

November 11, 2016

Ronald W. Smith, Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street, NW Suite 1000
Washington, DC 20005

Re: Comments of Kevin M. Bronner, Ph.D. Concerning the Municipal Securities Rulemaking Board Long-Term Priorities.

Recommendation:

The Municipal Securities Rulemaking Board (MSRB) should enhance the EMMA database presentation for each government by using a simple risk dashboard presentation. This would provide an indication of (1) the risk level for each government, and (2) the current status of municipal disclosure for each government.

Background:

The MSRB published a *Regulatory Notice*¹ on October 12, 2016 requesting comments on the MSRB long-term priorities. Item #6 in the notice asked for comments on the EMMA website.

Discussion:

The EMMA website is a useful tool for investors since it provides important information on issues such as bond ratings, official statements, continuing disclosure, and other information. When a government is reviewed in the EMMA database there is often a large amount of information. The database could be improved if it contained a simple risk dashboard presentation near the top of the webpage for each local government. First,

¹ See the Municipal Securities Rulemaking Board *Regulatory Notice* MSRB Seeks Input on Strategic Priorities, Publication Date: September 8, 2014.

there should be a risk indicator indication whether the risk of the government is: LOW, MEDIUM, or HIGH. This would be determined by the staff developing EWMMA using the information provided in the data. Second, the EMMA database should indicate whether the continuing disclosure is ADEQUATE. This could have a simple Yes or NO answer.

Thank you for the opportunity to provide comments in this important regulatory proceeding.

Sincerely yours.

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Appendix A

Generic Risk Assessment for a State or Local Government

10 Largest Risk Items

Risk Item	Type of Risk Issue Involved	<u>(\$ Funds/Other)</u>
1	Declining or stagnant tax base	\$1.5 billion
2	Large pension cost liability	\$ 200 million
3	High amount of labor payroll involved	\$500 million
4	Significant other postemployment benefit costs	\$250 million
5	Large investment in poor low performing enterprise funds	\$100 million
6	Fund balance too low or negative	Less than 1%
7	Outstanding debt level too high	75% debt ratio
8	Cash balance too low	Less than 1%
9	Poor or inadequate budgeting practices	State Audit
10	Aging of infrastructure	Average Life 35 Years