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November 9, 2015

The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
Washington, DC 20510

Re: Inter-University Council of Ohio's support of Senate Bill 1802, and request for your support

Dear Senator Brown:

The Inter-University Council of Ohio (IUC), which includes all fourteen (14) four-year state universities, is a voluntary educational association. Our main purpose is to facilitate the development of common interests and concerns for our members, while sustaining and improving the quality of higher education within Ohio. Our member universities are:

- Bowling Green State University
- Central State University
- Cleveland State University
- Kent State University
- Miami University
- The Northeast Ohio Medical University
- The Ohio State University
- Ohio University
- Shawnee State University
- University of Akron
- University of Cincinnati
- University of Toledo
- Wright State University
- Youngstown State University

On behalf of our members, I respectfully urge your support of Senate Bill 1802. This legislation is currently pending in the Senate Banking, Housing, and Urban Affairs Committee and will ensure a viable market for purchasing tax-exempt debt, which our member universities use to finance essential capital projects.

The IUC is concerned that without Senate Bill 1802, our members will see an increase in the cost of new facility projects. In an age of increased opportunities in higher education, both online and in other states, Ohio's universities need to remain competitive in order to continue recruiting and maintaining the best and brightest minds to our great state.

The Public Universities of Ohio

The University of Akron
University of Cincinnati
Miami University
Ohio University
Wright State University

Bowling Green State University
Cleveland State University
Northeast Ohio Medical University
Shawnee State University
Youngstown State University

Central State University
Kent State University
The Ohio State University
The University of Toledo

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November 9, 2015

Page Two

As you may know, a significant number of university construction projects are financed using tax-exempt bonds. Money market funds (MMFs) are significant purchasers of tax-exempt obligations.

A reduction in tax-exempt financing options, compounded by increased interest rates for construction projects, could lead to a reduction of future projects. Moreover, without MMFs to purchase our member universities' bonds, the cost of those projects would be incrementally more expensive. As an advocate for Ohio's public universities, it is paramount that capital projects are completed in the most efficient, cost-effective manner, to ensure the best use of taxpayer dollars. Generally, our universities have in excess of a half-billion in outstanding tax-exempt bonds owned by MMFs at any given time. If MMFs dissolve as a result of the new SEC requirement eliminating the ability to calculate net asset value (NAV) on a fixed basis, the cost to re-finance that debt may be substantial.

In addition, some of our Ohio universities rely on MMFs for their short and mid-term investing needs, as well as to protect principal, ensure liquidity and maximize returns on our surplus cash. Many universities invest in MMFs because of their simple accounting methodology and management, security and liquidity. These are all features that are necessary for universities to protect public funds, access cash, and pay bills. Moreover, because universities are subject to federal and state policies and legal restrictions, they are only permitted to invest in funds that are stable and risk adverse. If the SEC's new floating NAV requirement is imposed on prime MMFs beginning in 2016, universities may be forced out of these funds and would have to look to other investment vehicles that have historically paid lower yields.

We thank you in advance for your consideration to support Senate Bill 1802. Please do not hesitate to contact us with any questions.

Sincerely,



Bruce Johnson
President & CEO
Inter-University Council

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