

# **Bond Case Briefs**

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## **Bank of America Expands Lead in U.S. Municipal-Bond Underwriting.**

- Charlotte, North Carolina-bank increases market share to 15%
- Ramirez & Co. jumps 12 levels after joining NYC's senior banks

Bank of America Corp. is extending its lead in the municipal-bond business.

The Charlotte, North Carolina-based bank held its spot as the top underwriter of U.S. state and local debt for a fifth straight year by overseeing \$67.8 billion of sales in 2016, boosting its share of new issues by 2 percentage points to 15 percent, a bigger gain than any other bank, according to data compiled by Bloomberg. Citigroup Inc. also captured a larger piece of the business, overtaking JPMorgan Chase & Co. to become the second-largest underwriter.



The banks benefited from a record pace of municipal-securities sales after yields tumbled to the lowest on record in July, spurring governments to refinance or borrow for public works before the Federal Reserve resumed raising interest rates, as it did last month.

Bank of America was the lead manager for the second-biggest issue of the year, a \$2.74 billion sale by New Jersey's Transportation Trust Fund Authority to finance roadwork. Citigroup and Goldman Sachs Group Inc. served as joint senior managers on the biggest deal of the year, a \$2.95 billion general-obligation issue by the state of California, according to data compiled by Bloomberg. JPMorgan's biggest deal was another \$2.65 billion California sale, on which it served as a co-lead along with Bank of America.

Selena Morris, a Bank of America spokeswoman, declined to comment, as did Citigroup spokesman Scott Helfman. JPMorgan spokeswoman Jessica Francisco also declined to comment.

The pace of municipal-bond offerings are largely projected to decline this year, with refinancing expected to slow because of higher interest rates. Even so, first time borrowing may increase "slightly" as governments whose finances have benefited from the more than seven-year economic expansion pour more money into infrastructure, according to a forecast from Barclays Plc. U.S. state and local governments won approval to sell at least \$55 billion of bonds in November ballot measures, debt that governments may start issuing in 2017.

The prices Wall Street banks charged U.S. cities and states to sell bonds in 2016 were little changed. Fees averaged \$5.21 per \$1,000 of long-term bonds compared with \$5.08 in 2015. Among the 20 biggest underwriters of such debt, the weighted average disclosed fees ranged from \$3.82 for Loop Capital Markets LLC to as much as \$10.61 for Robert W. Baird & Co.

About three-quarters of the long-term debt issued in 2016 was arranged through so-called negotiated offerings, in which banks are picked ahead of time instead of competing against each other in an auction.

One of the firms that boosted its ranking the most was New York City-based Samuel A. Ramirez & Co. The dealer, which has about 80 people in its municipal securities division and was promoted to the ranks of New York City's senior underwriters, rose 12 places to 14th by managing \$6.9 billion of bonds in just 30 deals.

In 2016, Ramirez hired Paula Dagen, Morgan Stanley's former lead banker for New York City and plans to expand "selectively and opportunistically," said Ted Sobel, head of municipal finance. New York, one of the largest issuers of municipal bonds, plans to sell about \$29 billion of debt through June 2020, according to the city's financial plan.

"Our game plan has been very focused on providing great banking work — ideas, solutions, service, to major clients in core regions and in core competencies," said Sobel, who joined Ramirez in 2009 after 13 years at UBS Group AG. "We've found that's been a pretty good path to success."

## **Bloomberg**

by Martin Z Braun

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