

March 31, 2017

Mr. Ronald Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street Northwest
Washington, DC 20005

Re: MSRB regulatory notice 2017 – 05

Dear Mr. Smith:

The National Association of Health and Educational Facilities Finance Authorities (“NAHEFFA” or “the Association”) appreciates the opportunity to comment on the proposal to amend Rule G – 34. NAHEFFA has 41 members representing 34 states. Our authorities issue tax exempt bonds for nonprofit health, education and other charitable purposes. We support the essential mission of the MSRB, its importance in the marketplace and the vital, positive role that EMMA plays.

The Association, however, has concerns about the need for and efficacy of this CUSIP-related proposal. We do not believe the proposed changes to Rule G-34 are necessary and are concerned that the proposed changes will impose additional costs, and burdens on our borrowers and provide little benefit to the market. Furthermore, CUSIP numbers and the posting of market-related information for securities which are not traded could confuse and mislead investors, especially retail investors.

In a period when there is concern about excessive regulation, it behooves even an entity of a special nature, such as the MSRB, to carefully weigh whether additional burdens and restraints are necessary. Even though not within the direct ambit of the President’s executive orders on regulatory reform, MSRB would be prudent to consider and apply the spirit of these communications.

Our concerns stem from the impact of this proposal on bank loans or private placements. These financings are critical and most appropriate for literally thousands of smaller nonprofit educational, healthcare and other charitable institutions across the country. Many of these small charities, as a practical matter, have little or no other way to access reasonably priced capital. Placing additional burdens on them and disincentives on the purchasing banks would create additional barriers to infrastructure. Instead, we need

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incentives to facilitate infrastructure in all sectors, including the nonprofit sector. Our banking purchasers are telling us that they have serious problems with this proposal and that it may cause them to lessen their engagement with our small borrowers because of, among other things, the possible implications on their books of this borrowing being considered a security.

Many of our borrowers are small nonprofits with limited staffing resources. They rely on assistance from placement agents and/or municipal advisors to put together these private placements and bank loans. Under this proposal they may be forced to forego such assistance. What tangible benefit this proposal creates is unexplained other than vague references to level playing fields. We would rather see continued improvement of EMMA rather than additional requirements on the market place which may be traps for the unwary.

The economic analysis draft is inadequate. It is a series of generalities and hypotheticals almost literally without one data point. No attention is paid to smaller borrowers and businesses. Please model a very small borrowing, perhaps \$1 million for a local YMCA. The professionals take a haircut on their fees or the deal does not get done. Is this additional cost/burden the tipping point against the borrowing? There are undoubtedly countless interesting ideas for new requirements. Where do additional requirements end? Before making this proposal MSRB should have attempted at least a cursory quantification of needs, benefits and burdens.

Perhaps if the Board feels bound to pursue this initiative, single bank purchase transactions, unlikely to be traded, can be exempted. In most cases, direct loan transactions are made with banking institutions that are making a long term commitment to the transaction. Generally, the documentation limits transfers of the loan to transfers within the corporate structure of the purchasing bank.

In cases where securities are sold to a single investor, the authorizing documents, including the purchase agreement, generally provide for the purchaser to give an investment letter with respect to the securities. Such investor letters acknowledge that the purchaser has done its own due diligence and that they have no present intent to transfer the security. Such letters also acknowledge that any subsequent purchaser must also be a sophisticated investor willing to sign a similar investor letter.

By changing the definition of "underwriter" to include dealers acting as placement agents in private placement transactions, including direct purchases of municipal securities, the MSRB is imposing additional administrative burdens on transactions that are not traded in the public markets. Because the securities are not traded in the open market, the current direct disclosure between the issue and investor is more than adequate.

We support disclosure initiatives which truly benefit investors and minimize burdens on borrowers. This proposal does not do that.

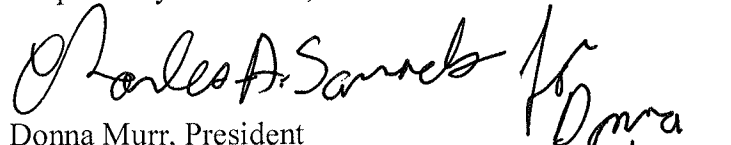
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Thank you again for the opportunity to submit these comments and we would be glad to discuss our views with MSRB.

Respectfully submitted,

A handwritten signature in black ink that reads "Charles A. Samuels". To the right of the signature, there is a handwritten note "for Donna Murr" written vertically.

Donna Murr, President

Martin Walke, Advocacy Committee Chair

National Association of Health and Educational
Facilities Finance Authorities

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