



CABRERA CAPITAL MARKETS LLC

City of Montebello Case Study



\$153,425,000

City of Montebello, California

Taxable Pension Obligation Bonds, Series 2020

Cabrera's Role: Book- Running Sole Manager

Sale Date: 5/25/2020

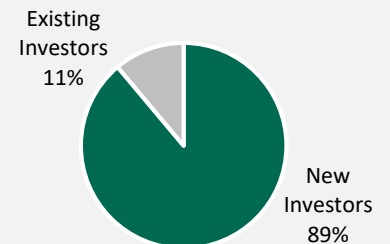
TRANSACTION HIGHLIGHTS

- In May of 2020, Cabrera was the sole book-running senior manager on a \$153.4 million Taxable Pension Obligation Bond (POB) issuance for the City of Montebello, California.
- Cabrera supported the City in securing an and an "A+" (negative outlook) from S&P, a particularly strong rating considering the economic stresses caused by the pandemic of 2020.
- Cabrera assisted the City and its financial advisor in determining whether bond insurance provided additional value. In the end, the City chose to use bond insurance, boosting the bond's rating to "AA" which proved to be cost efficient for the City.
- The City's bonds maturing 2031-2045 are subject to a standard municipal ten-year par call. This is in contrast to the Ontario and Riverside transactions in which a make-whole call was utilized.

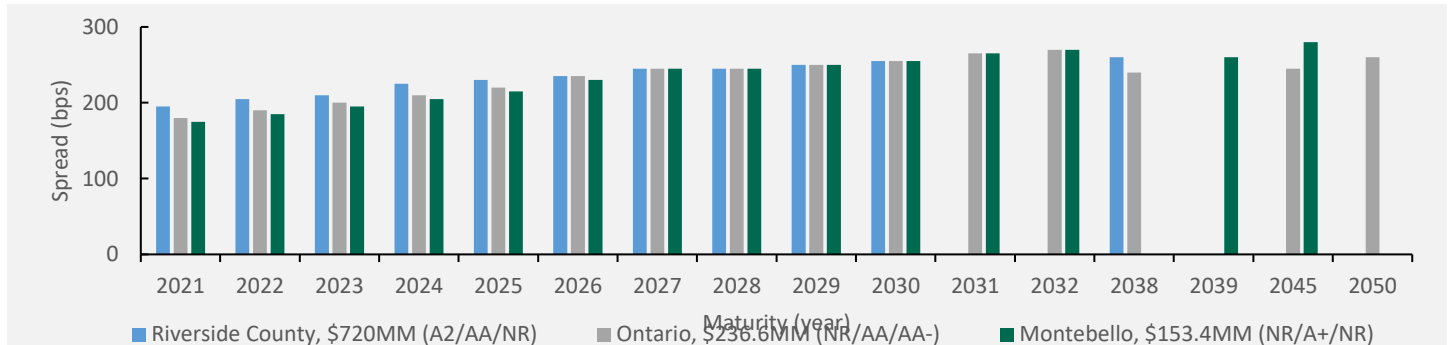
TRANSACTION RESULTS

- The bonds' all-in true interest cost was 4.02% with an average life of 13 years and a final maturity in 2045.
- Prior to pricing, the City expected \$48 million in savings on their CalPERS UAL payment schedule. Cabrera's sales and trading desk proposed two indication periods, which resulted in an initial 15 bps bump in all maturities and then an additional 5 bps bump in all maturities as a result of Cabrera's aggressive marketing strategy and efforts. Cabrera outperformed initial expectations and generated additional savings for a total of \$53 million for the City.
- The City garnered an additional 330,000 in cost savings through negotiations with the bond insurer.
- 27 investors placed orders for the City's bonds and of these at least 24 were new investors, there by diversifying the City's investor base.

Profile of Bond Orders Placed



MATURITY-BY-MATURITY BOND SPREAD COMPARISON



- Riverside County POBs sold on 4/22/20 with a make-whole call redemption option.
- City of Ontario POBs sold on 5/12/20 with a make-whole call redemption option.

