

Business Better (Season 2, Episode 25): Conversations With Women in Finance, With Special Guest Allison Larr, Director in Municipal Banking at Citi

Speakers: Kim Magrini and Allison Larr

Steve Burkhart:

Welcome to Business Better, a podcast designed to help businesses navigate the new normal. I'm your host, Steve Burkhart. After a long career at global consumer products company BIC – where I served as Vice President of Administration, General Counsel, and Secretary – I'm now Of Counsel in the Litigation Department at Ballard Spahr, a law firm with clients across industries and throughout the country. This episode is part of our Women in Finance series, and features an interview with Allison Larr, Director in Municipal Banking at Citi. Ms. Larr talks about her career path to finance and the challenges she is confronted with, and she shares her perspective on the future of ESG in the municipal markets. Speaking with Ms. Larr is my Ballard Spahr colleague Kim Magrini, a Partner in our Finance department. So now let's join Kim and her guest Allison Larr.

Kim Magrini:

Hi Allison. Thanks for joining me today. We're here to have a conversation about careers in municipal banking. And I'll just start with a few questions, including what brought you into this business in your current job. And can you describe your career path and how you got here?

Allison Larr:

Sure. Hey, Kim. Thanks so much for asking me to be on the podcast. I'm really excited to be doing this with you and the Ballard team. So I'll start to talk about just my current job and background on that, and then I'll go a little bit deeper into my career path and how I ended up at Citi and Municipal Finance. So I started out at Citi about eight years ago in June of 2014 as really an infrastructure generalist, munis, as you and I know, are very broad and there's a lot of different applications for them. And I started out working on general obligation bonds, tobacco securitization bonds, transportation, really a pretty wide range of things.

But over time, my focus started to be on private activity bonds, and I started working more and more on public private partnerships and other financings for corporate borrowers who can use tax exempt bonds by virtue of the kinds of projects that they work on. So sectors include transportation, solid waste disposal, and wastewater treatment, and then specific applications of those include circular economy and waste to value, which has been what my focus has been for the past couple of years. So that's kind of how I've transitioned at Citi from being a first year analyst fresh out of graduate school to a director who's more seasoned, and I've had a lot more experience since I walked in the door that first day, clearly.

Then you asked about my career background. I guess I'll just start from college. I was premed and studied neuroscience. So back then, I probably wouldn't have been able to describe what a bond was, let alone a tax exempt bond. And when I was going through college, I had this vision of either being a researcher or going into medical school and pursuing that route. I wasn't quite sure what I wanted to do, so I took some time to work in a psychiatric research hospital and got exposure to both what it would be like to practice medicine and what it would be like to serve in an academic research role. And it turns out that neither of those paths really appealed to me so much, so I kind of scratched my head and thought, "Well, I have to find something else to do with this neuroscience degree of mine." And I went into public health school, studied environmental health policy, and got a master of public health.

And while I was there in graduate school, I had really great professors and coursework. But on the other side of things, I also had some very valuable real world experience through a couple different internships. And that's what really opened my eyes to the importance of finance and how that intersects with the built environment. Through studying environmental health policy,

I became very interested in infrastructure and climate change, and why we don't have ... Why it can be hard to address those problems and what the obstacles are. And those internships made it very clear to me that financing was often the biggest hurdle in enacting real world solutions.

So I thought a little bit more about this money thing, asked a couple people about their experience, and it was suggested to me to apply to a public finance position, and so I applied and Citi ended up giving me an offer. It's been a really interesting ride, probably not as orthodox as some people's introductions to finance, but that's how I got to being that wide eyed first year analyst back in 2014, starting from a neuroscience major a couple years previously.

Kim Magrini:

Yeah. That's interesting because my background was a little similar in that I started in biology and science and environmental science, and then went to law school to sort of put that practice into more of a practical application, and ended up at a law firm. And here I am now. But like you, I can't say I would've known anything about municipal bonds in college or even audited financial statements, so it's been an interesting path. In terms of the aspects of your job right now, what do you find most interesting? And what do you find most challenging?

Allison Larr:

Yeah. So interesting, when I talk to people who don't know so much about what investment banking is, the job is essentially to raise capital for companies to help build their projects or support their capital improvement plans. And my role within Citi as an investment banker in municipal banking is to do that with tax exempt bonds while also directing clients to different products that we can provide as it's appropriate. So what's interesting to me about this is that although I'm working almost entirely within a tax exempt framework, it can be applied to so many different types of projects. And I love learning all of the details of a project or a corporate obligor's credit. I love digging into their revenue profiles, what the technology is in their project and so on.

Part of that really appeals to my ... Part of why I wanted to be a scientist or a doctor was learning how to pick up new information and develop ways to problem solve for that situation. And I think that banking is a creative way to do that. And you get to see the real world results of that. It's very rewarding to have a client come to you with a project that's really contracts and a pro forma and a couple expert reports, and turn that into a ... Help them to really just facilitating it by raising some tax exempt bond money, but help them build a working facility that oftentimes has some sort of greater benefit for society just because of what municipal bonds lend themselves to do. So that's really been the most interesting part of it to me.

There's always something new to learn, especially very timely, the Inflation Reduction Act, this appeals to the environmental health policy side of things for me and probably to you with your background in environmental science. But we're finding new ways to apply aspects of that legislation to ways to help our clients, so I think that just the constant requirement to learn new information and then also apply it has been the most interesting part of the job for me.

Kim Magrini:

And what do you think is the most challenging, or has been kind of the hardest to sort of grasp or overcome?

Allison Larr:

That's a good question. At the beginning, I would say that the challenges are probably just adapting to the environment. But over time, as I've gained experience, in some situations, particularly public private partnerships, or P threes, I've had to understand and coordinate between multiple stakeholders who have different interests. And to add onto that, those multiple stakeholders are usually all Citi clients, so we need to balance that consideration of each of them. So for example, when I have my P three banker hat on, my role is to provide services to the private sector consortium that will deliver that project for the public sector. And then my client's client, which is the public party in the P three, could be a state level issuer that has its own debt program. And that state level issuer is covered by my colleagues and Citi Municipal Banking.

And add into that the potential for a different conduit issuer who has another debt program, and they have different coverage bankers. And that's not even going into the various legal teams that are involved and all the other different stakeholders that

are part of a working group when you're bringing a public private partnership, or any other large financing to market. It takes a lot of coordination and sensitivity to the sometimes very nuanced motivations of all counter parties, and just acknowledgment of where they fall within getting the greater financing executed. So that's been something that's a challenging aspect of the job that I didn't necessarily expect, but is also very rewarding when you're able to work with a lot of different people and bring them together. And at the end of the day, everyone wants to achieve the same goal, but there can be a lot of different personalities and goals in mind when you're trying to achieve that.

Kim Magrini:

I think that ties into learning new things and what makes it interesting. I know in the project deals we work on, there's not just the finance aspect of it, but you learn about real estate issues, environmental issues, the stakeholder issues, and trying to put all of that together in a deal that works for everybody is challenging, but also interesting.

Allison Larr:

Absolutely, absolutely.

Kim Magrini:

So what would you say are your biggest lessons learned as a woman in a leadership role in business and as it relates to your personal career path?

Allison Larr:

So we talked about these questions in advance, and it was really interesting to think about this. I'll talk about my role as a woman in business I guess, and then as it's applied, or as it has impacted my career. So first of all, I will admit that at almost every meeting, I keep a tally of the gender breakdown of who's sitting at the table. And oftentimes, I'm the only woman in the room, one of a couple women in the room. I will say that's improving. But in some cases, this means a few different things. In some cases, this might mean that I'm discounted in some way. I've had people address male bankers who are junior to me, rather than me, as the more senior banker. I suspect that's probably just due to implicit gender biases.

But in situations like that, rather than getting offended, or correcting someone, or just jumping in to answer it myself, I like to leave that as a learning opportunity for the junior banker and guide them in the response if needed, rather than just correct the other person. I think that is really subtle, but another example is that I've had sometimes men will just avoid eye contact with me, or express some other form of discomfort, and just kind of not even talk to me, which it's just something that occurs. But then again, sometimes people are hyper sensitive about pointing out my gender, so I'll just give one example, maybe a couple examples. But one that really sticks out to me is that we were at a closing dinner, and I was really the only woman on the deal team. And someone asked me for my feminine perspective on how the transaction went, as I was the only woman on the deal.

And I smiled, I really didn't have any idea what to say. It went great because the bonds were sold at an over-subscribed level and reduced the yield versus what we put out there in the order period. I mean, I was kind of stumped for what my feminine perspective had to do with the overall execution. But either way, there's a chance that people are going to notice you as a woman, not just as businessperson, genderless businessperson. And I guess that over time, I've developed approaches to respond to that. There's also some silly things, like I know exactly what clients have glass tables, and I'm going to wear slacks to those meetings instead of a skirt. You kind of adapt what footwear you wear. I don't want to break a heel in a subway grate or take cabs to certain things, so that's just more practical things.

But there's the reality of working with people who are people, sometimes my clients will just make small talk about sports, so I try to keep tabs on the sports teams that they follow. This could seem gendered. I love sports. You and I have talked about soccer and rugby, so it's not hard for me to keep tabs on the sports teams. But I just think of it as a polite way to show interest in what they're interested in. And I try to remember that if my gender comes up in business implicitly or explicitly, it's not necessarily for any nefarious reason. It's just that women are increasingly having more of a presence in the workspace, and not everybody may have been exposed to that so much.

And then just one other thing on leadership, it could be that I'm more of an introvert. I'm not really shy, but I'm kind of introverted. And not that I'm a woman, but my leadership is more to generally guide discussions and ask appropriate questions to kind of move the charge forward. I'm not really the loudest person in the room, which tends to be considered a masculine trait. I'm getting a little close to sexism here, I realize that, but just thinking about traditional gender perceptions, I'll generally summarize next steps, facilitate advancement without being so, I guess directing, more guiding, so that's worked well for me so far. But I'm not sure how much this speaks to my role as a woman or just my own personal leadership style.

And then more specifically, when it comes to my career path, I'm going to say a couple of cliches here, but then a couple practical things. You are truly your biggest advocate when it comes to career advancement. And as I've matured and gained more confidence in my role, I have been more outspoken about strengths and what I bring to the team, and how I can contribute, and what I have contributed, particularly when it comes time for promotions or other forms of career advancement. And then just breaking down getting face time with people in the office. If I'm working with a group where the people that are senior to me are males, I've noticed that the male senior people don't really invite me to go to sports games, or basketball games, or go get a drink after work. We're running into hetero normativity here, in addition to gender biases. I understand that.

So I understand that it might be uncomfortable for them, so I just will go ask them for coffee or something that doesn't really have that potential non business connotation to try to get that face time and increase their familiarity with me. So I would say that there's a couple ways to deal with that, but those are probably the biggest ways that my gender has impacted my career path.

Kim Magrini:

Yeah. I mean, you're navigating not only the banking side and your job side of your work, but also relationships with clients with other bankers, with the people you're meeting with in the room. So I think it's interesting to hear that perspective and how your approach has shaped your career and what aspects of that you've taken as learning steps.

Allison Larr:

And it takes time, and not all offices are the same. I'll say that Citi has really improved its gender breakdown over the course of time I've been here. We have Jane Fraser as the CEO. I see a lot of progress, but we are working still in a male dominated environment. It's just the facts. I should also probably mention that men also are aware that it's a male dominated environment and most of them, frankly, also see that as problematic. I've had discussions with a lot of my male colleagues about issues that I face in business and as it relates to career advancement, and this includes most of what I just talked about. And they encouraged communications like that. This probably sounds pretty corny but I think it was Mr. Rogers who said something like "find the helpers, there are always helpers." And I think that this also applies to breaking down gender imbalances at work. So find the men who have an open mind and have the power and influence to make cultural changes, and those who encourage communication about gender-related issues that they will also want to understand better.

Kim Magrini:

I'm going to switch gears a little bit and ask you about how your background with the Clinton Climate Initiative and New York Department of Environmental Protection shaped your career path and what you're interested in now.

Allison Larr:

Yeah. As I mentioned earlier, these were the two internships that I had during graduate school that I would say were very, very formative for me. And both of them in different ways showed me the importance of how finance relates to infrastructure. My academic background up to that point had considered money almost as a hypothetical if you can believe that. The project would be design an approach if cost is not an issue, so just think of the nuts and bolts without necessarily going into the budget. But through my work at the Clinton Climate Initiative, I help support a response to a program opportunity notice for grants for electric vehicle charging infrastructure in California.

So I thought, "Oh, yeah, we do need money to build charging infrastructure. That's important." They won the grant, by the way. That was pretty awesome. And then at the New York DEP, which is the department that is in charge of wastewater treatment and drinking water treatment in New York City, I had a role where I developed a way for them to consolidate all of their climate related data, so emissions related data, so that they could capture that and then ultimately think of ways to reduce CO2 or methane, other greenhouse gas emissions over time. And then part of what also went into that was the cost. So what's the cost associated with these mitigation approaches? And that really struck me as well because here's a government that is actually trying to improve their emissions profile, and cost is at the forefront of this.

It sounds naïve of me at the time, but I really hadn't considered all of the different ways that money influenced that. So I would say that those were probably the biggest ways that they've ... They shaped my career path certainly when I was first starting out. And my interest now, I would say that never really went away. I continued to ... It's not in every project that I work on. My mandate is broader than just projects that have to do with taking some sort of waste product and producing something of value, and in the process, it mitigates greenhouse gas emissions. It's not, but I think that have that background and working in that field helps me look for opportunities that we could have that do facilitate that kind of work. So I see those as two very, very valuable internships that I had back when I was still in school.

Kim Magrini:

Yeah. And the municipal market or the finance in general has seen a real push for environmental, social and governance standards and focus on disclosure. And investors want to know. And are borrowers, what are issuers doing, particularly about environmental issues, as we see severe storms, weather issues, drought, floods? How are people paying for mitigation, or prevention, or addressing those concerns that could have a real impact on an issuer or borrower's financial condition to the extent there's some catastrophe or natural disaster? So on that note, what do you see for the future of ESG, environmental, social and governance issues in the municipal markets?

Allison Larr:

So I think there's two aspects to that. And the first is what you bring up, which is the credit considerations, and how issuers and borrowers are adapting to climate change and what effects that will have to their revenue profiles, whether that's an inability to collect tax revenues because of extreme weather events or something else related to that. And issuer, sorry, investors are putting a greater focus on disclosure related to the intersection of climate change and other environmental factors and other ESG factors to an issuer's bottom line. Cybersecurity has been an increased issue, as well as governance.

So I think that's something that's naturally just becoming more of a focus with investors. And then the second aspect of this I would say is municipal bonds being labeled as ESG, or having a green bond, sustainability bond, or social bond designation. And in the municipal market specifically, there's a lot of overlap with ESG, just by virtue of what municipal bonds tend to finance public improvement projects. And so because of that, I think there's been a lag in municipal market ESG designated supply. And evidence of a clear greenium, which is a privileged borrowing costs because investors are paying for the ESG label.

So because of that, if we're to take current trends into consideration, I think that there are a few things in the future to look out for from munis and ESG. One is that we will likely see more specifically designated ESG bonds. In 2021, there were 71% more ESG designated bonds than in 2020. And I think that's likely expected to grow. And there's particular growth in social bonds. We're also seeing growth in sustainability bonds. But I think this, as well as having more second party opinions, so having a third party verifier of that ESG label, are both responses to one, an increased demand for ESG labeled paper, and two, concerns about green-washing. So the SEC is starting to crack down on that. The MSRB earlier this year had a request for information, and several of their questions had to do with green-washing concerns. So I think that we're going to see that there will be more ESG issuance in response to demand, and that investors will probably start requiring a label, and that label might come from a third party verifier.

Something else that might be further down the line is a more obvious greenium in the municipal market. We've seen this in the corporate market, where you can say that there is a definite multiple basis point. Or who knows how large advantage to pricing for issuers who have ESG labeled paper? But that's kind of harder to quantify in a municipal market. That could become more defined as municipal market ESG demand continues to increase and as it continues to be used. So investors might be willing

to pay out for that ESG labeled bond versus one that doesn't have that label. We think that phenomenon is there, but it's been really hard to quantify so far. So I think those are probably three trends that we can probably look out for the future of at least ESG designations in the municipal market.

Kim Magrini:

Yeah. It'll be really interesting to see where this goes, and particularly on the legal side and disclosure side because of the SEC's focus on disclosure with corporate reporting companies and how that might impact the municipal market. So we'll see where it ends up.

Allison Larr:

We will. Wish I had a crystal ball.

Kim Magrini:

Right. Well, I'd like to sort of just wrap up with one last question, and that's: Do you have one piece of advice or wise words to provide people in their career path and as they progress down that road?

Allison Larr:

Yeah. I would say that it's really easy when you're in college to have one singular goal in mind, and to try to achieve that. But it benefited me to keep an open mind and to go back to the drawing board when something didn't work out. So when I was 22, I wanted to be a neurosurgeon. I'm nowhere close to being a neurosurgeon. And give yourself some gentleness to be able to acknowledge that you might not be going down a career path that will be the best fit for you, or that you won't necessarily like, and have the self awareness to switch gears if it's necessary.

I think that it's good to have a broader goal in mind, but look for opportunities that could help you achieve that or be flexible enough to change plans so that you can be happy overall, and use your gifts to your greatest advantage. That's pretty generic, but I would say that comes from a place of real experience. And Kim, I know that probably resonates with you as well.

Kim Magrini:

Yeah. I think this is great advice. And I sort of had the same thing taking, keeping an open mind as to where my career may end up, having started in biology and ended in the legal practice. So really appreciate you joining us today, Allison. I think this was a great conversation, and thank you again.

Allison Larr:

Yep. Thank you. Really appreciate it. And I really enjoyed talking to you. Thank you.

Steve Burkhart:

Thanks again to Kim Magrini and Allison Larr. Make sure to visit our website, www.ballardspahr.com where you can find the latest news and guidance from our attorneys. Subscribe to the show in Apple Podcasts, Google Play, Spotify, or your favorite podcast platform. If you have any questions or suggestions for the show, please email podcast@ballardspahr.com. Stay tuned for a new episode coming soon. Thank you for listening.