

MUNICIPAL COVID-19 DISCLOSURE

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MSRB Response

- Beginning last April, the Board provided a list of primary market and continuing disclosure documents that referenced COVID-19.
- MSRB also provided summary statistics.

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Municipal Securities Rulemaking Board

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The MSRB is closely monitoring the impact of the coronavirus disease (COVID-19) on municipal market participants and market activity. This page will be updated with additional information, resources and data to assist market participants and policymakers as the situation evolves.

The MSRB is also working to ensure the safety and well-being of MSRB staff. Staff are working remotely, and the MSRB has suspended all work travel and in-person conference attendance at this time.

The MSRB remains fully operational and able to continue our important work safeguarding the municipal market. We remain in close communication with fellow regulators, including the SEC and FINRA, and market participants.

Market Data and Analysis

- 2020 Municipal Bond Market in Review
- Municipal Market Trading Report — Updated the first business day of each month
- [Municipal Securities Market COVID-19-Related Disclosure Summary Report and Detailed Spreadsheet \(last updated May 2021\)](#)
- COVID-19 Crisis Drives Spike in Transaction Costs for Municipal Securities
- Quarterly Statistical Summaries
- Trading in Municipal Bond ETFs During the COVID-19 Crisis: Price versus Net Asset Value

Primary Market Disclosures by Category

Disclosure Category	Total Disclosures	COVID-19-Related Disclosures
Primary Market		
Preliminary Official Statement	2,731	2,152
Official Statement	16,041	11,986
Supplementary Official Statement	115	50
Advance Refunding Disclosure	1,912	3
Primary Market Total	20,799	14,191

Continuing Disclosures by Category

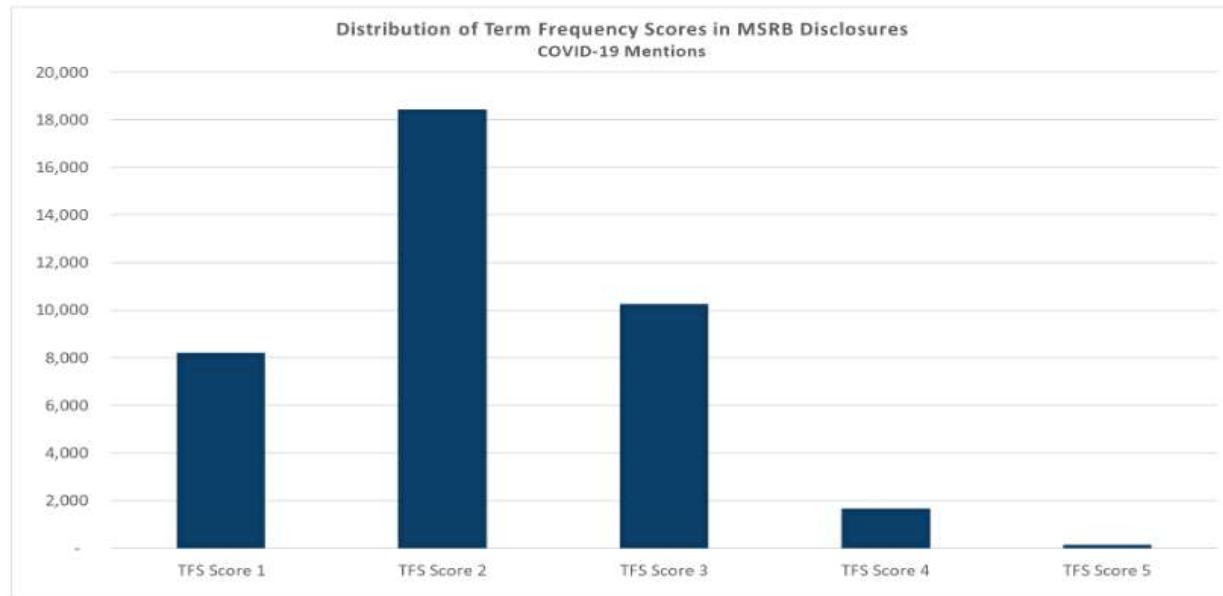
Continuing Disclosure Category	Total Disclosures	COVID-19-Related Disclosures
Financial/Operating Disclosures ¹	135,580	35,497
Event-Based Disclosures ²	72,821	4,809
Asset-Backed Securities Disclosures ³	262	1
Total	208,663	40,307



Finding “Real” COVID Disclosures

- Of the 40,000 continuing disclosures that mention COVID, most make a passing reference in boilerplate text. For a municipal analyst assessing COVID impacts, these are not “true” COVID disclosures.
- MSRB tried to separate the wheat from the chaff by counting the number of relevant keywords in each disclosure.

The TFS score ranges from 0 to 5, with a higher score indicating a higher relative volume of relevant keyword mentions. A TFS score of 1 likely means that a keyword appeared on a single page of the disclosure document, whereas a score of 5 indicates that the keyword is far more prevalent in the disclosure document than most other disclosure documents received by the MSRB.





COVID Boilerplate...

Alabama's economy was growing in fiscal year 2020 at a rate that exceeded the growth in 2019. However, the **COVID-19 pandemic** is causing economic disruptions. The long-term economic impact is uncertain but before the disruption Alabama's economy was headed upwards...

The number of employed workers increased from December 2018 to December 2019 from 2,122,000 to 2,195,000. However, the numbers for the second half of the 2020 fiscal year could be substantially different due to the **COVID-19 pandemic**...

Subsequent to the fiscal year end, the **COVID-19 pandemic** is having a significant negative impact on the global economy and state of affairs. As a result, the stock market is volatile and the market values of the investments held by the primary government, component units and fiduciary funds of the State of Alabama have been negatively affected in the short term. The long-term outlook is uncertain.

- Alabama ACFR 2020

... Versus News Investors Can Use



Hospital inpatient admissions in April 2020 were down 34% from April of 2019, surgeries were down 63%, Emergency Department visits were down 39% and consolidated clinic visits were down 36% from April of 2019. In May Olathe Health began to see increases in services across most service lines as restrictions on elective surgeries and diagnostic procedures were relaxed, and as patients became more comfortable with the actions taken to protect them. June again saw another increase in most services and showed hospital inpatient admissions down 9% from 2019, surgeries down 3%, Emergency Department visits down 16%, and overall clinic visits increased 11% over June of 2019.

Expenses, however, were not down at the same rate, due to increased expenses related to surge preparations including staffing transitions and opening additional temporary hospital rooms, providing necessary personal protective equipment amidst supply chain disruptions, and additional testing and door screenings, etc. Year-to-date through June 30, Olathe Health incurred more than \$3 million in COVID-related expenses. This does not include the cost of lost revenue.

- Olathe Health Systems (Kansas), Event-Based Disclosure

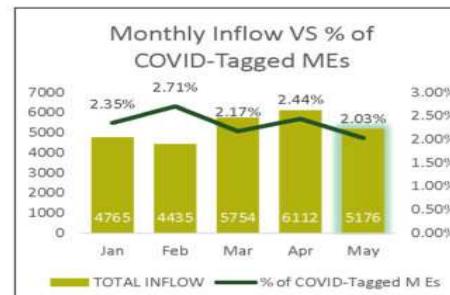


Alternative Approaches

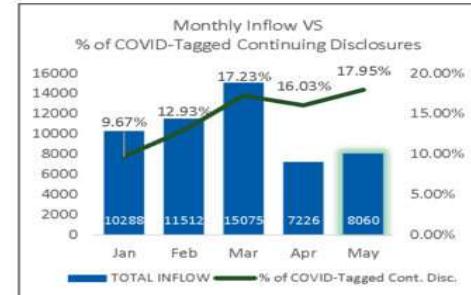
- Our analysis suggests that computing the *percentage* of words in a document that are COVID-relevant more accurately classifies the documents than a simple word count.
- DPC Data uses analysts to review disclosures and determine which are truly COVID relevant.

May COVID-Tagged Disclosures

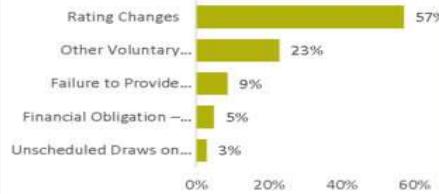
Material Events



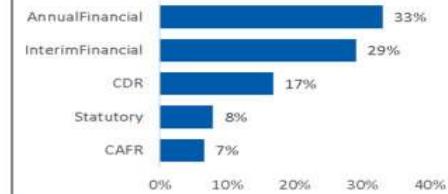
Continuing Disclosures



Top 5 COVID-Tagged Material Events



Top 5 COVID-Tagged Continuing Disclosures





Policy Thoughts

- The transition from scanned images to text searchable PDFs makes it easier for MSRB and third-party researchers to perform text analysis.
- But automated text analysis still has limitations, which may require the type of human analyst intervention performed by DPC Data.
- Adding fixed fields (multiple choice or fill-in responses) would make large scale disclosure analysis easier.
- Fixed fields can supplement rather than replace the kind of free form information filers normally provide.
- Data tagging, such as that available with XBRL, could also simplify analysis of municipal disclosures.