

Providence Pension Reform and Pension Obligation Bond Working Group



MAYOR JORGE O. ELORZA
CITY OF PROVIDENCE

Discussion and Review of Re-Sizing a Proposed Pension
Obligation Bond Transaction

Meeting #4

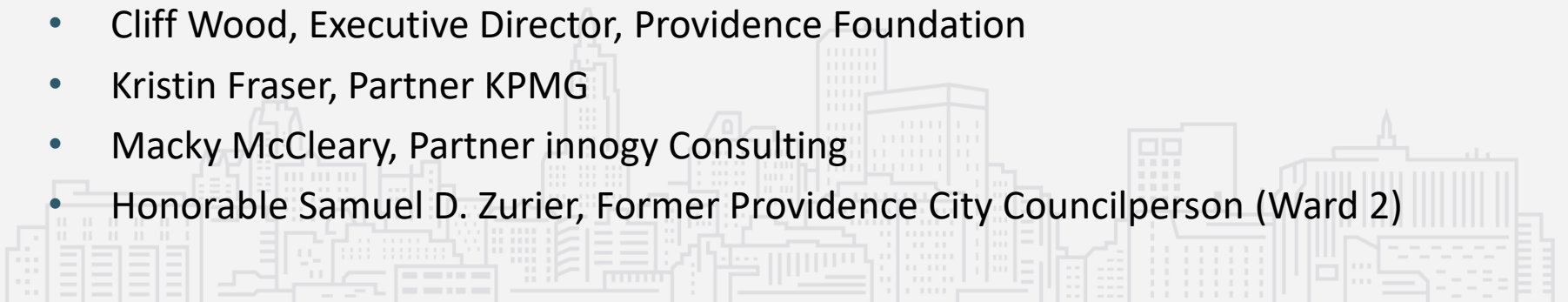
October 19, 2021



Introduction of Mayor Jorge O. Elorza and City Council President John J. Igliazzi



- Welcome and Introduction of Working Group Members:
- Rico Vota, Deputy Director of Legislative and Intergovernmental Affairs, Governor's Designee
- Stephen Whitney, Senate Fiscal Advisor-Senate President's Designee
- Rep. Camille Vella-Wilkinson (District 21) Speaker of the House Designee
- Councilwoman Helen Anthony, Providence City Councilor, Ward -2 -City Council President's Designee
- Pedro Espinal, Providence City Council President-Pro-Tem -City Council President's Designee
- Laurie White, President and CEO Greater Providence Chamber of Commerce
- Michael DiBiase, President and CEO Rhode Island Public Expenditure Council
- Cliff Wood, Executive Director, Providence Foundation
- Kristin Fraser, Partner KPMG
- Macky McCleary, Partner innogy Consulting
- Honorable Samuel D. Zurier, Former Providence City Councilperson (Ward 2)



Presenters and Panelists in the Series



- Seth Williams, Director Management and Budget Consulting
PFM Group Consulting LLC
- Maureen Gurghigian, Managing Partner, Hilltop Securities, Inc
- Adam S. Krea, Managing Partner, Hilltop Securities, Inc
- Brian Whitworth, CFA Senior Vice-President, Hilltop Securities, Inc.
- Kathleen A. Riley, FSA,MAAA, EA, Senior Vice President and Actuary, Segal Company
- Eric Bertonazzi, Chairman, Chief Executive Officer and Chief Investment Officer,
Wainwright Investment Counsel, LLC
- William M. Dolan, Attorney Shareholder
Adler, Pollock and Sheehan P.C.
- Karen S.D. Grande,
Partner Locke Lord LLP



City of Providence Administration and City Council Staff Providing Support to the Group



- Nicole M. Pollock, Chief of Staff, Mayor's Office
- Jeff Dana, City Solicitor
- Lawrence J. Mancini, Chief Financial Officer
- James J. Lombardi, III, Chief of Staff to City Council and City Treasurer
- Gina M. Costa, Internal Auditor
- Theresa M. Agonia, Chief of External Affairs, Mayor's Office
- Matthew Shumate, Deputy Chief of Staff, Mayor's Office
- Sara Silveria, Finance Director
- Krystle Lindberg, Deputy Finance Director and Budget Officer
- Emmanuel Echevarria, Chief Human Resources Officer
- Kenneth Chiavarini, Senior Deputy City Solicitor



Overview of Proposed Pension Obligation Bond Transaction



- Mayor Jorge O. Elorza
- Lawrence J. Mancini, Chief Financial Officer
Will lead proposed POB transaction presentation, in conjunction with Hilltop Securities, Inc.



Details of Original POB proposal

- The City is proposing a \$704M 25-year, fixed rate Pension Obligation Bond with a 10-year par call.
 - Par-call feature allows city the option to refinance in the future after re-evaluating performance.
 - Interest rates between 3.5%-4.25%.
 - ARR of 7% over the next five years, dropping to 6.75% for the remainder of the bond term.
 - Historically, the pension has outperformed this projection (7.6% since inception on 7/1/1996 – roughly the same period as the term of the bond).



POB Projected Payment Schedule

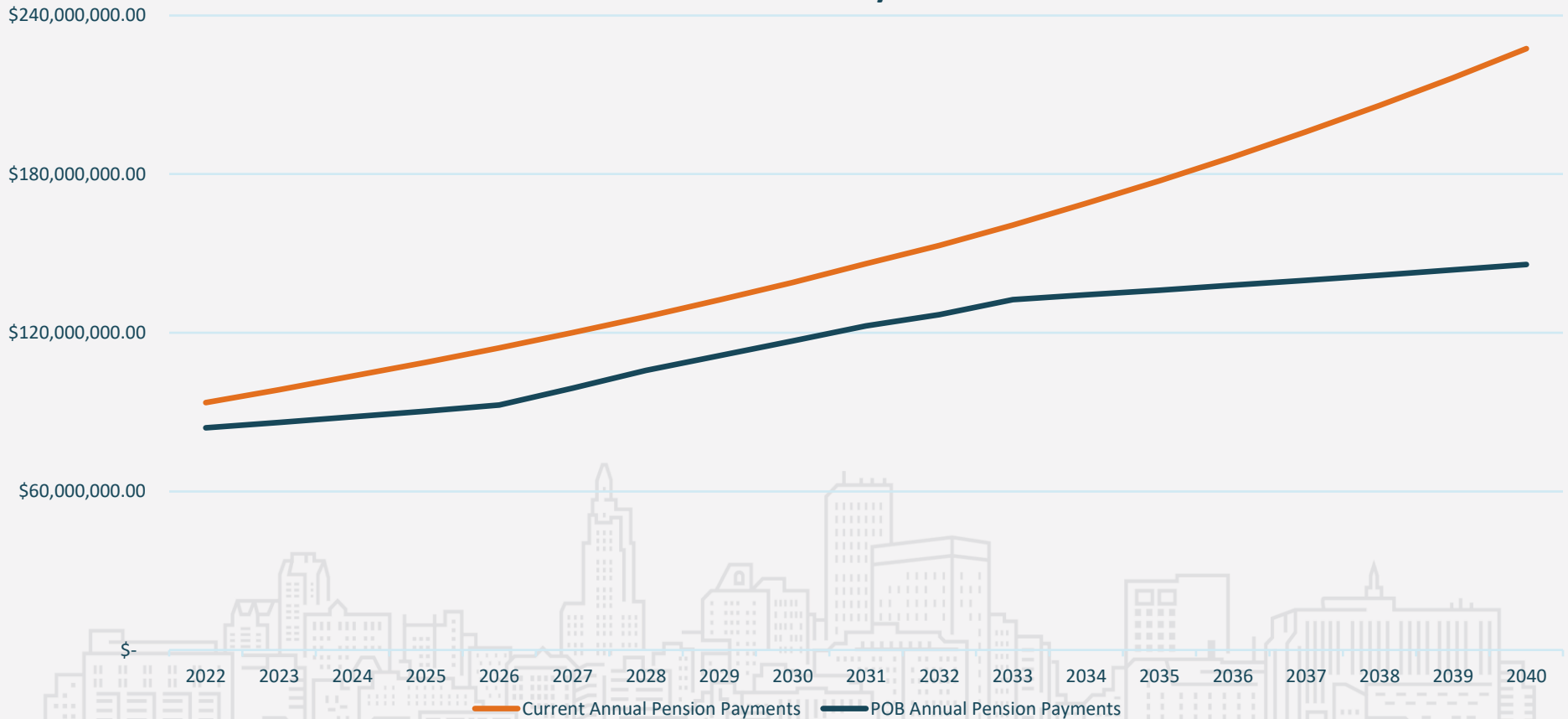


Fiscal Year Ending June 30	Current Annual Pension Payments	Projected Annual POB Pension Payments	Differential (dollars)
2022	\$ 93,585,059	\$ 84,026,010	\$ 9,559,049
2023	\$ 98,475,108	\$ 86,026,786	\$ 12,448,322
2024	\$ 103,611,241	\$ 88,167,132	\$ 15,444,109
2025	\$ 108,806,604	\$ 90,373,002	\$ 18,433,602
2026	\$ 114,268,174	\$ 92,646,230	\$ 21,621,944
2027	\$ 120,009,758	\$ 99,098,707	\$ 20,911,051
2028	\$ 126,045,881	\$ 105,720,443	\$ 20,325,438
2029	\$ 132,391,829	\$ 111,311,289	\$ 21,080,540
2030	\$ 139,063,685	\$ 116,942,861	\$ 22,120,824
2031	\$ 146,078,377	\$ 122,611,059	\$ 23,467,318
2032	\$ 153,013,258	\$ 126,807,421	\$ 26,205,837
2033	\$ 160,767,985	\$ 132,558,627	\$ 28,209,358
2034	\$ 168,921,829	\$ 134,315,660	\$ 34,606,169
2035	\$ 177,495,543	\$ 136,115,563	\$ 41,379,980
2036	\$ 186,510,975	\$ 137,964,126	\$ 48,546,849
2037	\$ 195,991,114	\$ 139,853,318	\$ 56,137,796
2038	\$ 205,960,150	\$ 141,790,468	\$ 64,169,682
2039	\$ 216,443,546	\$ 143,776,302	\$ 72,667,244
2040	\$ 227,468,099	\$ 145,808,963	\$ 81,659,136
2041	\$ 24,067,987	\$ 147,896,625	\$ (123,828,638)
2042	\$ 24,864,637	\$ 150,030,446	\$ (125,165,809)
2043	\$ 25,687,657	\$ 152,219,903	\$ (126,532,246)
2044	\$ 26,537,918	\$ 154,461,905	\$ (127,923,987)
2045	\$ 27,416,323	\$ 156,758,760	\$ (129,342,437)
2046	\$ 28,323,804	\$ 159,117,585	\$ (130,793,781)
Total	\$ 3,031,806,541	\$ 3,156,399,191	\$ (124,592,650)

Current pension payments vs. POB pension payments



Annual Pension Payments



Re-sizing of the Proposed Pension Obligation Bond Transaction

Lawrence J. Mancini, Chief Financial Officer

&

Hilltop Securities, Inc



Pension Obligation Bond Transaction Goals

- Reduce annual payment so that it is more in line with the natural growth rate of our budget and revenues.
- Increase the funded ratio as quickly as possible to get out of critical status (below 60%)



Pension Obligation Bond Transaction Additional Considerations

- City is required to maintain at-least 95% ADC payment in accordance with Consent Decree until 2033
- Base-year payment should be based upon the FY-22 ADC payment of \$93.5 M (Based upon the July 1,2018 Valuation)
- Maintain an annual payment growth increase of no greater than 2 percent



Comparison of Current Amortization vs. 25 Year Reamortization, No Pension Bond
7% Discount Rate

13	14	15	16	17	18	19	20	21	22	23	24	25
			16 = 14 + 15					21 = 20 + 16			24 = 22 - 16	25 = 23 - 16
FYE June 30:	No POB Debt Service	Remaining UAL Pmts 25 Years 3% Trend	Debt Service + UAL Pmts 7.0% Returns	Year End Unfunded Liability	Year End Actuarial Value of Assets	Funded Ratio	Employer Normal Cost	Debt Service + UAL Pmts + Normal Cost	Current 19 Year Amortization 7.0% Returns	25 Year, Reamort. 3% Increase 7.0% Returns	Difference vs Current 19 Year Amort	Difference 25 Year, 3% Incr Reamortized
2022	-	80,566,759	80,566,759	1,240,242,776	410,137,142	24.85%	12,935,719	93,502,478	80,208,882	80,566,759	(357,877)	-
2023	-	83,238,038	83,238,038	1,249,861,878	434,154,723	25.78%	13,366,037	97,044,532	84,668,614	83,238,038	1,430,576	-
2024	-	85,931,319	85,931,319	1,256,535,767	461,956,002	26.88%	13,810,597	100,182,373	89,360,187	85,931,319	3,428,868	-
2025	-	88,509,258	88,509,258	1,258,121,496	495,009,736	28.24%	14,269,870	103,219,585	94,096,277	88,509,258	5,587,019	-
2026	-	91,164,536	91,164,536	1,257,240,284	530,693,265	29.68%	14,744,338	106,349,331	99,083,379	91,164,536	7,918,843	-
2027	-	93,899,472	93,899,472	1,253,642,111	569,476,300	31.24%	15,234,503	109,574,432	104,334,799	93,899,472	10,435,327	-
2028	-	96,716,456	96,716,456	1,247,057,129	611,602,049	32.91%	15,740,881	112,897,794	109,864,543	96,716,456	13,148,087	-
2029	-	99,617,950	99,617,950	1,237,194,215	657,283,804	34.69%	16,264,009	116,322,415	115,687,364	99,617,950	16,069,414	-
2030	-	102,606,488	102,606,488	1,223,739,403	707,154,792	36.62%	16,804,435	119,851,380	121,818,794	102,606,488	19,212,306	-
2031	-	105,684,683	105,684,683	1,206,354,216	761,536,642	38.70%	17,362,731	123,487,870	128,275,190	105,684,683	22,590,507	-
2032	-	108,855,223	108,855,223	1,184,673,871	820,950,094	40.93%	17,939,483	126,794,706	135,073,775	108,855,223	26,218,552	-
2033	-	112,120,880	112,120,880	1,158,745,819	886,029,487	43.33%	18,535,301	130,656,180	142,232,685	112,120,880	30,111,805	-
2034	-	115,484,506	115,484,506	1,127,737,146	958,064,610	45.93%	19,150,812	134,635,318	149,771,017	115,484,506	34,286,511	-
2035	-	118,949,041	118,949,041	1,091,194,241	1,038,076,054	48.75%	19,786,663	138,735,704	157,708,881	118,949,041	38,759,840	-
2036	-	122,517,513	122,517,513	1,048,628,797	1,126,834,314	51.80%	20,443,524	142,961,036	166,067,452	122,517,513	43,549,939	-
2037	-	126,193,038	126,193,038	999,515,301	1,225,429,720	55.08%	21,122,087	147,315,125	174,869,027	126,193,038	48,675,989	-
2038	-	129,978,829	129,978,829	943,288,334	1,334,732,520	58.59%	21,823,065	151,801,894	184,137,085	129,978,829	54,158,256	-
2039	-	133,878,194	133,878,194	879,339,688	1,456,103,981	62.35%	22,547,195	156,425,389	193,896,350	133,878,194	60,018,156	-
2040	-	137,894,540	137,894,540	807,015,274	1,590,291,651	66.34%	23,295,241	161,189,781	204,172,858	137,894,540	66,278,318	-
2041	-	142,031,376	142,031,376	725,611,804	1,738,550,101	70.55%	24,067,987	166,099,363	-	142,031,376	(142,031,376)	-
2042	-	146,292,317	146,292,317	634,373,256	1,902,290,566	74.99%	24,866,247	171,158,564	-	146,292,317	(146,292,317)	-
2043	-	150,681,087	150,681,087	532,487,068	2,082,966,975	79.64%	25,690,858	176,371,945	-	150,681,087	(150,681,087)	-
2044	-	155,201,520	155,201,520	419,080,077	2,281,807,684	84.48%	26,542,689	181,744,208	-	155,201,520	(155,201,520)	-
2045	-	159,857,565	159,857,565	293,214,164	2,500,228,583	89.50%	27,422,632	187,280,197	-	159,857,565	(159,857,565)	-
2046	-	164,653,292	164,653,292	153,881,592	2,740,017,749	94.68%	28,331,612	192,984,904	-	164,653,292	(164,653,292)	-
2047	-	-	-	-	3,003,174,242	100.00%	29,270,585	29,270,585	-	-	-	-
2048	-	-	-	-	3,122,118,398	100.00%	30,240,536	30,240,536	-	-	-	-
NPV @ 4%	-	1,737,545,424	1,737,545,424				308,866,430	2,049,560,835	1,649,771,464	1,737,545,424	(87,773,960)	-
NPV @ 7%	-	1,243,209,133	1,243,209,133				214,937,901	1,460,828,976	1,243,209,133	1,243,209,133	(0)	-

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Proceeds of the bonds invested at one or more retirement systems may have short or long term returns less than the retirement system's expected rate of return or discount rate. Proceeds invested at one or more retirement systems may have short or long term returns less than the borrowing costs on the bonds, which is referred to as "negative arbitrage".

The proceeds of Pension Obligation Bonds increase assets at retirement systems after issuance and may increase the sensitivity of retirement system contribution rates to returns on the retirement system's investment portfolio.

Authorization of Bonds The authority(ies) for issuance vary from state to state and sometimes by type of issuer within a state. It is possible that an issuer might not have or obtain authorization, such as unsuccessfully attempting to pursue legislation, obtain a court validation, obtain approval by a state government department, or seek voter approval.

Actuarial Changes Even for Pension Obligation Bonds which fully fund the estimated liabilities as of the date of issuance, new liabilities may arise due to factors including (but not limited to): actual investment experience; change in discount rate; or changes in assumed or actual mortality, inflation, salary trend, turnover, or retirement timing.

Columns 15, 17, 18, 19, 20 and 22 are taken directly from Segal's 6/12 & 6/14/2021 Segal Scenarios

\$300 Million Pension Obligation Bond Proceeds, 4.39% All-In TIC, 25 Years, Level Debt Service

7% Discount Rate

13	14	15	16		17	18	19	20	21	24	25
			16 = 14 + 15						21 = 20 + 16	24 = 22 (Pg 1) - 16	25 = 23 (Pg 1) - 16
FYE June 30:	\$300 Mil POB Level Debt Service	Remaining UAL Pmts 25 Years 3% Trend	Debt Service + UAL Pmts 7.0% Returns	Debt Service + UAL Pmts Annl Growth Rate	Year End Unfunded Liability	Year End Actuarial Value of Assets	Funded Ratio	Employer Normal Cost	Debt Service + UAL Pmts + Normal Cost	Difference POB vs No POB Current 19 Year Amort	Difference POB vs No POB 25 Year, Reamort 3% Increase
2022	16,467,405	61,248,954	77,716,359	N/A	943,606,706	706,773,212	42.82%	12,935,719	90,652,078	2,492,523	2,850,400
2023	19,570,594	63,340,699	82,911,293	6.68%	951,779,088	732,237,513	43.48%	13,366,037	96,277,330	1,757,322	326,746
2024	19,566,892	65,437,059	85,003,951	2.52%	957,484,521	761,007,248	44.28%	13,810,597	98,814,548	4,356,237	927,369
2025	19,565,742	67,400,171	86,965,913	2.31%	958,630,922	794,500,310	45.32%	14,269,870	101,235,783	7,130,365	1,543,346
2026	19,566,511	69,422,176	88,988,687	2.33%	957,894,457	830,039,092	46.42%	14,744,338	103,733,025	10,094,692	2,175,849
2027	19,566,584	71,504,841	91,071,425	2.34%	955,084,435	868,033,975	47.61%	15,234,503	106,305,928	13,263,374	2,828,047
2028	19,570,343	73,649,987	93,220,330	2.36%	949,995,047	908,664,131	48.89%	15,740,881	108,961,211	16,644,213	3,496,126
2029	19,570,395	75,859,486	95,429,881	2.37%	942,404,257	952,073,762	50.26%	16,264,009	111,693,890	20,257,483	4,188,069
2030	19,570,045	78,135,271	97,705,316	2.38%	932,072,611	998,821,585	51.73%	16,804,435	114,509,751	24,113,478	4,901,172
2031	19,566,093	80,479,329	100,045,422	2.40%	918,741,966	1,049,148,893	53.31%	17,362,731	117,408,153	28,229,769	5,639,262
2032	19,566,933	82,893,708	102,460,641	2.41%	902,134,117	1,103,489,848	55.02%	17,939,483	120,400,124	32,613,135	6,394,583
2033	19,570,495	85,380,520	104,951,015	2.43%	882,389,797	1,162,385,509	56.85%	18,535,301	123,486,316	37,281,670	7,169,865
2034	19,569,715	87,941,935	107,511,650	2.44%	858,776,563	1,227,025,194	58.83%	19,150,812	126,662,462	42,259,367	7,972,856
2035	19,568,053	90,580,193	110,148,246	2.45%	830,948,987	1,298,321,308	60.97%	19,786,663	129,934,909	47,560,636	8,800,796
2036	19,568,705	93,297,599	112,866,304	2.47%	798,535,224	1,376,927,888	63.29%	20,443,524	133,309,828	53,201,148	9,651,209
2037	19,570,360	96,096,527	115,666,887	2.48%	761,135,091	1,463,809,931	65.79%	21,122,087	136,788,974	59,202,140	10,526,151
2038	19,565,470	98,979,423	118,544,893	2.49%	718,318,020	1,559,702,835	68.47%	21,823,065	140,367,958	65,592,192	11,433,936
2039	19,566,995	101,948,806	121,515,801	2.51%	669,620,858	1,665,822,811	71.33%	22,547,195	144,062,996	72,380,549	12,362,393
2040	19,568,600	105,007,270	124,575,870	2.52%	614,545,513	1,782,761,411	74.37%	23,295,241	147,871,111	79,596,988	13,318,670
2041	19,569,173	108,157,488	127,726,661	2.53%	552,556,431	1,911,605,474	77.58%	24,067,987	151,794,648	(127,726,661)	14,304,716
2042	19,567,600	111,402,213	130,969,813	2.54%	483,077,894	2,053,585,928	80.96%	24,866,247	155,836,060	(130,969,813)	15,322,504
2043	19,565,360	114,744,279	134,309,639	2.55%	405,491,135	2,209,962,907	84.50%	25,690,858	160,000,497	(134,309,639)	16,371,448
2044	19,566,610	118,186,608	137,753,218	2.56%	319,131,237	2,381,756,524	88.18%	26,542,689	164,295,907	(137,753,218)	17,448,302
2045	19,569,740	121,732,206	141,301,946	2.58%	223,283,817	2,570,158,930	92.01%	27,422,632	168,724,578	(141,301,946)	18,555,619
2046	19,568,140	125,384,172	144,952,312	2.58%	117,181,480	2,776,717,861	95.95%	28,331,612	173,283,924	(144,952,312)	19,700,980
2047	19,565,430	-	19,565,430	-86.50%	-	3,003,174,242	100.00%	29,270,585	48,836,015	(19,565,430)	(19,565,430)
2048	-	-	-	N/A	-	3,122,118,398	100.00%	30,240,536	30,240,536	-	-
NPV @ 4%	309,770,856	1,323,007,121	1,632,777,977					308,866,430	1,941,644,407	16,993,487	104,767,447
NPV @ 7%	228,510,411	946,573,062	1,175,083,473					214,937,901	1,390,021,374	68,125,660	68,125,660

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\$500 Million Pension Obligation Bond Proceeds, 4.39% All-In TIC, 25 Years, Level Debt Service

7% Discount Rate

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2022	27,448,859	48,370,418	75,819,277	N/A	745,849,326	904,530,592	54.81%	12,935,719	88,754,996	4,389,605	4,747,482
2023	32,610,764	50,075,807	82,686,571	9.06%	753,057,228	930,959,373	55.28%	13,366,037	96,052,608	1,982,044	551,468
2024	32,614,700	51,774,220	84,388,920	2.06%	758,117,024	960,374,746	55.88%	13,810,597	98,199,517	4,971,268	1,542,400
2025	32,611,055	53,327,446	85,938,501	1.84%	758,970,539	994,160,693	56.71%	14,269,870	100,208,371	8,157,777	2,570,758
2026	32,613,966	54,927,270	87,541,236	1.86%	758,330,572	1,029,602,977	57.59%	14,744,338	102,285,574	11,542,144	3,623,301
2027	32,612,338	56,575,088	89,187,426	1.88%	756,045,985	1,067,072,425	58.53%	15,234,503	104,421,929	15,147,374	4,712,047
2028	32,615,222	58,272,340	90,887,562	1.91%	751,953,659	1,106,705,519	59.54%	15,740,881	106,628,443	18,976,982	5,828,895
2029	32,615,360	60,020,510	92,635,870	1.92%	745,877,618	1,148,600,401	60.63%	16,264,009	108,899,879	23,051,494	6,982,080
2030	32,613,165	61,821,126	94,434,291	1.94%	737,628,083	1,193,266,113	61.80%	16,804,435	111,238,726	27,384,503	8,172,197
2031	32,611,693	63,675,760	96,287,453	1.96%	727,000,466	1,240,890,393	63.06%	17,362,731	113,650,184	31,987,738	9,397,231
2032	32,613,033	65,586,032	98,199,065	1.99%	713,774,281	1,291,849,683	64.41%	17,939,483	116,138,548	36,874,711	10,656,159
2033	32,613,908	67,553,613	100,167,521	2.00%	698,152,449	1,346,622,857	65.86%	18,535,301	118,702,822	42,065,165	11,953,360
2034	32,614,403	69,580,221	102,194,624	2.02%	679,469,507	1,406,332,250	67.42%	19,150,812	121,345,436	47,576,394	13,289,883
2035	32,611,698	71,667,628	104,279,326	2.04%	657,452,151	1,471,818,144	69.12%	19,786,663	124,065,989	53,429,556	14,669,716
2036	32,612,853	73,817,657	106,430,510	2.06%	631,806,175	1,543,656,937	70.96%	20,443,524	126,874,034	59,636,943	16,087,004
2037	32,614,013	76,032,187	108,646,200	2.08%	602,214,951	1,622,730,071	72.93%	21,122,087	129,768,287	66,222,828	17,546,839
2038	32,612,678	78,313,152	110,925,830	2.10%	568,337,810	1,709,683,045	75.05%	21,823,065	132,748,895	73,211,256	19,053,000
2039	32,611,738	80,662,547	113,274,285	2.12%	529,808,304	1,805,635,365	77.31%	22,547,195	135,821,480	80,622,066	20,603,910
2040	32,614,413	83,082,424	115,696,837	2.14%	486,232,340	1,911,074,585	79.72%	23,295,241	138,992,078	88,476,022	22,197,704
2041	32,613,700	85,574,896	118,188,596	2.15%	437,186,181	2,026,975,724	82.26%	24,067,987	142,256,583	(118,188,596)	23,842,780
2042	32,612,820	88,142,143	120,754,963	2.17%	382,214,319	2,154,449,503	84.93%	24,866,247	145,621,210	(120,754,963)	25,537,354
2043	32,612,420	90,786,407	123,398,827	2.19%	320,827,180	2,294,626,863	87.73%	25,690,858	149,089,685	(123,398,827)	27,282,260
2044	32,614,350	93,510,000	126,124,350	2.21%	252,498,676	2,448,389,084	90.65%	26,542,689	152,667,039	(126,124,350)	29,077,170
2045	32,611,080	96,315,300	128,926,380	2.22%	176,663,586	2,616,779,161	93.68%	27,422,632	156,349,012	(128,926,380)	30,931,185
2046	32,610,310	99,204,759	131,815,069	2.24%	92,714,738	2,801,184,602	96.80%	28,331,612	160,146,681	(131,815,069)	32,838,223
2047	32,614,280	-	32,614,280	-75.26%	-	3,003,174,242	100.00%	29,270,585	61,884,865	(32,614,280)	(32,614,280)
2048	-	-	-	N/A	-	3,122,118,398	100.00%	30,240,536	30,240,536	-	-
NPV @ 4%	516,281,492	1,046,648,256	1,562,929,748					308,866,430	1,871,796,178	86,841,716	174,615,676
NPV @ 7%	380,848,536	748,815,684	1,129,664,220					214,937,901	1,344,602,121	113,544,913	113,544,913

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Proceeds of the bonds invested at one or more retirement systems may have short or long term returns less than the retirement system's expected rate of return or discount rate. Proceeds invested at one or more retirement systems may have short or long term returns less than the borrowing costs on the bonds, which is referred to as "negative arbitrage".

The proceeds of Pension Obligation Bonds increase assets at retirement systems after issuance and may increase the sensitivity of retirement system contribution rates to returns on the retirement system's investment portfolio.

Authorization of Bonds The authority(ies) for issuance vary from state to state and sometimes by type of issuer within a state. It is possible that an issuer might not have or obtain authorization, such as unsuccessfully attempting to pursue legislation, obtain a court validation, obtain approval by a state government department, or seek voter approval.

Actuarial Changes Even for Pension Obligation Bonds which fully fund the estimated liabilities as of the date of issuance, new liabilities may arise due to factors including (but not limited to): actual investment experience; change in discount rate; or changes in assumed or actual mortality, inflation, salary trend, turnover, or retirement timing.

Columns 15, 17, 18, 19, 20 and 22 are taken directly from Segal's 6/7/2021 Segal Scenarios

Comparison of POB Debt Service + UAL Payments vs. No Pension Bond UAL Payments
4.39% TIC, Level Debt Service, 7% Discount Rate

FYE June 30:	No POB		\$300MM POB		\$500MM POB		\$704MM POB (May 2021)	
	Difference ⁽¹⁾ 25 Yr Reamortization vs. Current 19 Year Amort	Funded Ratio	Difference ⁽¹⁾ vs 25 Year Reamort	Funded Ratio	Difference ⁽¹⁾ vs 25 Year Reamort	Funded Ratio	Difference ⁽¹⁾ vs 25 Year Reamort ⁽²⁾	Funded Ratio
2022	(357,877)	24.85%	2,850,400	42.82%	4,747,482	54.81%	1,421,534	71.00%
2023	1,430,576	25.78%	326,746	43.48%	551,468	55.28%	(3,915,406)	71.00%
2024	3,428,868	26.88%	927,369	44.28%	1,542,400	55.88%	(2,059,565)	72.00%
2025	5,587,019	28.24%	1,543,346	45.32%	2,570,758	56.71%	(328,447)	72.00%
2026	7,918,843	29.68%	2,175,849	46.42%	3,623,301	57.59%	1,456,375	73.00%
2027	10,435,327	31.24%	2,828,047	47.61%	4,712,047	58.53%	3,306,557	74.00%
2028	13,148,087	32.91%	3,496,126	48.89%	5,828,895	59.54%	5,220,367	75.00%
2029	16,069,414	34.69%	4,188,069	50.26%	6,982,080	60.63%	7,197,000	76.00%
2030	19,212,306	36.62%	4,901,172	51.73%	8,172,197	61.80%	9,246,315	77.00%
2031	22,590,507	38.70%	5,639,262	53.31%	9,397,231	63.06%	11,366,286	78.00%
2032	26,218,552	40.93%	6,394,583	55.02%	10,656,159	64.41%	13,558,260	79.00%
2033	30,111,805	43.33%	7,169,865	56.85%	11,953,360	65.86%	15,829,096	79.00%
2034	34,286,511	45.93%	7,972,856	58.83%	13,289,883	67.42%	18,174,064	80.00%
2035	38,759,840	48.75%	8,800,796	60.97%	14,669,716	69.12%	20,599,796	82.00%
2036	43,549,939	51.80%	9,651,209	63.29%	16,087,004	70.96%	23,113,183	83.00%
2037	48,675,989	55.08%	10,526,151	65.79%	17,546,839	72.93%	25,707,975	84.00%
2038	54,158,256	58.59%	11,433,936	68.47%	19,053,000	75.05%	28,394,193	85.00%
2039	60,018,156	62.35%	12,362,393	71.33%	20,603,910	77.31%	31,167,142	86.00%
2040	66,278,318	66.34%	13,318,670	74.37%	22,197,704	79.72%	34,042,459	87.00%
2041	(142,031,376)	70.55%	14,304,716	77.58%	23,842,780	82.26%	37,010,429	89.00%
2042	(146,292,317)	74.99%	15,322,504	80.96%	25,537,354	84.93%	40,077,101	91.00%
2043	(150,681,087)	79.64%	16,371,448	84.50%	27,282,260	87.73%	43,250,652	93.00%
2044	(155,201,520)	84.48%	17,448,302	88.18%	29,077,170	90.65%	46,529,921	95.00%
2045	(159,857,565)	89.50%	18,555,619	92.01%	30,931,185	93.68%	49,921,822	97.00%
2046	(164,653,292)	94.68%	19,700,980	95.95%	32,838,223	96.80%	53,428,377	100.00%
2047	-	100.00%	(19,565,430)	100.00%	(32,614,280)	100.00%	(45,427,780)	100.00%
2048	-	100.00%	-	100.00%	-	100.00%	-	100.00%
NPV @ 4%	(87,773,960)		104,767,447		174,615,676		231,769,030	
NPV @ 7%	(0)		68,125,660		113,544,913		141,859,078	

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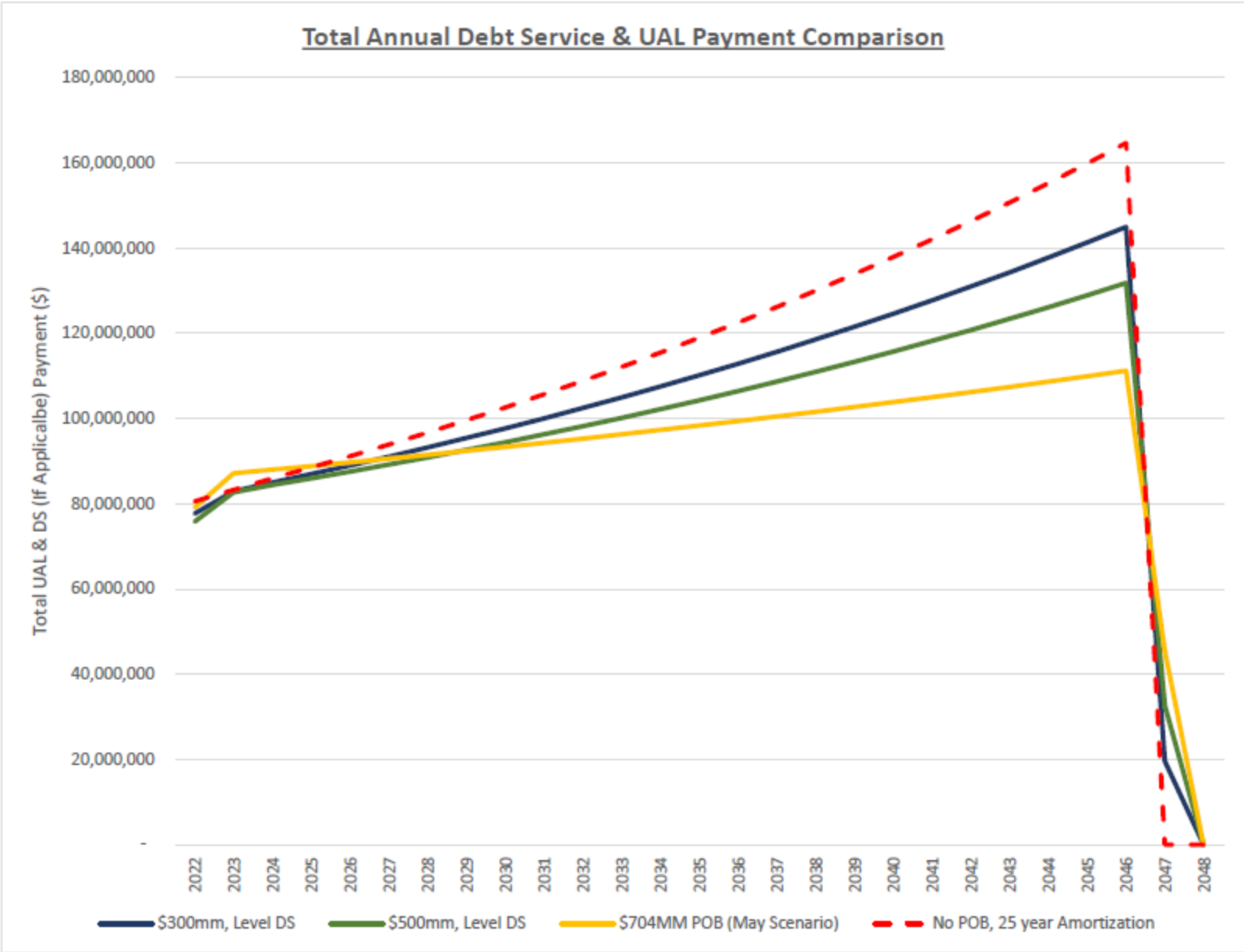
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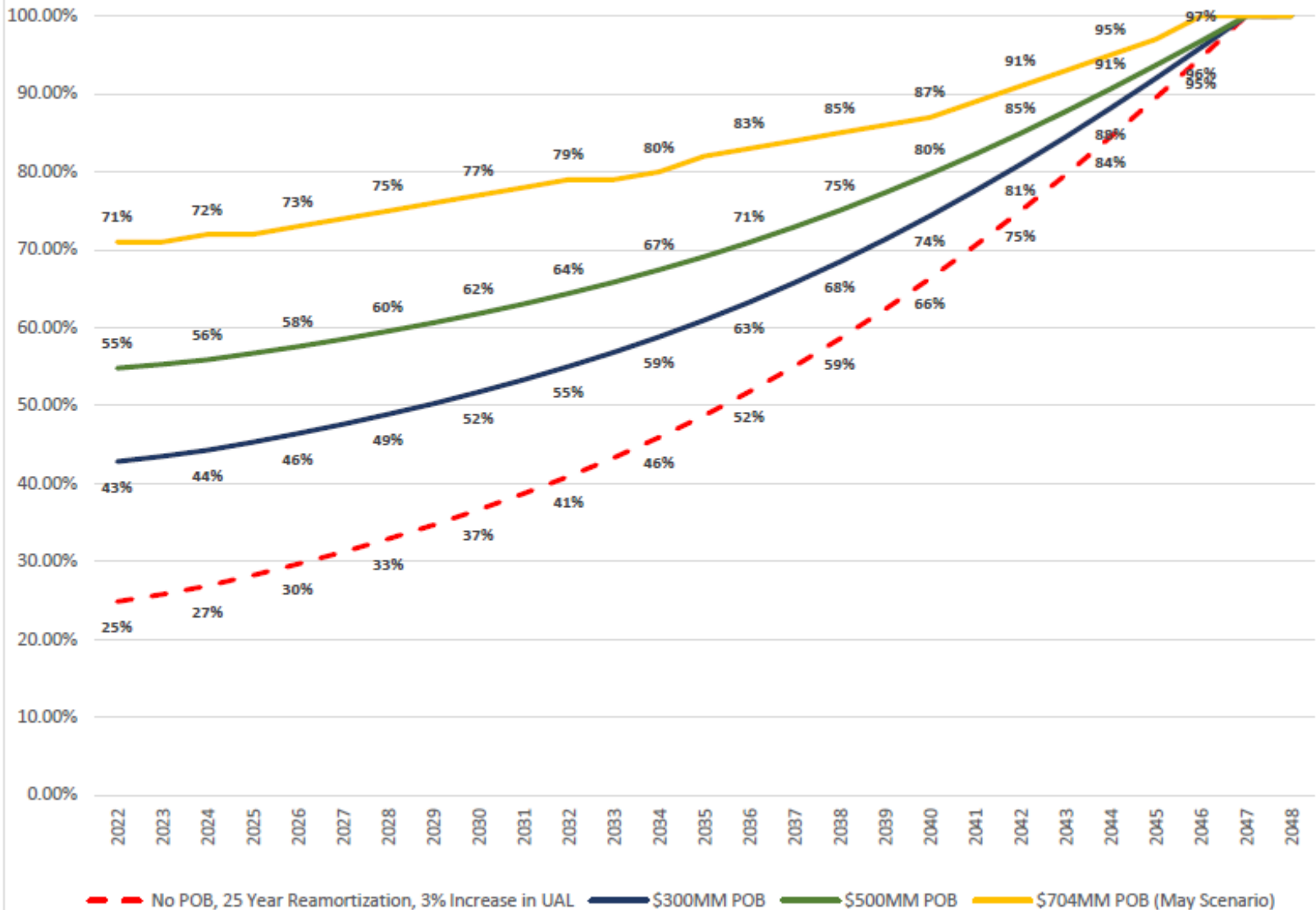
(1) Positive numbers reflect a lower total payment while negative numbers reflect higher annual payment

(2) Note: Not direct comparison. At the time of the May analysis, the 25-year Reamortization assumed 2% rise in annual UAL contributions; Segal has since revised this trend to 3%. None of the Segal scenarios for the base case \$704 million match all the assumptions in the current revised \$300 million and \$500 million scenarios.

Total Annual Debt Service & UAL Payment Comparison



Funded Ratio Comparison at Various POB Amounts



Pension Obligation Bond Safeguards

- Capping city normal cost contributions to limit/prevent future changes/increases in benefits, when future funding stability occurs.
- Seek voter approval of POB transaction to provide further assurances to General Assembly and local elected and public officials and public interest stakeholders.



Q & A

City of Providence



THANK YOU

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