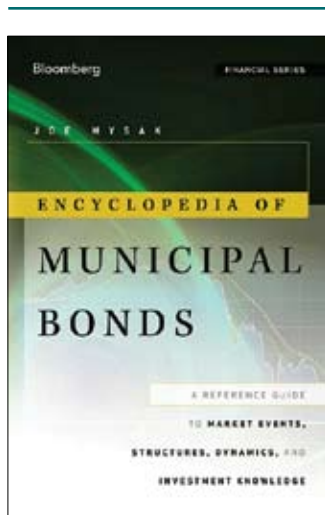


Your Guide to Understanding — and Appreciating — MuniLand

By Ryan O'Hollaren



Encyclopedia of
Municipal Bonds

Joe Mysak

Bloomberg Press

2012, 215 pages, \$95

MuniLand, as Joe Mysak calls it, is “a market that was particular and specific to an almost absurd degree.” Mysak’s take on this world of finance conveys a deep understanding of both the history and institutions that make municipal bonds a special sector of the public economy. The book is cleverly split up into sections based on the alphabetical order of terms, but it makes use of examples, historical events, and Mysak’s personal anecdotes to demonstrate the meaning both within and behind each entry. While the purpose of the book is expository (the name makes this obvious), Mysak’s journalism background helps bring life to some of the drier concepts from MuniLand to make them go down easier, and sometimes with a laugh. As a reference handbook for local and state governments, and as a guide for bond counsel and consultants, *The Encyclopedia of Municipal Bonds* provides a thorough understanding of topics and concepts from an experienced professional and trusted authority in the field.

INTERESTING ENTRIES

Each entry is dedicated to a certain issue or buzzword from the municipal bond process — issue price, mortgage bonds, Chapter 9, and Bradford zeroes. Each entry usually contains a descriptive sentence or two, in typical encyclopedia fashion. For example,

Mysak describes default as “the failure to make timely payment of principal and interest, or to comply otherwise with features of a bond’s indenture.”

These basic descriptions, however, are only the beginning. Mysak then embarks on a historical description of defaults throughout the muni market, how prevalent they have been at different times in the past, as well as where and why they happened. “Almost 30 percent of the bonds that defaulted during the Depression were sold by reclamation, levee, irrigation, and drainage districts. And the defaults were concentrated: Issuers in 14 states accounted for about 80 percent of the bonds that failed to pay. Total losses to investors amounted to \$100 million,” he wrote, continuing, “to put this into perspective, the total volume of bonds sold annually during this period was usually a little more than \$1 billion.”

Historical glances such as these prove extremely helpful for readers who lack a deep understanding of municipal finance. Under the same entry, Mysak also delineates the commonly cited generalizations about defaulted municipal bonds, explaining that “not all municipal bonds are alike.” Some are still far more likely to default than others. In atypical fashion for an encyclopedia, the statistics are almost always explained beyond the percentage sign. For those entries that address broad

subjects, sources to articles and further reading are provided.

For obvious reasons, certain entries are longer than others. Some, such as the *Recalibration of 2010* and *Pensions*, run multiple pages in length, while others are just a few sentences. Some of the entries are simply factoids, such as *Rum Bonds*: “The bonds sold by the U.S. Virgin Islands to build facilities used by the rum industry.” Even popular (or once-popular) phrases are defined and given historical context, such as “all bonds go to heaven,” “bond daddies,” and the “deadly sins.” For anyone just starting a career in the municipal bond field, these shortcuts help ease the terminology learning curve and shine an accessible light on concepts that experts tend to take for granted. For

those with experience in the field, Mysak’s historical approach to terms and basic concepts can help provide a deeper understanding about the why, when, and how questions.

AN ENCYCLOPEDIA WITH PERSONALITY

While each entry is in some way related to municipal bonds, the lengthy introduction provides an overview of Mysak’s life’s work in MuniLand. He describes some of its eccentricities, such as the market’s lack of a reaction to bad news, the prevalence of “yield burning” in the early years, and the evolution of regulation within the market. All of this coincides with a light story of how he generally built his reputation. This introduction gives

each entry a somewhat personal character and provides the reader with a background on whose insights they are absorbing.

CONCLUSIONS

As a reference book for shelves in government finance and legal offices nationwide, Mysak’s Encyclopedia of Municipal Bonds provides specifics and relevant historical insight into the unique terms and concepts that have made MuniLand so odd, and continue to make it so interesting. ■

RYAN O’HOLLARAN is a research fellow in the Research and Consulting Center at the Government Finance Officers Association in Chicago, Illinois.



Government Finance Officers Association

Order online at www.gfoa.org

Learn best practices in performance management



As public-sector organizations face current challenges including dealing with pressure from unprecedented fiscal stress, increased public pressure to do more with less, and the need for transparency and accountability, performance management has become an essential tool to help improve services and ultimately create a more effective, responsive organization. Building off research that includes hundreds of examples of successful performance management systems, *The State and Local Government Performance Management Sourcebook* explains current trends and recent advances in the field of performance management, in addition to focusing on five essential dimensions of performance management:

Citizen Participation | Budgeting | Operations Management | Evaluation | Technology

Questions? E-mail publications@gfoa.org