

 **Pinal County, Arizona, \$115,655,000 Pledged Revenue Obligations, Taxable Series 2022**
 **Insured (Green Bonds)**

Overview: On July 28, 2022, Stifel served as sole underwriter on Pinal County’s Pledged Revenue Obligations, Taxable Series 2022 (the “2022 Obligations”), issued to acquire approximately 1,366 acres of land in the City of Casa Grande, Arizona (the “Property”). The Property will be leased to Lucid USA, Inc. (“Lucid Motors”) to develop additional production facilities to manufacture luxury electric vehicles, including their forthcoming SUV model called the Lucid *Gravity*. The sale represented the second Economic Development-related land acquisition transaction completed by the County – the first of which was a \$30 million transaction in 2018 to acquire the initial 600 acres on which the current Lucid *Air* model is being manufactured. The 2022 Obligations were assigned underlying ratings of “AA-” (S&P) and “AA” (Fitch) and also received a “AA” (S&P) insured rating, based on debt service insurance from Build America Mutual, who designated the 2022 Obligations as “GreenStar” Bonds. The 2022 Obligations incorporated a 4-year par call that enables the Obligations to be prepaid on or after August 1, 2026. Lease payments from Lucid to the County will be sufficient to cover debt service payments on the Obligations. Because of the private purpose nature of the debt, the 2022 Obligations needed to be issued on a taxable basis.

Option to Purchase: Lucid Motors has the option to purchase the Property from the County at a set purchase price in 2026, which if executed, will be sufficient to retire the 2022 Obligations in their entirety. The transaction was completed using the ARS 11-254 and 11-256 economic development statutes which Arizona counties are required to follow relative to economic development type transactions involving private entities.

Security: The 2022 Obligations are payable solely from and secured by a first lien pledge upon County General Excise Tax Revenues, State Shared Revenues, and Vehicle License Tax Revenues.

Lucid Motors: Lucid Motors is a relatively new entrant in the booming electric vehicle industry, producing high-end performance luxury vehicles at its plant in the City of Casa Grande, Arizona (Pinal County). Lucid’s first SUV, the *Gravity*, expected in 2023, will be built on the same platform as the Lucid *Air*, which has standard all-wheel drive and up to 1,080 horsepower.

Economic Development: The Lease Purchase Agreement with the County will bring Lucid’s total land site to about 2,000 acres or the size of an original equipment manufacturing (OEM) plant. Lucid currently employs over 2,000 people with continued increases expected by the end of the year, which will likely make them the largest employer in the County. According to the Company, over the next 20 years, economic output is estimated to total \$256 billion resulting in an estimated tax revenue increase to the County of \$352 million and a total of 6,000 jobs expected at full production.

Pricing Results: Despite the volatility in the market the week leading up to pricing due to the release of key events and data, most notably the Federal Open Market Committee announcement to raise the benchmark rate another 75 basis points, the sale received significant interest from a variety of investors. Additionally, the 4-year par (2026) payoff provision with no penalty, along the requirement to sell the 2022 Obligations at par, required a significant amount of communication with investors by the Stifel banking and institutional sales team. On the day of pricing, the Obligations received 121 separate orders totaling over \$770 million or 6.7 times par. The significant oversubscription allowed for the tightening of spreads between 8 and 10 basis points along the curve, which, coupled with a rally in the Treasury market the day of pricing, saved the County a significant amount in total debt service costs, ultimately achieving an all-in true interest cost of 5.66%.

LUCID





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