

Bond Case Briefs

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Inside the Tax Reform-Fueled Muni Market Frenzy at MuniOS.com.

- **Sales in November hit \$44.5 billion, up 45% year-on-year**
- **December 1985 is all-time record for issuance at \$54.7 billion**

Rescheduled vacation time, all-nighters and plenty of coffee and pizza: these are the scenes from the front lines of municipalities' push to sell bonds before Congress overhauls the tax code.

MuniOS.com, operated by Ann Arbor, Michigan-based tech company ImageMaster, is the platform that thousands of issuers spanning the \$3.8 trillion municipal market use to showcase their bond offering documents. Since the release of the House and Senate tax bills in November, MuniOS has processed preliminary and final official statements for the billions of bonds sold by issuers hoping to avoid being affected by tax bills going into effect Jan. 1.

The website was launched in 1999 and is used by issuers to distribute and print their bond offering documents. The service has a 72 percent market share among issuers. It's popular with other municipal market participants, too: MuniOS has over 28,000 active members and over 7,600 people have signed up to receive emailed filing notifications from MuniOS. Over 500 users were listed as active on the website on Tuesday morning.

Long and short-term municipal bond sales surged 45 percent year-over-year in November to \$44.5 billion, the month that both chambers released their tax plans, according to Bloomberg data. The House plan would end the tax break for interest on private activity bonds sold by nonprofits, hospitals and private colleges. The House and Senate bills would end a debt refinancing tool called advance refundings.

MuniOS has been helpful for municipal bond trader Chip Peebles during the rush to market. Once bond offering documents are up on the website, it means the deal is on its way to pricing soon rather than just being under consideration, said Peebles, who is a senior vice president for retail trading at Raymond James.

"It's very helpful," said Peebles, who is based in Memphis, Tennessee. "As a trader, you hear a lot of rumors about deals. But until you see the papers on it, you can't do much with the rumors."

Peebles, who has worked in municipals for over 30 years, said he's been a user of the site since it was created. Raymond James traders and underwriters use the site's customization features to receive emailed bond offering documents for the regions or sectors they trade in, he said.

The only time comparable to this year's surge in bond sales was in late 2010, when the Build America Bonds program was set to end its subsidies on taxable bonds, said Dan Rodriguez, a vice president at ImageMaster who has worked there for 27 years. While the Build America Bonds supply surge started in September until the end of 2010, this year's flurry of bond sales is being consolidated into a shorter time period, he said.

When MuniOS receives a bond document from an issuer, it vets the document with a 64-point checklist system that takes about two hours or less to complete, said Marianne Shiff, vice president of operations at ImageMaster. Then, staff members will give their feedback to the issuer, which could take anywhere from a few hours to a day to be completed, she said.

That means lots of long hours lately for the 30 people who work on MuniOS.com, which has people on staff from 7 a.m. to 11 p.m. EST. It also offers a 24/7 on-call service issuers can arrange ahead of time, Shiff said. Last weekend, before issuers were set to sell as much as \$21 billion in bonds, there were eight different people on call, Shiff said.

“Everybody’s all in and we take care of each other,” Shiff said. “It’ll be over in a few weeks.”

A boon in municipal bond sales is good news for ImageMaster, which receives fees from processing the offering documents and printing them. The company’s roadshow service — which features recordings of issuers’ presentations to investors — had its biggest month ever in November, Rodriguez said.

“With the large saturation of deals in the market, we see that a lot of clients are trying to stand out by providing these online roadshow presentations,” he said. The service has also gotten new clients during the past month, Rodriguez added.

Still, the official statement hustle and bustle has required some sacrifice. Production supervisor Jennifer Braun was going to take off for her birthday on Monday, but decided not to because it’s one of the company’s busier days. In the past few weeks, some employees have worked through the night until their coworkers came into the office the next morning.

Shiff said she’s looking forward to recharging come Jan. 1, 2018, when the proposed tax changes would go into effect. MuniOS also plans to re-launch the site in early 2018 to be more mobile-friendly.

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