

## Trade war fears, tax-exempt doubts shake muni markets

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The future of the municipal finance space is in flux, as speculation about a looming trade war and the still uncertain status of the tax exemption plague public finance leaders.

Data from Municipal Market Data's 3 p.m. EST read on March 13 had the two-year municipal to UST ratio at 66%, the five-year at 69%, the 10-year at 73% and the 30-year at 92%. Subsequent findings from ICE Data Services had the two-year at 65% the five-year at 68%, the 10-year at 71% and the 30-year at 90% at 4 p.m.

Experts like [Kim Olsan](#), senior fixed income portfolio manager at NewSquare Capital, told The Bond Buyer, the "more supply than demand" dynamic in the markets now is misaligned with muni fundamentals.

Fundamentals "were not aligned to show much outperformance — considering light redemptions, increasing supply and the approach of tax season — but extreme rate/equity price volatility has exacerbated the negative bias," she said.

Similar challenges are seen as a result of President Donald Trump's [wave of tariffs](#) being waged against several nations, leaving [port investors wary](#) of the soon-to-be-realized impact on major shipping hubs across the country.

The most significant challenge facing the municipal finance space is the tax-exempt status.

Advocates with industry groups like the Bond Dealers of America have made concerted efforts to convince lawmakers of the importance of the [muni bond tax exemption](#), even going so far as to [hire an outside marketing firm](#).

The BDA hired on a six-month contract the Washington, D.C.-based Seven Letters, which according to its website has a track record in promoting "bipartisan public affairs, public relations, crisis management, digital strategy and corporate engagement." The collaboration will help the trade group reach legislators on Capitol Hill and mainstream media outlets.

"We haven't used a strategic communications firm in a very long time," Mike Nicholas, BDA's CEO, told The Bond Buyer. "They're going to help us get our message out there more effectively about the importance of the tax exemption and especially about the impact on smaller issuer communities" if the exemption were to be terminated.

Firms like the New York-based Siebert Williams Shank and Columbus, Ohio-based Huntington have begun stacking their benches with muni talent with recent hires to weather the uncertainty. Other noteworthy talent shifts in March include Texas state comptroller Glenn Hegar departing for a lead role in the Texas A&M University System and a J.P. Morgan veteran leaving for a CEO role at the Chicago-based InspereX.

**Glenn Hegar to run Texas A&M University system**

Glenn Hegar, longtime state comptroller in Texas, is slated to step into the head role of the Texas A&M University System on June 30.

Hegar, who took office in 2015, will succeed the outgoing John Sharp as chancellor of the Texas A&M University System upon his retirement in June. Sharp has held the role since his appointment in 2011 after having served as Texas comptroller in the 1990s.

"The board is confident that Glenn Hegar is ready to usher in the next era of excellence at The Texas A&M University System," Bill Mahomes, board of regents chairman, said in a statement. "Hegar grasps the unique breadth and depth of the system's impact on every corner of Texas through its eight state agencies and 11 universities."

The system's annual financial report for its 2024 year ending on Aug. 31 showed that it had \$4.89 billion of outstanding bonds as of the end of the fiscal year.

### **TD Securities exec leaves for Cal IBank**

Andrew Nakahata, who has been a director and western region head of public finance at TD Securities since March of last year, will take a position at the California Infrastructure and Economic Development Bank.

Nakahata is expected to jump into the roles of chief deputy executive director and chief operating officer at Cal IBank on March 17, filling the vacancy left by Chris Kellum, who left to join the California Department of Cannabis Control as chief deputy.

"IBank is thrilled to welcome Andy Nakahata as IBank's chief deputy executive director/chief operating officer," Scott Wu, IBank's chief deputy executive director and chief operating officer, told The Bond Buyer. "Mr. Nakahata has an illustrious career in public finance — he brings a wealth of expertise at a critical time for IBank, and the state, and will be an incredible addition to the IBank team."

### **Siebert Williams Shank expands into Alabama, recruits two experts**

The New York-based Siebert Williams Shank has enlisted Tamika Reed and Narineh Panosian to join its municipal underwriting team, and opened an office in Montgomery, Alabama.

Reed will take on the role of senior vice president at the new office to help oversee [state and local government municipal bond issuers](#) in Alabama, Louisiana, Mississippi, Florida, Tennessee, Georgia and Arkansas. Panosian will work out of the firm's Los Angeles office as vice president and assist with [K-14 school districts](#) and community college districts throughout the West.

"We will continue to be opportunistic by expanding our geographical reach and adding talent to help our muni issuer clients finance their burgeoning capital improvement needs," Gary Hall, SWS president of infrastructure and public finance, told The Bond Buyer.

### **J.P. Morgan veteran joins InspereX as next CEO**

[Scott Mitchell](#), who has been with J.P. Morgan for more than 20 years, is taking on new leadership duties at the helm of the Chicago-based InspereX.

Mitchell succeeded John DesPrez III as CEO of InspereX in January, leading the firm which represents more than 400 issuing entities, distributes to more than 1,500 partners, and has distributed more than \$800 billion in new issue securities, according to a [press release](#).

Mitchell started with J.P. Morgan in July 2004 as co-head of the firm's third-party sales U.S.-focused structured investments distributor marketing division, and was most recently co-head of global equity derivatives sales and SIDM prior to his move.

"The firm just has great people, and a really unique culture, even then, and even more so now, the breadth and depth of the client relationships, both on the HR side and on the distribution side," Mitchell said.

**Read more: [InspereX welcomes Scott Mitchell as CEO](#)**

### **Huntington hires new head of municipal underwriting**

Columbus, Ohio-based Huntington has recruited Dan Kelly to work out of its New York City office as head of municipal underwriting — advancing the bank's mission to pursue major clients and larger transactions.

"We wanted to bring on an underwriter who had similar experience to mine, working with those larger issuers," Samantha Constanzo, head of public finance for Huntington, told The Bond Buyer. "We talked to a number of folks in the market, and Dan came along, and I knew of his reputation previously at Morgan Stanley — he has a great one, everyone thinks very highly of him — and ... it became clear very quickly that Dan was a natural fit with our team and for this platform."

Kelly was most recently head of municipal securities at MarketAxess, and has previous experience as the deputy head of municipal syndicate and underwriting at Morgan Stanley.