Unaudited Actual | Budgeted      |
|--|---------------|---------------|---------------|---------------|------------------|---------------|
|  | 2019/20       | 2020/21       | 2021/22       | 2022/23       | 2023/24          | 2024/25       |
| County General Excise Tax Revenues   | \$ 20,121,457 | \$ 24,692,328 | \$ 30,303,596 | \$ 36,030,382 | \$ 39,645,418    | \$ 37,450,771 |
| Gross State Shared Revenues  | \$ 40,458,279 | \$ 48,435,559 | \$ 58,269,430 | \$ 63,395,362 | \$ 66,363,660    | \$ 65,617,812 |
| Less: ALTCS Contribution   | (13,755,300)  | (14,431,100)  | (12,109,900)  | (17,427,100)  | (18,011,700)     | (18,011,700)  |
| Less: AHCCCS Contribution  | (3,037,917)   | (3,048,726)   | (3,051,927)   | (3,070,649)   | (3,100,864)      | (3,100,900)   |
| Net State Shared Revenues  | \$ 23,665,062 | \$ 30,955,733 | \$ 43,107,603 | \$ 42,897,613 | \$ 45,251,096    | \$ 44,505,212 |
| Vehicle License Tax Revenues   | \$ 13,398,599 | \$ 16,342,441 | \$ 16,329,451 | \$ 17,156,998 | \$ 17,821,430    | \$ 16,861,000 |
| Total County General Excise Tax Revenues, Net State Shared Revenues and Vehicle License Tax Revenues | \$ 57,185,118 | \$ 71,990,502 | \$ 89,740,650 | \$ 96,084,993 | \$ 102,717,943   | \$ 98,816,983 |

\* Figures were pulled from the County's ACFRs and were displayed in thousands.

# Estimated Debt Service Requirements and Coverage\*

| (1)         | (2)              | (3)                          | (4)                        | (5)                  | (6)                             | (7)                  | (8)                          | (9)                                  |
|-------------|------------------|------------------------------|----------------------------|----------------------|---------------------------------|----------------------|------------------------------|--------------------------------------|
| Fiscal Year | Pledged Revenues | Outstanding Debt Service (a) | 2025 Refunding Obligations |                      | Taxable 2025 Obligations (ASRS) |                      | Total Aggregate Debt Service | Maximum Annual Debt Service Coverage |
|             |                  |                              | Principal (8/1)            | Interest             | Principal (8/1)                 | Interest             |                              |                                      |
| 2022/23     | \$ 96,084,993    |                              |                            |                      |                                 |                      |                              |                                      |
| 2023/24     | 102,717,943      |                              |                            |                      |                                 |                      |                              |                                      |
| 2024/25     |                  | \$ 29,419,383                |                            |                      |                                 |                      | \$ 29,419,383                |                                      |
| 2025/26     |                  | 29,535,381                   | \$ 300,000                 | \$ 1,794,053         | \$ 3,590,000                    | \$ 4,539,499         | 39,758,933                   | 2.58 x                               |
| 2026/27     |                  | 19,172,759                   | 7,090,000                  | 2,218,750            | 2,270,000                       | 5,861,133            | 36,612,642                   |                                      |
| 2027/28     |                  | 20,244,750                   | 7,450,000                  | 1,855,250            | 2,380,000                       | 5,753,081            | 37,683,081                   |                                      |
| 2028/29     |                  | 20,241,761                   | 7,825,000                  | 1,473,375            | 2,495,000                       | 5,636,424            | 37,671,560                   |                                      |
| 2029/30     |                  | 24,002,083                   | 4,405,000                  | 1,167,625            | 2,620,000                       | 5,511,688            | 37,706,397                   |                                      |
| 2030/31     |                  | 20,098,617                   | 3,825,000                  | 961,875              | 2,755,000                       | 5,377,209            | 33,017,701                   |                                      |
| 2031/32     |                  | 20,122,025                   | 4,010,000                  | 766,000              | 2,900,000                       | 5,231,554            | 33,029,580                   |                                      |
| 2032/33     |                  | 20,117,545                   | 4,210,000                  | 560,500              | 3,055,000                       | 5,075,306            | 33,018,351                   |                                      |
| 2033/34     |                  | 20,140,699                   | 4,425,000                  | 344,625              | 3,225,000                       | 4,907,540            | 33,042,864                   |                                      |
| 2034/35     |                  | 20,124,320                   | 4,680,000                  | 117,000              | 3,405,000                       | 4,727,347            | 33,053,666                   |                                      |
| 2035/36     |                  | 20,133,490                   |                            |                      | 3,595,000                       | 4,534,449            | 28,262,939                   |                                      |
| 2036/37     |                  | 19,358,216                   |                            |                      | 3,805,000                       | 4,327,778            | 27,490,994                   |                                      |
| 2037/38     |                  | 19,328,982                   |                            |                      | 4,025,000                       | 4,107,140            | 27,461,123                   |                                      |
| 2038/39     |                  | 12,781,106                   |                            |                      | 4,260,000                       | 3,871,610            | 20,912,715                   |                                      |
| 2039/40     |                  | 12,265,900                   |                            |                      | 4,510,000                       | 3,620,099            | 20,395,998                   |                                      |
| 2040/41     |                  | 12,252,293                   |                            |                      | 4,780,000                       | 3,351,352            | 20,383,644                   |                                      |
| 2041/42     |                  | 12,265,417                   |                            |                      | 5,070,000                       | 3,062,041            | 20,397,458                   |                                      |
| 2042/43     |                  | 12,262,014                   |                            |                      | 5,380,000                       | 2,751,937            | 20,393,951                   |                                      |
| 2043/44     |                  | 12,285,949                   |                            |                      | 5,710,000                       | 2,422,841            | 20,418,790                   |                                      |
| 2044/45     |                  | 12,261,254                   |                            |                      | 6,055,000                       | 2,073,715            | 20,389,969                   |                                      |
| 2045/46     |                  | 8,178,938                    |                            |                      | 6,425,000                       | 1,703,371            | 16,307,308                   |                                      |
| 2046/47     |                  | 8,164,782                    |                            |                      | 6,820,000                       | 1,308,620            | 16,293,403                   |                                      |
| 2047/48     |                  | 8,157,696                    |                            |                      | 7,245,000                       | 887,725              | 16,290,421                   |                                      |
| 2048/49     |                  | 8,156,243                    |                            |                      | 7,690,000                       | 440,795              | 16,287,038                   |                                      |
| 2049/50     |                  | 8,158,990                    |                            |                      | 3,520,000                       | 105,336              | 11,784,326                   |                                      |
| 2050/51     |                  | 8,164,503                    |                            |                      |                                 |                      | 8,164,503                    |                                      |
| 2051/52     |                  | 8,171,346                    |                            |                      |                                 |                      | 8,171,346                    |                                      |
| 2052/53     |                  | 8,178,086                    |                            |                      |                                 |                      | 8,178,086                    |                                      |
|             |                  | <u>\$ 453,744,527</u>        | <u>\$ 48,220,000</u>       | <u>\$ 11,259,053</u> | <u>\$ 107,585,000</u>           | <u>\$ 91,189,588</u> | <u>\$ 711,998,169</u>        |                                      |

\* Subject to change.

(a) Net of the Bonds Being Refunded.

## **B**ond Market Update

---



## Bloomberg Consensus Yield Curve Projections (%)

| Market Consensus Yield Curve Projections (%) |         |       |       |       |       |
|--|---------|-------|-------|-------|-------|
|  | Current | Q1 25 | Q2 25 | Q3 25 | Q4 25 |
| Fed Funds                                    | 4.50    | 4.35  | 4.20  | 4.05  | 3.95  |
| 2-Yr UST                                     | 4.22    | 4.14  | 4.01  | 3.89  | 3.82  |
| 10-Yr UST                                    | 4.58    | 4.47  | 4.42  | 4.36  | 4.34  |
| 30-Yr UST                                    | 4.83    | 4.68  | 4.65  | 4.60  | 4.57  |

- Last week, as expected, the Fed opted to keep rates steady in a range of 4.25-4.50% after lowering rates 100bps in a matter of four months at the end of last year.
- In their statement, the Fed maintained the language of a “solid” economy, while noting the low level of unemployment has seemingly “stabilized,” suggesting the Committee has adjusted its assessment of labor market conditions; moving from concerns of emerging weakness, policy makers appear to be conceding to ongoing solid conditions to the labor market and more broadly, across the domestic economy.
- As expected, personal income rose 0.4% in December and following a 0.3% gain in November. Consumer spending, meanwhile, increased 0.7% in December, surpassing the 0.5% gain expected and marking the largest monthly gain since September.

*Interest rates fall across the curve.*

## 10-Year AAA MMD and 10-Year UST Yields Since 2021



## 30-Year AAA MMD and 30-Year UST Yields Since 2021



# Appendix A

---

**ASRS's Contribution Prepayment Program (CPP) is designed to give employers the option to reduce future contributions by depositing cash in an amount up to the employer Net Pension Liability (NPL) in advance**

- Employers can make contribution payments with surplus cash or from proceeds of a debt obligation

### Features<sup>1</sup>

- ✓ **Deposit funds with ASRS to pre-pay employer's future contributions**
- ✓ **ASRS will invest your pre-paid balance along with the rest of plan assets**
- ✓ **You will still receive a bill each year from ASRS, but can use your pre-paid balance to 'offset' up to your entire required annual contribution**
- ✓ **Employer savings are realized based on the difference between interest earned on prepaid amounts and opportunity cost of cash deposit**

### Program Flexibility

- ✓ **Use unrestricted cash OR a taxable issue OR budget reprogramming OR a combination**
- ✓ **Achieve budgetary savings over as many as 30 years (as provided by the ASRS CPP)**
- ✓ **The CPP provides significant flexibility for Employers to use their offsets when needed**
  - ✓ An employer can offset up to its entire ASRS contribution
  - ✓ Intra-year adjustments can be made with 60 days notice

Pension Obligation Bonds (“POBs”) are a source of financing for unfunded actuarial liabilities of pension funds and can serve a valuable function. However, the success of a POB financing is dependent on a number of assumptions proving to be accurate, and the failure of any of these assumptions is a risk that a government issuing POBs should consider.

Among the assumptions that are important to a POB financing, and the risks associated with those assumptions providing to be inaccurate, are the following:

- Assumption: The POB proceeds amount is calculated to achieve a specified funding target defined by the issuer. Risk: This amount is calculated based on known components of the issuer’s unfunded liability at the time of pricing. The projected unfunded liability at any given point in time is subject to achieving defined assumptions in an actuarial report, and actual experience may vary. If the actual unfunded liability upon closing of the bonds is higher or lower than the projected unfunded liability, the issuance of the POBs may result in a funding level that is above or below the target level defined.
- Assumption: The investment yield on the POB proceeds once deposited in the pension fund will equal or exceed the yield on the POBs. Risk: If the investment yield on the POB proceeds is less than the yield on the POBs, and the decline is not offset by positive changes in other assumptions, the issuance of the POBs may actually increase the unfunded actuarial liability.
- Assumption: Payroll increases during the term of the POBs will be as anticipated when the unfunded actuarial liability was estimated at POB issuance. Risk: If payroll increases during the term of the POBs exceed expectations, and the increases are not offset by positive changes in other assumptions, the POB proceeds will not suffice to cover the unfunded actuarial liability.
- Assumption: Cost of living adjustments (“COLAs”) will be as anticipated when the unfunded actuarial liability was estimated at POB issuance. Risk: If COLAs exceed expectations during the term of the POBs, and the increases are not offset by positive changes in other assumptions, the POB proceeds will not suffice to cover the unfunded actuarial liability.
- Assumption: Various assumptions used in calculating the unfunded actuarial liability -- such as mortality rates, early retirement incentives, types of payrolls covered by the pension fund -- will be as anticipated at the time of POB issuance. Risk: If there are reductions in mortality rates, increases in early retirement incentives, expansions of the payrolls covered by the pension plan during the term of the POBs, and these changes are not offset by positive changes to other assumptions, the POB proceeds will not suffice to cover the unfunded actuarial liability.

---

In addition to analyzing potential benefits that are based on achieving assumptions made in estimating the unfunded actuarial liability, we will also analyze potential budgetary benefits or losses based on various prospective levels of the pension systems’ earnings to assist you in gauging the likelihood of success of a POB transaction. It should be noted that potential budgetary benefits vary from year to year. Actual benefits or losses and the success of the POB financing cannot be known until the POBs have been paid in full.

Stifel, Nicolaus & Company, Incorporated (“Stifel”) has been engaged or appointed to serve as an underwriter or placement agent with respect to a particular issuance of municipal securities to which the attached material relates and Stifel is providing all information and advice contained in the attached material in its capacity as underwriter or placement agent for that particular issuance. As outlined in the SEC’s Municipal Advisor Rule, Stifel has not acted, and will not act, as your municipal advisor with respect to the issuance of the municipal securities that is the subject to the engagement.

Stifel is providing information and is declaring to the proposed municipal issuer that it has done so within the regulatory framework of MSRB Rule G-23 as an underwriter (by definition also including the role of placement agent) and not as a financial advisor, as defined therein, with respect to the referenced proposed issuance of municipal securities. The primary role of Stifel, as an underwriter, is to purchase securities for resale to investors in an arm’s-length commercial transaction. Serving in the role of underwriter, Stifel has financial and other interests that differ from those of the issuer. The issuer should consult with its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it deems appropriate.

These materials have been prepared by Stifel for the client or potential client to whom such materials are directly addressed and delivered for discussion purposes only. All terms and conditions are subject to further discussion and negotiation. Stifel does not express any view as to whether financing options presented in these materials are achievable or will be available at the time of any contemplated transaction. These materials do not constitute an offer or solicitation to sell or purchase any securities and are not a commitment by Stifel to provide or arrange any financing for any transaction or to purchase any security in connection therewith and may not be relied upon as an indication that such an offer will be provided in the future. Where indicated, this presentation may contain information derived from sources other than Stifel. While we believe such information to be accurate and complete, Stifel does not guarantee the accuracy of this information. This material is based on information currently available to Stifel or its sources and is subject to change without notice. Stifel does not provide accounting, tax or legal advice; however, you should be aware that any proposed indicative transaction could have accounting, tax, legal or other implications that should be discussed with your advisors and/or counsel as you deem appropriate.



# PINAL COUNTY

WIDE OPEN OPPORTUNITY

## AGENDA ITEM

February 12, 2025 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** Clerk of the Board

**Director:** Natasha Kennedy

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Pursuant to A.R.S. 38-431.02, NOTICE IS HEREBY GIVEN, that the public will have physical access to the meeting room at 9:15 AM.

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

**MOTION:**

| History | Who | Approval |
|---------|-----|----------|
| Time    |     |          |

| <b>ATTACHMENTS:</b>               |
|-----------------------------------|
| <a href="#">Click to download</a> |
| No Attachments Available          |



# PINAL COUNTY

WIDE OPEN OPPORTUNITY

## AGENDA ITEM

February 12, 2025 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:** Clerk of the Board

**Director:** Natasha Kennedy

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

Meeting Notice of Posting

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

**MOTION:**

| History | Who | Approval |
|---------|-----|----------|
| Time    |     |          |

**ATTACHMENTS:**

Click to download

[Notice of Posting](#)



**PINAL COUNTY**  
WIDE OPEN OPPORTUNITY

**MEETING NOTICE OF POSTING**

**STATE OF ARIZONA**

**COUNTY OF PINAL**

I, Natasha Kennedy, being duly sworn upon her oath, says as follows:

I am the appointed Clerk of the Pinal County Board of Supervisors.

In my position as Clerk of the Board of Supervisors and Board of Directors, I am responsible for posting all Agendas.

Pursuant to A.R.S. 38-431.02 notice is hereby given that the Pinal County Board of Supervisors will hold a Work Session meeting on **Wednesday, February 12, 2025 at 9:30 AM** in the Board Hearing Room, 1891 Historic Courthouse, Administrative Complex, located at 135 N. Pinal Street, Florence, Arizona 85132. The public will have physical access to the meeting room at 9:15 AM.

Board Meetings are broadcasted live and the public may access the meeting on the County Website at Pinal.gov under “Meeting Videos.”

Board Agendas are available on the County Website at Pinal.gov under “Agendas & Minutes.”

At any time during business hours, citizens may reach the Clerk of the Board Office at (520) 866-6068 or via email at [ClerkoftheBoard@pinal.gov](mailto:ClerkoftheBoard@pinal.gov) for information about Board meeting participation.

**Note:** One or more members of the Board may participate in this meeting by telephonic conference call.

I hereby further certify that I caused to be posted this Friday, February 7, 2025, around 11:00 AM the Work Session Agenda as follows:

1. A kiosk located outside the front entrance to The Old Historical Courthouse, Administrative Complex Building, 135 North Pinal Street, Florence, Arizona 85132
2. County Website under Agendas & Meetings located at Pinal.gov
3. Emailed the NOVUS Agenda Distribution List and Clerk of the Board Notification Distribution List

**IN WITNESS WHEREOF**, I have hereunto set my hand and caused to be affixed the Official Pinal County, Arizona Seal this 7<sup>th</sup> day of February, 2025.



**Natasha Kennedy**  
Clerk of the Board of Supervisors  
Pinal County, Arizona

**CLERK OF THE BOARD OF SUPERVISORS**

1891 Historic Courthouse | 135 North Pinal Street | P.O. Box 827 | Florence, AZ 85132 | T: 520-866-6068  
[www.pinal.gov](http://www.pinal.gov)





# PINAL COUNTY

WIDE OPEN OPPORTUNITY

## AGENDA ITEM

February 12, 2025 ADMINISTRATION BUILDING A  
FLORENCE, ARIZONA

**REQUESTED BY:**

**Funds #:**

**Dept. #:**

**Dept. Name:**

**Director:**

**BRIEF DESCRIPTION OF AGENDA ITEM AND REQUESTED BOARD ACTION:**

[Click Here for the General Board Meeting Rules of Order](#)

**BRIEF DESCRIPTION OF THE FISCAL CONSIDERATIONS AND/OR EXPECTED FISCAL IMPACT OF THIS AGENDA ITEM:**

**BRIEF DESCRIPTION OF THE EXPECTED PERFORMANCE IMPACT OF THIS AGENDA ITEM:**

**MOTION:**

| History | Who | Approval |
|---------|-----|----------|
| Time    |     |          |

| <b>ATTACHMENTS:</b>               |
|-----------------------------------|
| <a href="#">Click to download</a> |
| No Attachments Available          |