

What are the important trends or developments you have your eyes on in the municipal market in the coming years?

The important trends in the municipal market include the increased issuance of taxable municipal bonds and greater participation of foreign investors. Both trends point to greater participation of investors with little if any experience in either the trading of municipal bonds or the credit analyses of municipal issuers. The issuance of taxable municipal bonds, including both municipal CUSIP (\$136 billion) and corporate CUSIP (\$40 billion, primarily health care and higher education issuers), combined, broke the previous record high of taxable municipal issuance set in 2010, when total taxable issuance, driven by Build America Bonds, was \$150 billion. In view of the predominance of longer maturities of taxable bonds issue - the duration of the ICE/BAML taxable index is 11.6 years - taxable municipals will remain an important asset class for taxable investors for some time, regardless of issuance trends.

How would you assess the effectiveness of the MSRB at advancing its mission? What are we doing well? What should we improve upon?

The MSRB has been very effective in increasing the availability and flow of credit and trading information to the marketplace. I have over 37 years of experience and can appreciate how transparency in the municipal market has improved over the years.

It appears, however, that adherence to disclosure requirements has some room for improvement. According to the MSRB's 2019 Fact Book, there were approximately 98,900 financial submissions from municipal issuers that year, a level consistent since at least 2015. As there are approximately 50,000 issuers, however, and many, such as hospitals, submit quarterly disclosure, it is reasonable to conclude there are many which do not submit any financial disclosure to EMMA.

What are the most pressing knowledge and information gaps in the municipal market? How should the MSRB focus its educational efforts to provide value and impact for today's markets?

A great deal of municipal disclosure is produced and delivered in a form that is difficult (for anyone other than a trained municipal analyst) to analyze and therefore use in assessing the credit quality of the issuer. Comprehensive Annual Financial Reports (CAFRs), the most used form of disclosure for state and municipal governments, are very long (often 200+ pages) complex documents with key credit information scattered throughout, and therefore as likely to obfuscate rather than reveal credit quality and trends to any but the most experienced municipal analyst. In addition, professional analysts have access to credit databases (Creditscope, Bloomberg, for example) or rating agency reports that present credit information in a concise and informative way. Retail investors or nontraditional buyers may not have the same resources available, or if they do, lack the training or experience to make use of CAFRs or other municipal disclosure.

As a way of assisting those with little or no municipal credit experience or training, the MSRB could provide very basic webinar training on municipal credit, possibly in concert with National Federation of Municipal Analysts (NFMA). Please note that I am a member of the NFMA and so am representing my views alone and not those of the NFMA or any other members.

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