

Bond Case Briefs

Municipal Finance Law Since 1971

The 2019 National Municipal Bond Summit Hosted by the BDA and Bond Buyer Event Recap.

The BDA, in partnership with the Bond Buyer, held its Annual National Municipal Bond Summit at the Renaissance Nashville Hotel in Nashville, TN on March 25-27. The Summit offered market leaders the opportunity to meet and network with senior issuers, state and local officials, as well as transaction participants from across the country. The Summit featured several key contacts from BDA firms on various panel discussions. A recap of the BDA led panel discussions are below and the event agenda can be read [here](#).

BDA Member Panel Highlights

The Status of Infrastructure:

BDA Panel participants included: Brett Bolton, Vice President of Federal Legislative & Regulatory Policy at *Bond Dealers of America*, Alex Wallace, Managing Director/Head of Public Finance at *US Bank*, and Mitch Rapaport, Partner at *Nixon Peabody, LLP*.

- Summarized key muni tax provisions the BDA is advocating to be included in any infrastructure package including the reinstatement of tax-exempt advance refundings
- Discussed the advocacy efforts of the BDA in 2019 including the recent outcomes of the Capitol Hill fly-in and went over the current political environment in DC
- Highlighted the importance of remaining vigilant with advocacy efforts protecting the tax-exempt status of municipal bonds and highlighted the draft legislation that would reverse the repeal of tax-exempt advance refundings
- Stressed the need to advocate for PAB expansion and other muni bond financing tools in potential infrastructure package

Keynote Address: Current State of the U.S. Economy

Craig Dismuke, Chief Economist at Vining Sparks

- Discussed the current state of the U.S. economy and factors that are working for and against the current robust state
A look back over the longest span of growth in history, the question was raised: is this the ceiling for the American economy?
- With tariffs and a possible trade war on the horizon and the effects of the tax cut stimulus showing signs of tapering, what can be expected this year and beyond?
- You can find a copy of Mr. Dismuke's presentation [here](#)

Mayors Panel: Focus on Local Priorities

BDA panel participants included: Moderator Justin Underwood, Director of Federal Policy and Fixed Income Research at *Bond Dealers of America* and Mayor Steve Benjamin, Columbia, South Carolina and Chairman of the *Municipal Bonds for America Coalition*.

- Discussed local priorities and challenges faced by mayors in 2019

- The impact of the loss of advance refundings in 2017 to local development
- Discussed the appetite the Trump Administration has on partnering with state and local governments concerning the needs of U.S. infrastructure

Regulatory Panel: Implementation of Recent Disclosure Guidelines

BDA member panel participants included: Don Winton, Chief Operating Officer at *Crews & Associates, Inc.*

- Discussed the impact of the newly implemented disclosure requirements to the broker/dealer community under the amended SEC Rule 15c2-12
- The panel featured representatives from the SEC, FINRA, and the MSRB, along with the issuer community
- Discussed the idea of improving the timeliness of disclosure of issuers' financial disclosures and the idea that the SEC should create a "safe harbor" to allow issuers to safely disclose unaudited financial information without fear of enforcement action

Can Technology Save the Municipal Market?

BDA member panel participants included: Gregg Bienstock, President, and Founder at *Lumesis*.

- The panel discussed the pressure placed on the viability of the municipal market due to diminished cross-sell opportunities and increased regulatory burdens
- The main topic was the smart use of how technology can substantially improve market efficiency and lower costs for all

Technology Panel: Electronic Trading Focus

BDA member panel participants included: Moderator Hardy Manges, Head of Municipal Dealer Sales at *MarketAxess*.

- The panel discussed the operational benefits of an "all-to-all" solution for market participants in the municipal bond market
- How does market quality improve in an electronic trading environment?
- The panel also addressed the impacts electronic trading advances would have on transparency, liquidity, and spreads in the market

Pricing, "Pennying", Retail Confirms and Other Process Matters

BDA member panel participants included: Moderator Dan Deaton, Partner, *Nixon Peabody, LLP*, Johanna Frebes, Senior Vice President and Director of Municipal Securities Compliance at *KeyBanc Capital*, Gwendolyn Taylor, Chief Compliance Officer, and General Counsel, *Stern Brothers* and Thomas Meder, Director and Head of Trading, *TMC Bonds, ICE*.

- Discussed ongoing regulatory policies at the SEC, MSRB, and FINRA
- Heard a summary of the status of ongoing MSRB proposals including the request for comment for guidance on "pennying" and prearranged trading
- MSRB staff discussed the multiple comment letters submitted by the BDA and gave BDA membership further opportunity to respond
- Discussed the outcome of the retail confirms regime and any issues that have occurred since implementation

ESG: Current Status

BDA panel participants included: Moderator Michael Stanton, Head of Strategy and Communications at *Build America Mutual*.

- Why are municipal bonds and ESG a natural fit?
- A large percentage of municipal bond projects are focused on ESG factors, including mass transit, public hospitals, and public education facilities
- Discussed emerging trends in green bonds and the impact to investors seeking to invest in the municipal market

Diversity and Inclusion: The Future of the Muni Business

BDA panel participants included: Linda Matkowski, Chief Operating Officer, *Stern Brothers*.

- Discussed the business case for why diversity and inclusion matters for those in the municipal industry
- How ethnic diversity correlates with profitability
- How gender diversity correlates with financial performance
- Companies with more diverse leadership teams report higher revenue
- The panel addressed the challenges that minority and women-owned firms face in the current environment and solutions to overcome the disparity at the table
- You can find a copy of the presentation [here](#)

Technology Panel: Fixed Income Data Mining

BDA panel participants included: Timothy Stevens, Chief Financial Officer, President, Chief Operating Officer and Co-Founder at *Lumesis* and Ken Hoffman, President at *DPC DATA*.

- Discussed the various corners of the fixed income markets and how data technology is used in their respective workflows
- The panel addressed the acceleration of technological advancements and the collection of big data and why it's relevant to the fixed income markets
- How is big data improving efficiency and scalability in the fixed income markets?

Cybersecurity

BDA panel participants included: Moderator Jeffrey Peelen, Partner at *Quarles & Brady, LLP*.

- Discussed ongoing issues with cybersecurity for BDs, issuers, and borrowers
- The idea of “phishing” was discussed as a major problem going forward and the ability these attacks can have on credit profiles
- FinCEN CDD rules and other regs were debated such as 15c2-12 disclosure requirements
- The presentation can be viewed [here](#)

For more information on any of these panel discussions and topics, please contact: Brett Bolton at bbolton@bdamerica.org or Justin Underwood at junderwood@bdamerica.org

Bond Dealers of America

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