



# Michigan School Business Officials

Presenter: Paul Soma, Director – Public Finance  
Tina Webb, Director - Fixed Income Trading  
Will Glass, Vice President - Public Finance

## F05 - Issuing Bonds: The Basics Plus

Raymond James Public Finance

April 23, 2026

# INTRODUCTION

- **Paul Soma**

- Director of Public Finance in Michigan for Raymond James
- Business Official for 3 School Systems over 22 years
- Superintendent for 5+ Years, 30+ Year Member of MSBO

- **Tina Webb**

- Director, Municipal Bond Retail Trading, Grosse Pointe
- Began Finance career in 1991, Municipal Bond trader since 1992
- Board Member, Municipal Advisory Counsel
- Member and Former President of the Detroit Bond Club

- **Will Glass**

- Vice President of Public Finance in Midwest Team for Raymond James since 2022
- Public Finance Experience of 21 years working with K-12 Issuers
- Experience working with Districts as Muni Advisor and Investment Banker

# Objective

- **What Would You Like to Know?**
- **Objective for Today**
  - Provide Answers to Your Questions
  - High Level Overview of Municipal Bond Market
  - High Level Overview of Bond Issuance Process – Your Role
    - Review of Preliminary Official Statement (POS) and Official Statement (OS)
      - Preparation Considerations
      - What is it used for?
      - Who should read it?
  - Share Strategies for Successful Bond Campaign and Sale
  - Provide You with Additional Resources
- **Your jobs are rewarding, but they are demanding and stressful!**
  - Always remember...

WHEN THE GOING GETS TOUGH – THE SUN ALWAYS RISES...



...AND THE MORELS ARE POPPIN'



...AND READY FOR THE FRYIN' PAN!



...BUT BE CAREFUL – LOTS OF TICKS OUT THERE!



# Municipal Bond Market Overview

HIGH LEVEL LOOK AT MUNICIPAL BOND MARKET AND YOUR PLACE IN IT

# MUNICIPAL BOND MARKET – HIGH LEVEL BACKGROUND

- Approximately 55,000 Municipalities Access the Market
  - Approximately \$500 billion annually
  - Approximately \$2 billion per day
  - Who Invests in Municipal Bonds
    - Primary and Secondary Market
    - Tier 1 – Large Institutions (e.g., Mutual Fund Companies, Pension Funds)
    - Tier 2 – Smaller Regional Institutions (e.g., Local banks)
    - Tier 3 – Individual Investors
      - SMA accounts, ETF's, Direct Purchase
  - Who Benefits?
    - Every One of Us!
    - Schools, Universities, Water and Sewer Systems, Hospitals, Airports, Roads, Low Income Housing
    - Celebrate your Impact!
  - Driven by the traditional concept of Supply and Demand!
- Your Role
  - Make your Bonds as attractive as possible
  - Compilation of the Official Statement
- Market Risks
  - Geopolitical
  - Cybersecurity
  - Loss of Tax Exemption
  - Other Tax Policies (impact supply and demand)

# Selling Bonds – Your Role

PROCESS AND STRATEGY CONSIDERATIONS – WHAT’S THE GOAL?

PUT YOUR BEST FOOT FORWARD!

# HIGH LEVEL BOND SALE PROCESS – THE BASICS

Informational Campaign Conducted by School District

Voters Approve Ballot Initiative Authorizing Bonds

District (Issuer) Begins Bond Sale Process

Issuer Works with Bond Counsel and Municipal Advisor

Underwriter Hired to Market and Sell Bonds (Negotiated) OR Bonds Advertised through an Official Notice of Sale (Competitive)

Bond Investors Purchase Bonds (Retail and Institutional)

# PLAYERS INVOLVED IN THE UNDERWRITING PROCESS

- School District – Also referred to as the “Issuer”
- Bond Counsel - Opines on tax status of bonds and protects legal interest of Issuer
- Municipal Advisor (MA) - Fiduciary responsibility to the Issuer. Must, by law, act in the best interest of the Issuer
- Underwriter – Markets and sells bonds. In negotiated sale also works with the MA as to timing and structure of the sale.
  - Has to deal fairly with both the Issuer AND the buyer of Bonds at all times
  - Required to provide standard disclosures to the Issuer about their role which includes any inherent conflict of interest via a G-17 Letter
- Underwriter’s Counsel – Protects the interest of the Underwriter
- Investors – Purchase the bonds, can be retail and/or institutional

# EXAMPLE TIMELINE FOR PRELIMINARY OFFICIAL STATEMENT PREPARATION AND ISSUANCE OF BONDS

- Board of Education adopts Authorizing Resolution
- Underwriter (UW) distributes Timeline and Working Group List
- Municipal Advisor (MA) and UW work with District to compile POS
- Draft of POS distributed to Working Group
- Conference call to review POS and conduct due diligence
- Second draft of POS distributed to Working Group
- MA submits credit package to rating agency
- Hold ratings call and receive credit rating
- POS is distributed to the market
- Pricing of the Bonds
- District and UW Sign Bond Purchase Agreement (BPA)
- Bond Counsel (BC) files final Qualification Application with Treasury
- Closing of the Bonds

# EXAMPLE PRELIMINARY OFFICIAL STATEMENT

- <https://emma.msrb.org/P22017489-P11412361-P11855038.pdf>

# RATINGS

- **S&P Global Ratings**

AAA	AA	A	BBB	BB	B	CCC	CC	C	Etc.
	AA+	A+	BBB+	BB+	B+	CCC+	CC+	C+	
	AA	A	BBB	BB	B	CCC	CC	C	
	AA-	A-	BBB-	BB-	B-	CCC-	CC-	C-	

# IMPORTANCE OF PRELIMINARY OFFICIAL STATEMENT

- Majority of the Process is geared toward Preparation of the offering document
- Easy to get Buried in the Detail – Need to step back!
  - Goal is to Improve Rating!
  - What do Ratings Agencies Care About?
  - The Importance of the Rating – SBQLP, Insurance, and Underlying
  - Who Reads?
    - Investors
    - Other interested parties (Board, Staff, Communities)
    - Challenge is to balance interests of stakeholders
      - Fiscal responsibility vs. dollars in the classroom
- **Put Best Foot Forward!**
- Other Issues/Considerations
  - CDU – Continuing Disclosure
  - MMD vs. BVAL
  - Cybersecurity
    - Cyber Criminals have Invaded Municipal Bond Space
      - White Lake Township Example
  - Tax Policy and Loss of Possible Tax Exemption

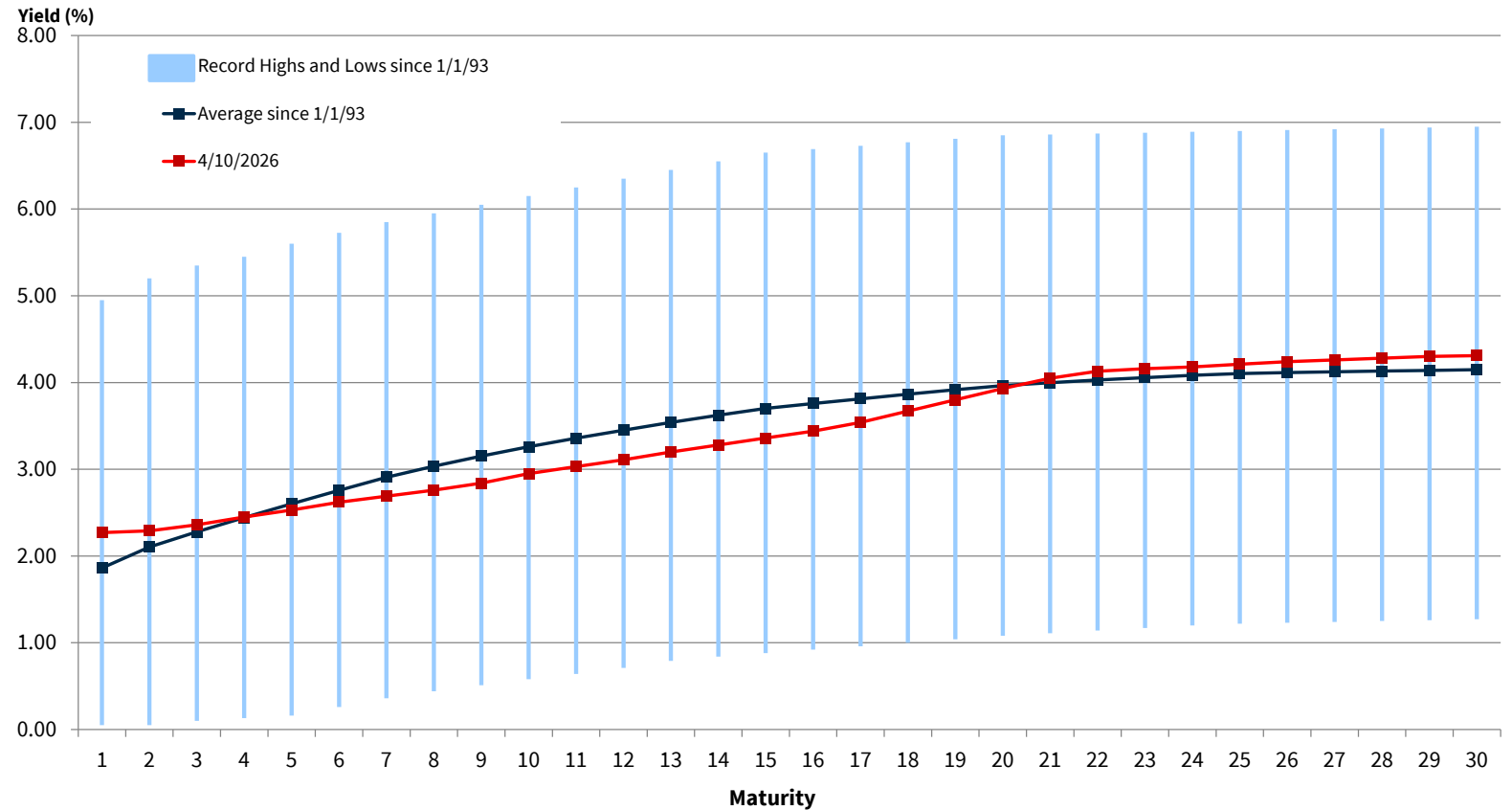
# Interest Rate Environment

TAX-EXEMPT FIXED RATE MARKET

# Historical AAA MMD Rates

This graph shows the range between the record highs and lows of AAA MMD at each maturity since 1993, along with average rates over this time frame and the current rates.

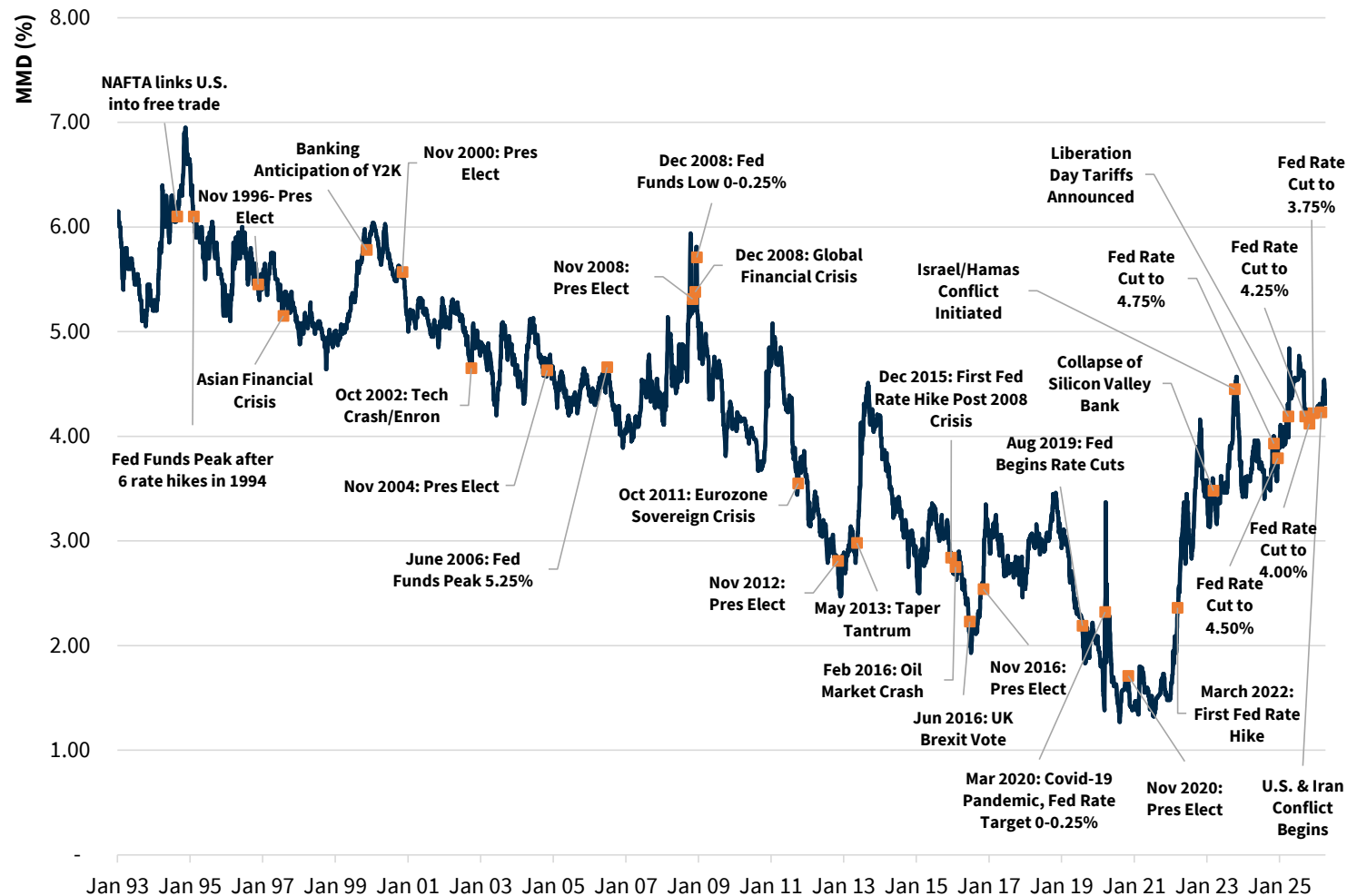
## Record High and Low MMD Rates vs. Current



	1	5	10	15	20	25	30
Record Low since 1/1/93	0.05	0.16	0.58	0.88	1.08	1.22	1.27
Record High since 1/1/93	4.95	5.60	6.15	6.65	6.85	6.90	6.95
Average since 1/1/93	1.93	2.60	3.23	3.67	3.95	4.09	4.14
Current (04/10/26)	2.27	2.53	2.95	3.36	3.93	4.21	4.31

# 30-Year AAA MMD Rate History

## 30-Year MMD Since 1993



# Historical AAA-Rated General Obligation Tax-Exempt Rates

In August 2020, the municipal market hit all-time record lows throughout the curve in the wake of the pandemic.

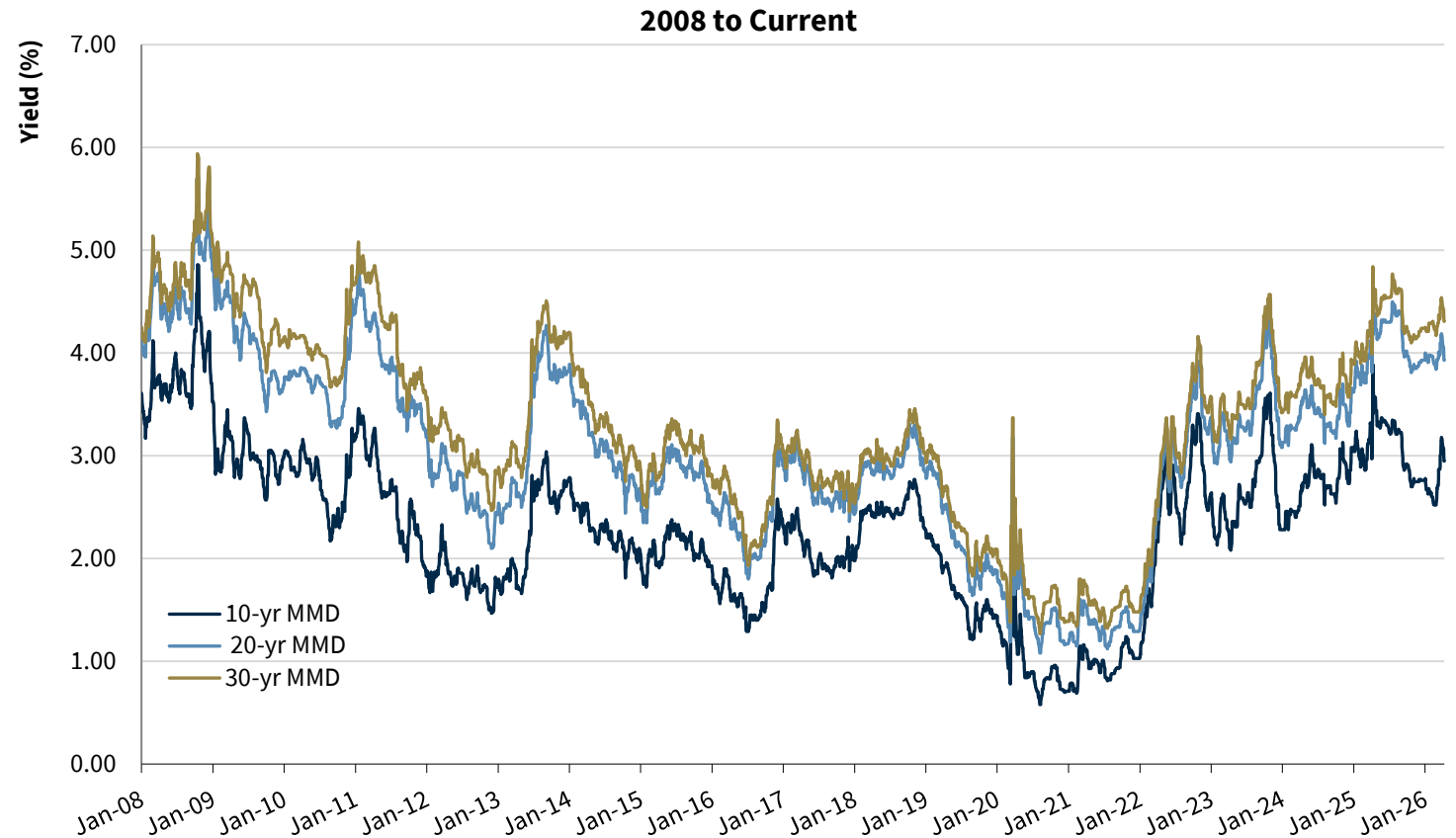
2022 saw MMD steadily increase due to a series of Fed Rate hikes starting in March that finally began to reverse course due to the softening of inflation levels in late 2022 and early 2023.

The market in 2023 was volatile between the banking and debt ceiling crises as well as conflicts in the Middle East. MMD had increased during 2023 with Fed rate hikes in May and July.

In 2024, MMD decreased as the markets priced in with consistent Fed rate cuts during the last few months of the year.

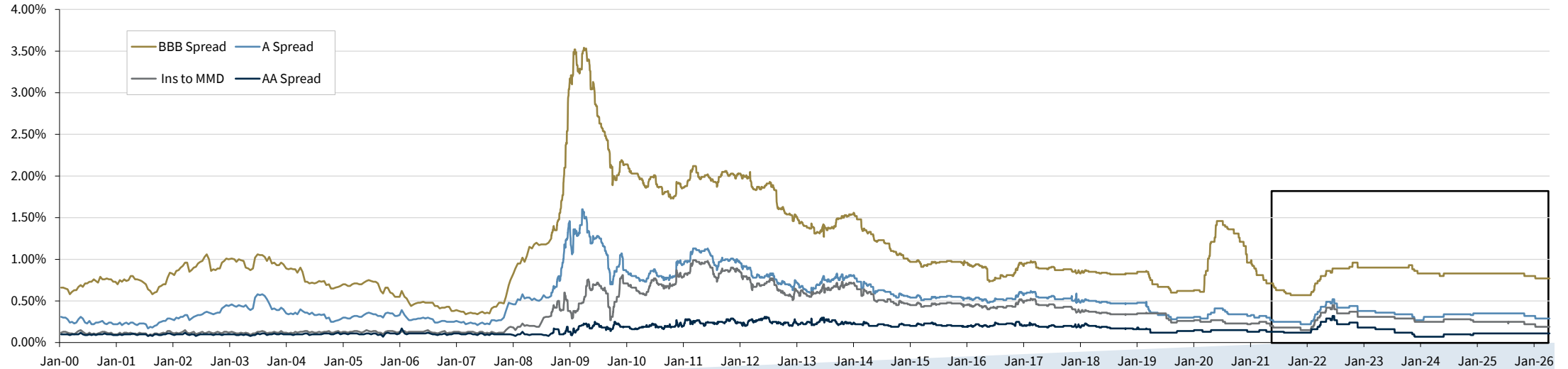
In 2025, MMD experienced elevated volatility driven by tariff-related uncertainty, accompanied by three rate cuts, the most recent occurring in December.

## 10-Year, 20-Year and 30-Year AAA MMD

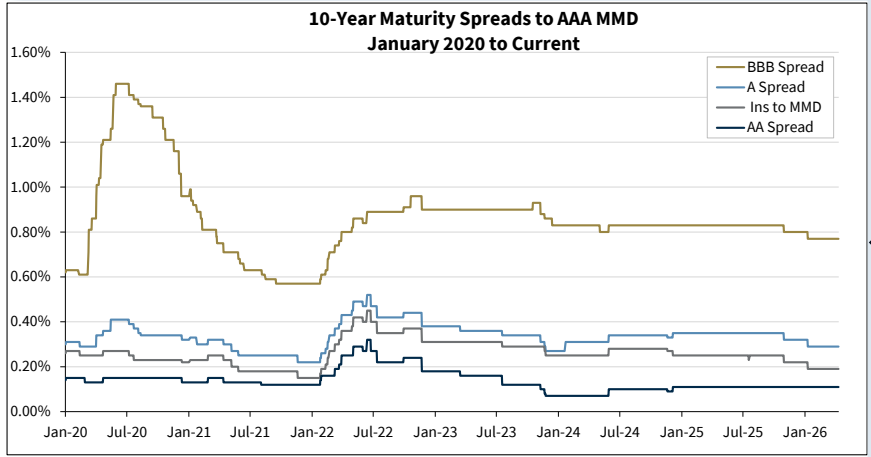


Source: Thomson Reuters

# HISTORICAL 10-YEAR CREDIT SPREAD SPREADS TO AAA MMD



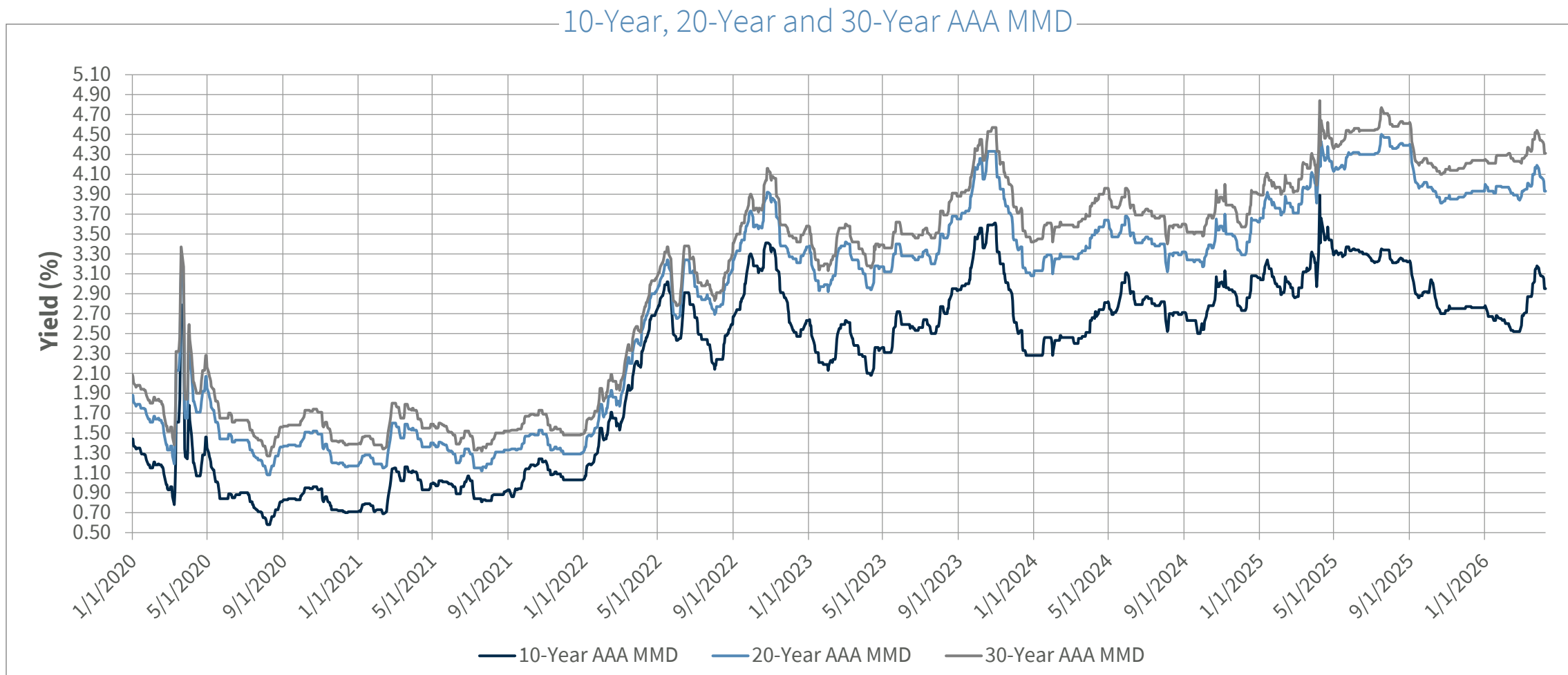
Credit spreads for the 10-year maturity of each rating category compared to MMD were relatively tight until 2008. Spreads for each rating category are starting to converge again.



Due to the COVID-19 pandemic and uncertainty throughout the markets, spreads began to rise in March of 2020, especially for BBB credits. BBB credits flattened out in the aftermath of COVID-19 followed by further market uncertainties in 2022-2023 leading to greater spreads. Spreads have remained relatively consistent through 2024-2025.

Source: Thomson Reuters

# MARKET ENVIRONMENT SINCE JANUARY 2020

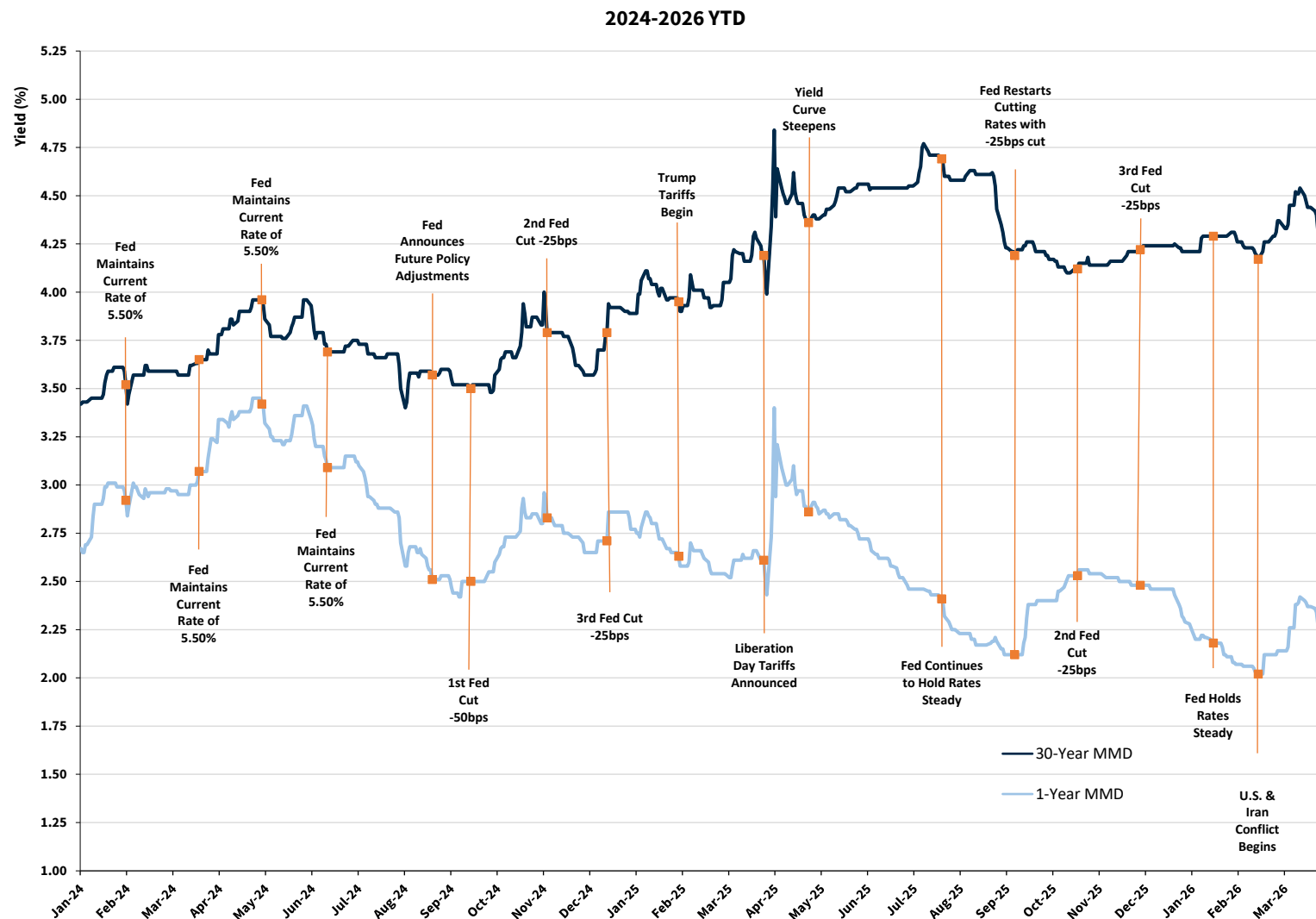


# MMD vs. Current Events

Over the past two years, the municipal market has been volatile due to a combination of tumultuous world affairs, large fund outflows and rate hikes and then the following rate cuts from the Fed in 2025.

On September 17, October 29 and December 10, the Fed cut rates by a combined 100 bps due to inflationary numbers among other economic indicators.

## 1-YEAR AND 30-YEAR MMD



Source: Thomson Reuters

# Market Environment Since January 2020

<b>MMD Change Since January 2020</b>			
	<b>10-Year MMD</b>	<b>20-Year MMD</b>	<b>30-Year MMD</b>
1/1/2020	1.44	1.88	2.09
1/1/2021	0.71	1.17	1.39
8/7/2020 (Low)	0.58	1.08	1.27
4/10/2026	2.95	3.93	4.31
<b>Low vs. Current</b>	<b>+237 bps</b>	<b>+285 bps</b>	<b>+304 bps</b>

# RATE FORECAST

The Fed made three 25 bps rate cuts in 2025: the first on September 17, the second on October 29 and the final cut on December 10. A rate cut in 2026 is becoming increasingly unlikely, as turmoil in the Middle East is causing volatile markets.

## Economist Consensus

US Treasury	Current Rate	2027				2028			Change from Current			
		Q2	Q3	Q4	Q1	Q2	Q3	Q4				
2 Year	3.85%	3.55%	3.47%	3.42%	3.37%	3.36%	3.36%	3.36%	3.36%	3.34%	3.34%	-0.51%
Economists Surveyed		45	45	47	41	37	35	36	22	21	21	
10 Year	4.34%	4.20%	4.15%	4.14%	4.13%	4.11%	4.08%	4.09%	4.05%	4.04%	4.04%	-0.30%
Economists Surveyed		50	50	52	46	41	39	40	25	24	24	
30 Year	4.92%	4.78%	4.70%	4.68%	4.67%	4.66%	4.66%	4.67%	4.61%	4.59%	4.59%	-0.33%
Economists Surveyed		37	37	38	33	30	30	31	20	19	19	

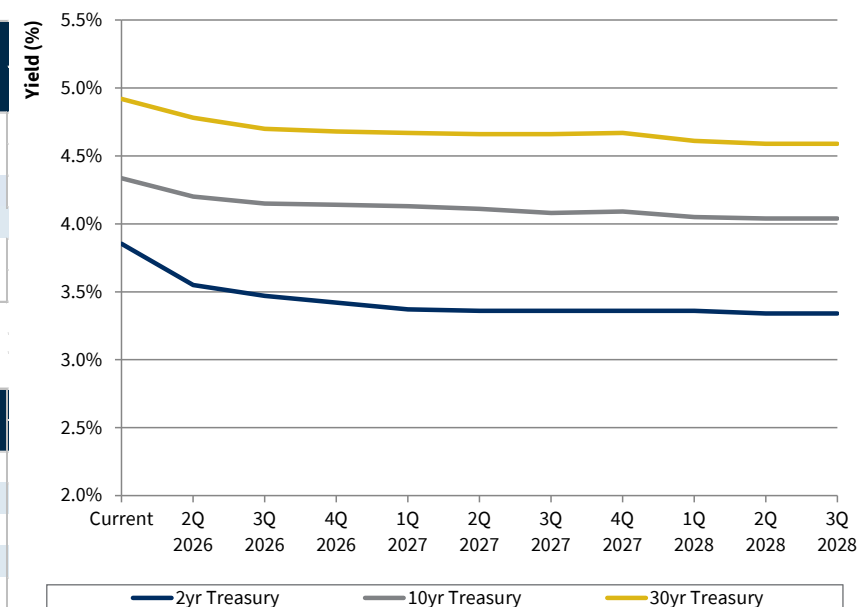
\*Source: Bloomberg as of April 13, 2026.

## Bloomberg Consensus

	Current Rate	2026				2027			Change from Current Rate to 2027 Q3
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	
Real GDP	0.70%	2.30%	1.80%	1.90%	2.00%	2.00%	2.00%	2.06%	1.36%
Consumer Price Index	2.40%	2.69%	3.38%	3.11%	3.10%	2.79%	2.20%	2.30%	-0.10%
Unemployment	4.30%	4.40%	4.50%	4.50%	4.47%	4.40%	4.40%	4.30%	0.00%
Fed Funds Target	3.75%	3.75%	3.68%	3.51%	3.37%	3.32%	3.28%	3.27%	-0.48%
3-month SOFR	3.67%	3.58%	3.56%	3.40%	3.28%	3.22%	3.24%	3.25%	-0.42%

\*Source: Bloomberg as of April 13, 2026.

## Treasury Rate Forecasts



# INFORMATIONAL BOND CAMPAIGN STRATEGY CONSIDERATIONS

- Leverage Retail Priority Opportunities
  - During Campaign
    - Target Unaffiliated Constituents
      - Generally Older
      - Generally Wealthier
      - Looking for “Tax Free” source of income
  - During Sale
    - Strong Retail Demand Helps Move Bonds
    - Especially when Rates are Relatively High

# RETAIL CONSIDERATIONS

- Investor Seminar
  - Hosted by UW and District
  - Opportunity for District to Connect with Constituents
    - Update Community on Important Positive Items
      - Financial condition of District
      - Status of and plans for capital projects
  - Present Information on the Nature of the Investment
    - Generally “tax free”
    - Generally considered “safe”
- Retail Order Period/Retail Priority
  - How it works
  - Guarantees local retail orders are filled first

# Additional Resources



# FOR MORE INFORMATION...

Please feel free to contact Paul Soma for further information:

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