



STATE OF WISCONSIN
DEPARTMENT OF ADMINISTRATION

Tony Evers, Governor
Kathy Blumenfeld, Secretary-designee
Brian Pahnke, Administrator

March 8, 2022

Ronald Smith
Corporate Secretary
Municipal Securities Rulemaking Board
1300 I Street, N.W. Suite 1000
Washington, D.C. 20005

RE: MSRB Notice 2021-17
Request for Information on
Environmental, Social and Governance (ESG) Practices in the Municipal Securities Market

Dear Mr. Smith,

The State of Wisconsin is a frequent issuer of municipal securities and, over the years, considers itself to be a leader with respect to municipal disclosure practices. As Capital Finance Director responsible for the authorization, disclosure, sale, issuance, and post-issuance compliance efforts in the State of Wisconsin, I appreciate the opportunity to provide comments regarding the MSRB's request for information on ESG. **In short, I support the comments that were provided in the response of this date from the Government Finance Officers Association (GFOA).** In addition, the following is intended to highlight key considerations as the topic of ESG continues to evolve in the municipal market.

- The State of Wisconsin has long-standing practices and processes with respect to good municipal disclosure. It is material to highlight that with respect to ESG, there is no core difference between longstanding disclosure principles and ESG disclosure principles – they are one in the same.
- GFOA, other issuer groups, and other market participant groups have worked, and continue to work, collaboratively to address the many discussions that involve ESG. The Request for Information correctly identifies many of the discussions that are occurring and questions that have been raised. However, it is prudent to give industry-led initiatives time to work prior to any regulatory approach. Regulations focused on ESG matters will quickly diminish the interest and feasibility of issuer's expanded participation in designated bonds and other ESG-related activities.
- While improving, many ESG discussions that occur among market participants often conflate (i) ESG risk disclosures, (ii) issuing Designated Bonds or other bonds specifically designated for purposes as outlined in the offering statement, and (iii) primary disclosure and ongoing disclosures related to Designated Bonds (or bonds issued for specific purposes in which investors may make ESG

investment decision). The State of Wisconsin is hopeful that submissions to the Request for Information, together with the review of such submissions, adequately take into consideration and recognize this conflation.

- The term “standardization” is used in the Request for Information in reference to disclosure language. The State of Wisconsin has long been a leader in disclosure language concepts that others have utilized in their own disclosure documents. This market-based approach to good municipal disclosure will generate better disclosure language and approaches than any “standardized” requirement.
- If any “standardization” is needed in these ESG discussions, it may relate more to investors and the need for investors to provide a more direct, clear, and consistent messages to the market on (i) specific disclosure information that is needed in order for an investor to provide a pricing premium for an ESG-Labeled Bond, and (ii) the expectations for continuing disclosure information on specific information if an investor is providing a purchase premium on an ESG-Labeled Bond.
- The author of this letter has publicly stated that the EMMA system is the best thing since the Green Bay Packers. The Request for Information focuses on changes to EMMA that relate to just ESG matters. EMMA has been successful since it has evolved with technology and trends in municipal disclosure. As voluntary disclosure grows (both general and related to ESG), EMMA can be improved by allowing better and easier access for issuers to post information and voluntary disclosures that can be clearly identified for investors. As general improvements occur, coupled with the EMMA Labs and other recent enhancements to EMMA, the EMMA system will become a very holistic system that will provide investors the opportunity to find information needed about an issuer or credit. Enhancements to the EMMA system that create silos and data traps, such as designations of disclosures for ESG factors, will only be a step backwards from most of the improvements made over the past few years.

Thank you for this Request for Information and opportunity to provide comment.

Sincerely,



David R. Erdman
Capital Finance Director