"Option-Based Analysis of Tender/Refunding Transactions"

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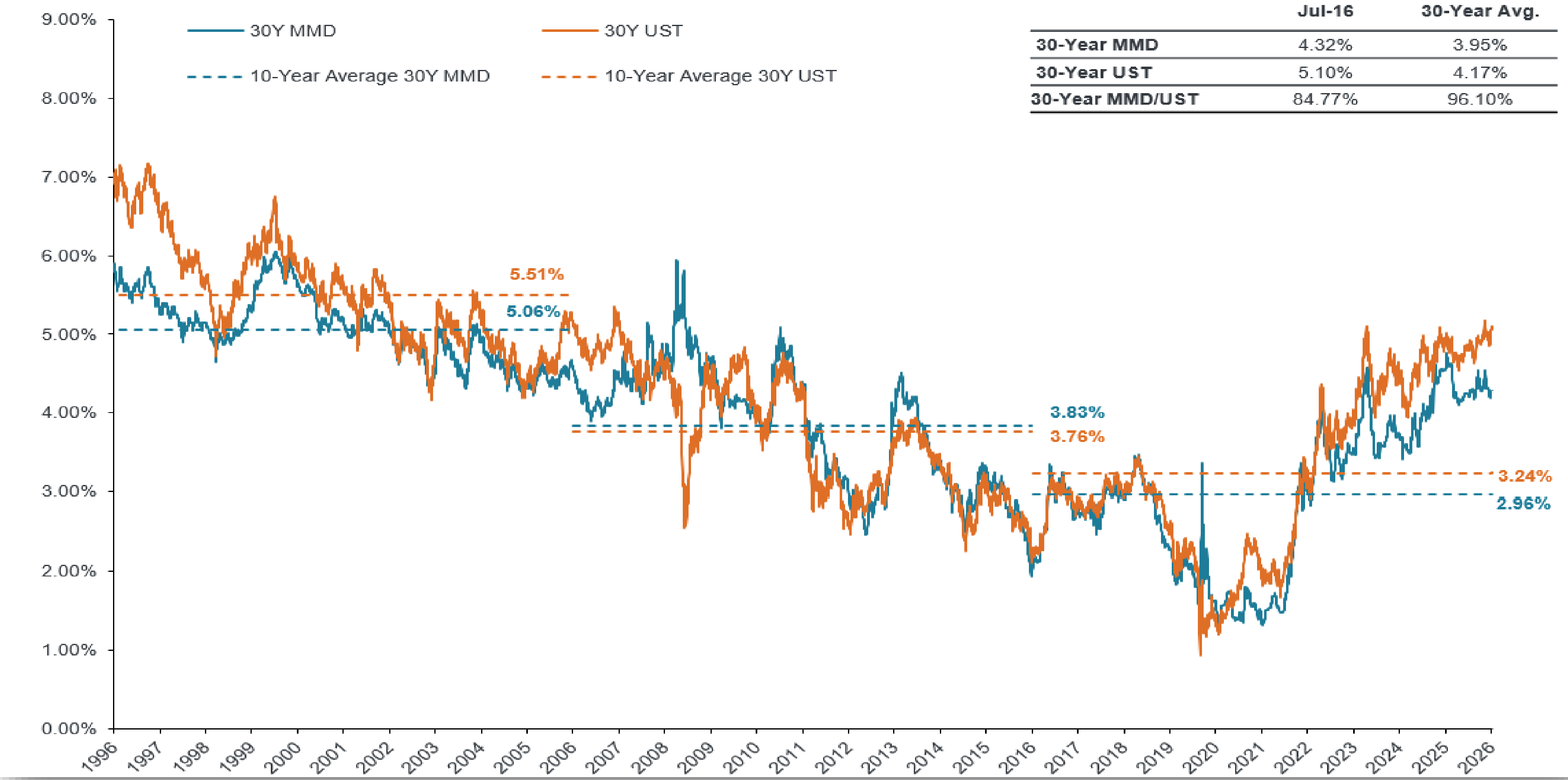
*Affiliation for information only. Opinions expressed are wholly the Discussant's and not necessarily those of the respective bodies.

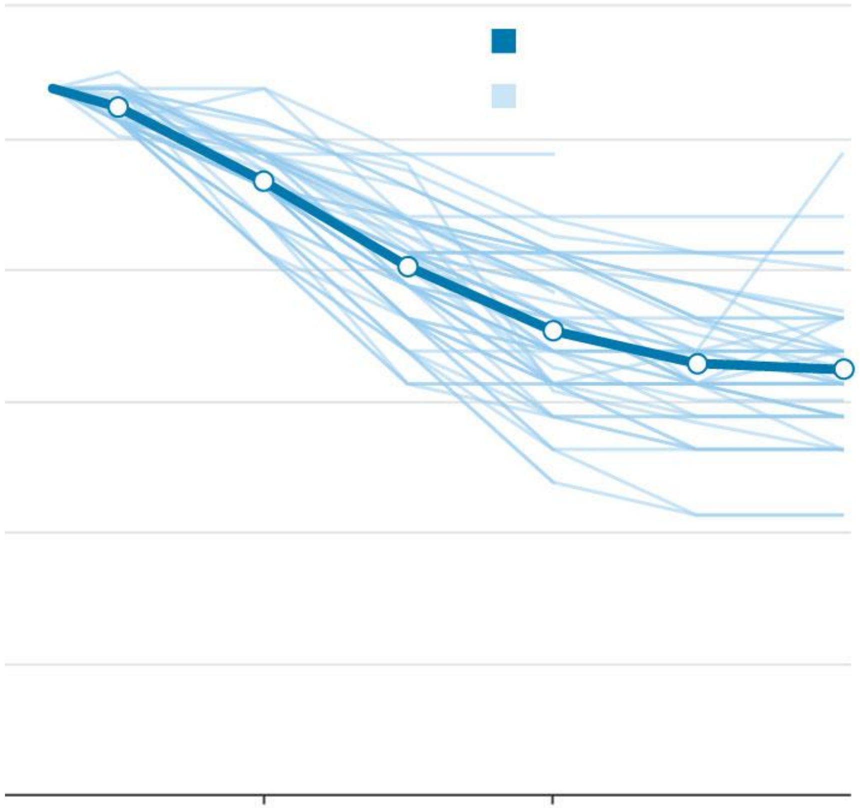
Interest Rate History in Retrospect

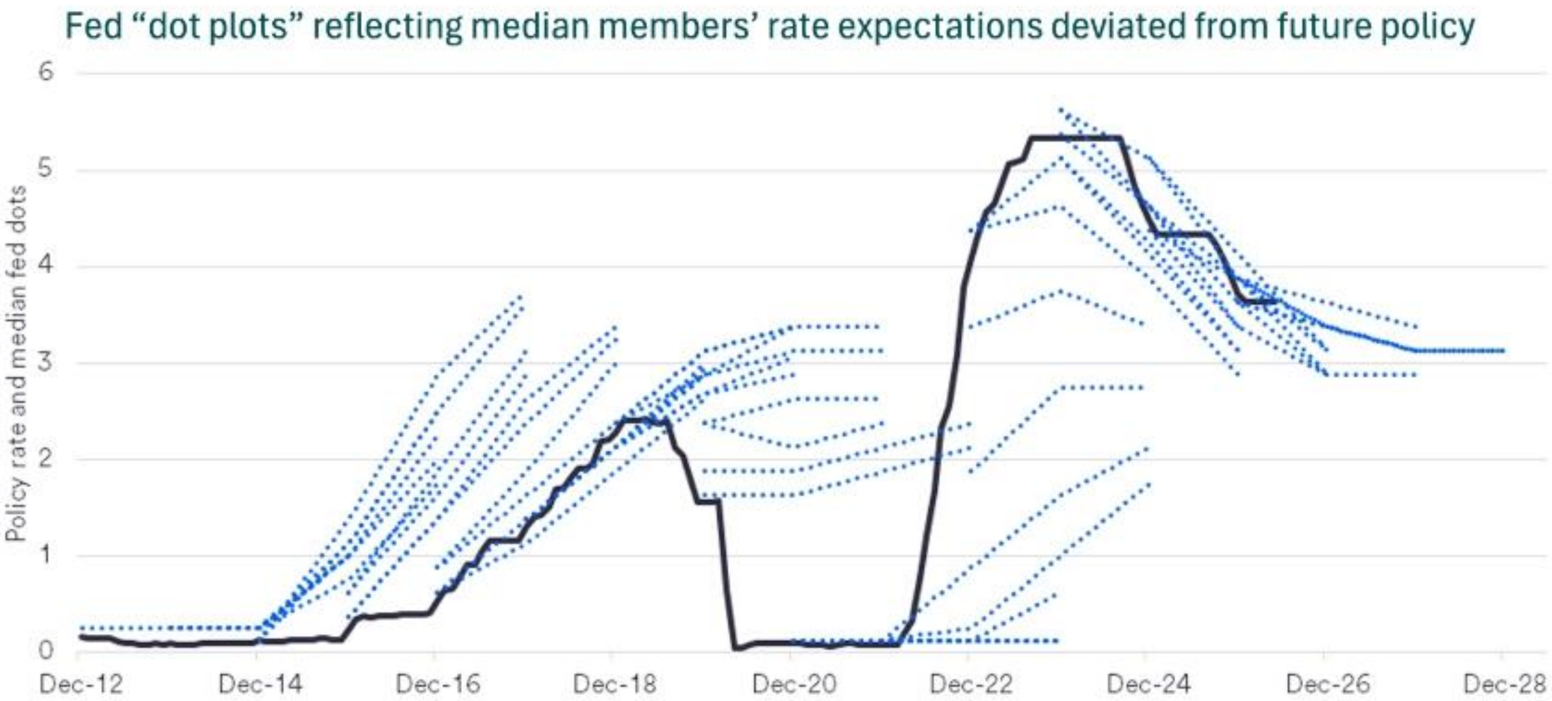


	Jul-16	30-Year Avg.
30-Year MMD	4.32%	3.95%
30-Year UST	5.10%	4.17%
30-Year MMD/UST	84.77%	96.10%

Source: LSEG Municipal Market Monitor, J.P. Morgan as of 07/16/26

What is Known at Time of Issuance





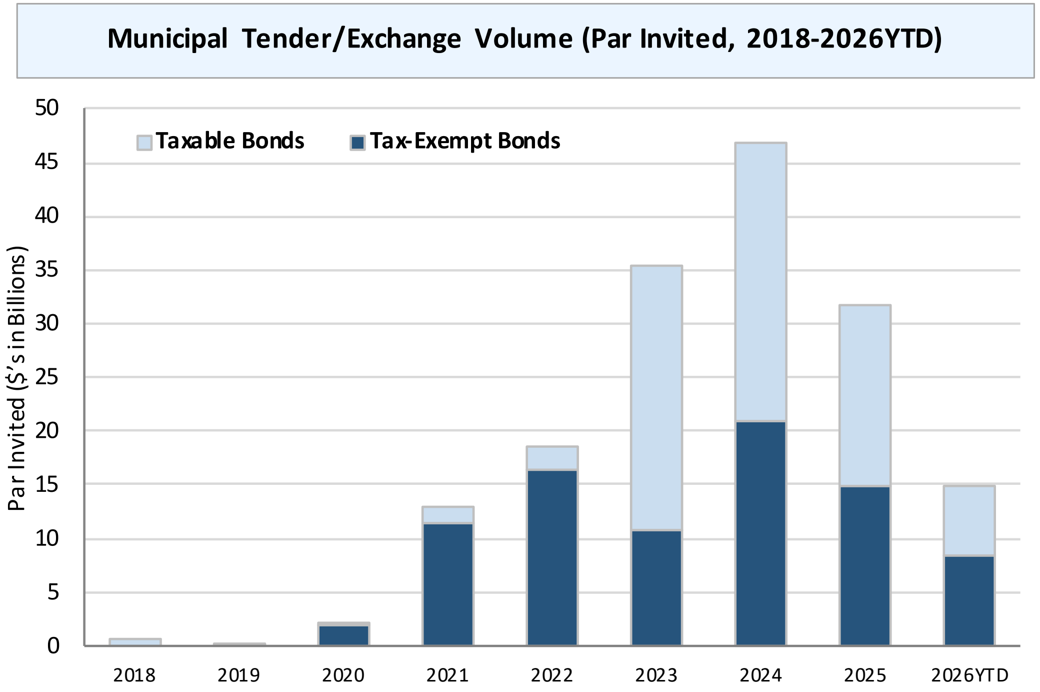
Source: Wall Street Journal and U.S. Bank, respectively

Tender Refunding Market

History of Tenders Refundings in the Municipal Market

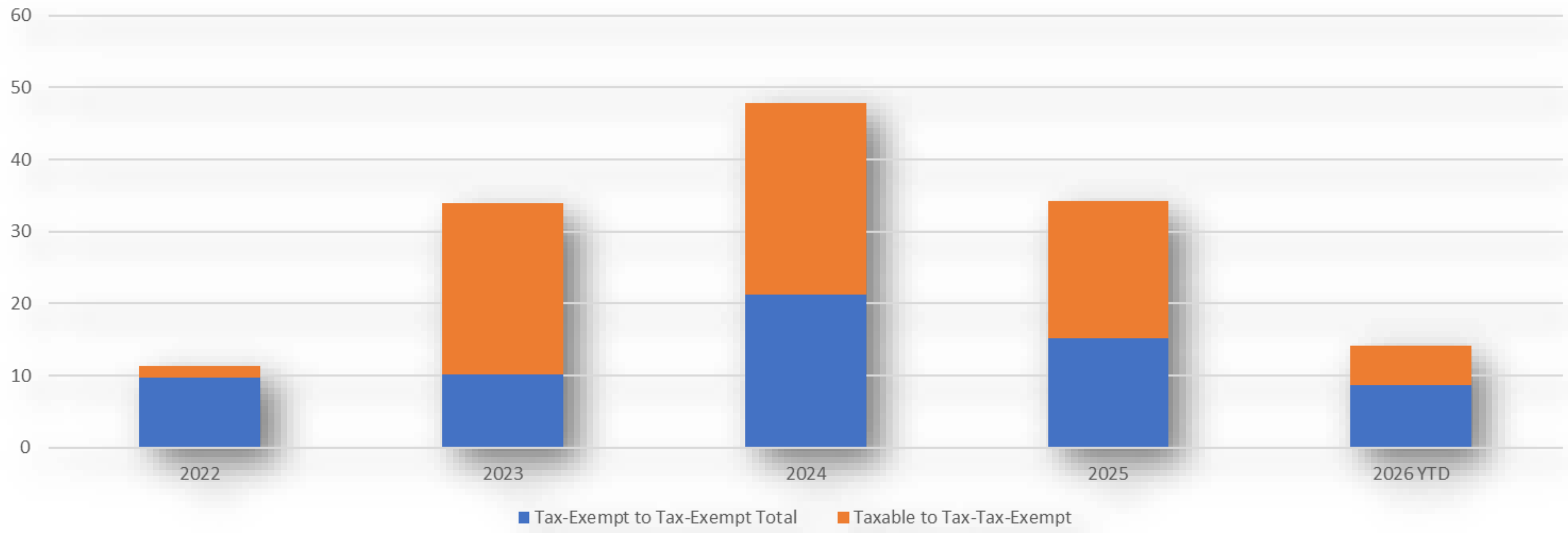
Historically	▪ ***Target Bonds:*** *Troubled credits* ▪ ***Rationale:*** *Restructure bonds, facilitate indenture modifications; in addition to distressed credits, generally limited to certain sectors*
2020-2021	▪ ***Target Bonds:*** *Tax-exempt bonds with near-term call dates* ▪ ***Rationale:*** *Execute concurrently with taxable advance refundings to enhance savings*
Today	▪ ***Target Bonds:*** *Taxable bonds that advance refunded tax-exempt bonds* ▪ ***Rationale:*** *Capture value of tax-exemption, generate debt service savings*
	▪ ***Target Bonds:*** *Tax-exempt bonds with near-term call dates* ▪ ***Rationale:*** *Monetize call option, generate debt service savings*

Municipal Tender/Exchange Volume (Par Invited, 2018-2026 YTD)



Source: Jefferies LLC.

Tender Par Solicitation ($ billions)



	Tax-Exempt to Tax-Exempt Par Solicited	**Taxable to Tax-Tax-Exempt Par Solicited**	**Total**
2022	9.7	1.7	11.4
2023	10.2	23.8	34.0
2024	21.3	26.5	47.9
2025	15.2	19.1	34.3
2026 YTD	8.7	5.5	14.2

Source: BofA Municipal Securities

Resources for Issuers

Home / Materials Library / Tender Refunding of Municipal Bonds

DEBT MANAGEMENT

Tender Refunding of Municipal Bonds

GFOA recommends that organizations pursuing tender refunding of municipal bonds establish policies and procedures around the tender refunding transaction that include specific guidance on articulating the intended goals, picking a financing team, calculating attributable costs, ensuring a clear understanding of fair pricing and determination of goal attainment.

Read Best Practice

Committees: Governmental Debt Management (DEBT)
Board approval date: Thursday, June 26, 2025

https://www.gfoa.org/materials/tender-refunding-of-municipal-bonds

Resources for Issuers

Home / Materials Library / **Refunding Municipal Bonds**

DEBT MANAGEMENT

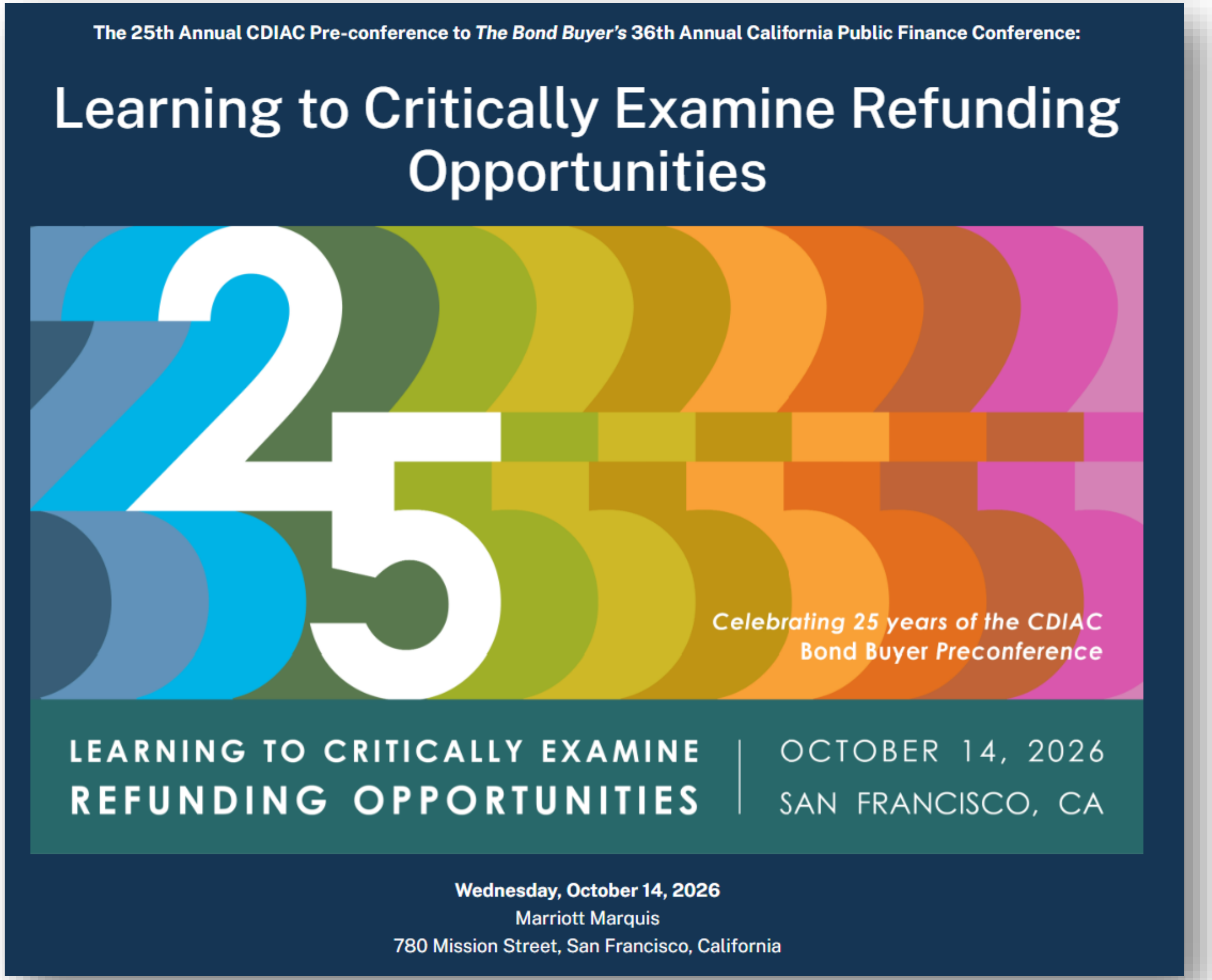
Refunding Municipal Bonds

Issuers should include guidelines and criteria in their debt management policies that address when a refunding is permitted based on potential debt service savings or other criteria, preservation of future refunding flexibility when issuing any new money debt, and monitoring of refunding opportunities on outstanding debt.

Bond refinancings or "refundings" are used by state and local governments to achieve debt service savings on outstanding bonds. Though less frequent, refunding bonds can also be issued to remove or revise burdensome bond covenants or to restructure debt service payments.

https://www.gfoa.org/materials/refunding-municipal-bonds

Resources for Issuers



https://www.treasurer.ca.gov/cdiac/2026-bond-buyer-pre-conference-learning-critically-examine-refunding-opportunities