

# THE BOND BUYER

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## *Finance Vet Dawson Joining Rice Financial in N.Y.C.*

BY PATRICK MCGEE

New York-based underwriter Rice Financial Products Co. is adding 30-year veteran Emory Dawson to its growing municipal team as a senior vice president in Manhattan.

Dawson, a credit analyst, joins the firm after more than a year as a senior vice president with HRF Associates. Before that, he spent a decade with bond insurer ACA Financial Guaranty Corp., where he was director of municipal underwriting.

Dawson also spent eight years as a managing director at UBS, where he originated liquidity lines, letters of credit, and direct loans for state and local governments. His career in finance began at Moody's Investors Service in 1979. He left there as an assistant vice president after seven years.

Don Rice, the firm's founder and chief executive officer, said Dawson's experience reviewing credit quality has given him "an insider's understanding" of how to achieve new or improved credit ratings and insurance commitments.

"He will be able to identify and work through key issues with issuer clients to help them improve their chances at a new or upgraded credit rating, which leads to more favorable public reception of an issuer's bonds and, ultimately, cost savings," Rice said.

Rice Financial, which was founded in 1993 and has 12 offices across the country, has been one of the fastest-growing underwriters since the financial market dislocation of recent years.

A year before the crisis, in 2006, when

the firm opted to transform itself into a full-service underwriter from a derivatives boutique, Rice had not senior managed an issue. Its co-managing volume actually suffered a 31% decline to \$777 million, compared with the \$1.18 billion co-managed in 2005.

The shift in focus resulted in senior managing nine issues worth \$285 million in 2007, according to Thomson Reuters. Rice's book-running business shrunk the following year to just two deals worth \$176 million, but in 2009 it led eight deals worth \$430 million. That growth continued into 2010.

To date, Rice has run the books on 10 transactions totaling \$405.4 million to rank 54th in the nation and seventh among firms owned by minorities and women. It ran the books on eight deals worth \$430 million in 2009 to rank 58th.

One factor in the firm's recent growth may be New York Gov. David Paterson's efforts in 2008 to increase the representation of minority- and women-owned firms in public finance. Another is the shift in issuer sentiment away from doing business with only the big banks, said Cristal Baron, Rice's president.

"Gov. Paterson's efforts, combined with the devastation of several huge Wall Street banks once considered invulnerable by the investment community, suddenly made the notion that you were best served working with a big firm seem a lot less convincing," Baron said. "All of that, along with a growing recognition that minority-owned firms were out there competently senior managing large deals, was feeding into what issuers around the country have been

doing in terms of reevaluating their underwriting teams."

Rice last week distributed \$210 million of refunding bonds for New York City's Municipal Water Finance Authority, saving the issuer \$18 million, or 8% of refunded par, according to the firm's math.

"For us this was a resume-building deal," Baron said. "We were looking for an opportunity to senior manage a New York City deal for quite some time, and we finally found it."

Rice said his firm secured the issue by identifying outstanding debt that could be refunded but which the city had not considered.

"We found some bonds that were refundable that no one else had identified," said Rice, who described the deal as an illustration of how the firm's experience with derivatives has played a key role in complex transactions.

"We took the same kind of technical, innovative, quantitative, and analytical approach that we had in the derivatives world and we brought it into the bond world in a way that, frankly, folks aren't used to seeing at smaller firms," Rice said.

The firm's ability to undertake bigger deals is being noticed elsewhere. Rice is scheduled to lead a \$230 million borrowing for Ohio in a few weeks.

Meanwhile, its co-managing business is enjoying steady growth. Rice has participated in 134 transactions in 2010 totaling \$2.71 billion, ranking it 22nd nationally compared with 39th in 2006. The advance marks a 248% increase in co-managed volume from 2006 — and the fourth quarter hasn't begun yet. □