

THE BOND BUYER

Federal Reserve seeks a permanent muni expert

By

Sarah Wynn

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The Federal Reserve is looking to add a municipal market specialist to its ranks following a tumultuous year for munis in which the Fed saw a need to quickly create programs to help state and local governments.

In a job posting, the Federal Reserve Bank of New York said it is looking for a permanent municipal markets specialist. That person should have at least seven years of relevant professional experience, some including in municipal finance, expertise in the municipal markets, and the ability to identify market themes relevant to the Fed's objectives.

The position would be within the FRBNY's Markets Group, the largest group at FRBNY responsible for monitoring and analyzing all global capital markets on behalf of the Fed.

"You will work in an environment with a diverse group of experienced professionals to foster and support the safety, soundness, and vitality of our economic and financial systems," the job posting said. "It is a challenge that demands the skills of a financial service professional and the intelligence an academic—all combined with a passion for public service."

The job would be in New York and would ideally be someone who can monitor and analyze municipal markets and can interact extensively with market participants, the Fed said. The ideal candidate will also have expertise from either the broker dealer or buy side on specifically market sales and trading rather than credit or banking.



*The Federal Reserve is adding a muni market specialist to its ranks. **Bloomberg News***

“It’s very positive if the Fed is trying to enhance in-house expertise on municipal bonds and municipal finance,” said Chuck Samuels, counsel to the National Association of Health & Educational Facilities Finance Authorities. “It has not had to have that expertise in the past and it clearly did not as it rolled out these various programs. That is why they borrowed people from elsewhere.”

In March, the Fed hired Kent Hiteshew, a veteran muni banker and former Treasury official and the Municipal Securities Rulemaking Board’s John Bagley — both on a temporary basis.

In March, the Fed created the Municipal Liquidity Facility to buy \$500 billion of short-term notes and created the Money Market Mutual Fund Liquidity Facility to buy short-term debt with maturities of 12 months or less.

“Given the programs that we saw last year that may continue in some form in the future, it makes a lot of sense to build up that expertise,” Samuels said.

“Surely they want to be in a position to participate and plan for the future and having greater in-house expertise allows them to do that,” Samuels added.

The Fed's non-profit expertise is also scarce. They don't have that in-house expertise either when it comes to non-profits, Samuels said.

It is unclear whether the Fed will take steps to create a new muni program since the MLF expired at the end of 2020. The MMLF expires on March 31, 2021. The Fed can't reestablish the MLF and use it again in 2021, but can still create new or similar programs.

[Sarah Wynn](#)

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