



David J. Gray
Senior Vice President for Finance
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The Pennsylvania State University
208 Old Main
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December 14, 2015

The Honorable Pat Toomey
U.S. Senate
238 Russell Senate Office Building
Washington, DC 20510

Dear Senator Toomey:

On behalf of Penn State University, I write to thank you for your leadership in sponsoring S.1802, the Consumer Financial Choice and Capital Markets Protection Act of 2015, which has been referred to the Senate Banking, House, and Urban Affairs Committee. Penn State's 24 campuses, 17,000 faculty and staff, and 100,000 students fulfill the University's land-grant mission each day in world-class facilities financed primarily with tax-exempt bonds through money market funds (MMFs). Approval of S.1802 will enable the University to provide modern classrooms and state-of-the-art research facilities that employ and educate some of the brightest minds in the Commonwealth.

Penn State uses tax-exempt bonds to fund capital expenditures such as new construction, facilities upgrades, and property and equipment purchases. We are concerned that with the Security and Exchange Commission's (SEC) new rule, effective October 2016, prime money market funds may no longer purchase such debt obligations. The current SEC rule will increase project costs and could delay the implementation of future capital plans at campuses throughout Pennsylvania.

Additionally, Penn State utilizes MMFs for safe, liquid, and affordable cash management. These features safeguard the Universities financial assets, as well as facilitate access to operating cash and the ability to meet payroll and other payment obligations. Importantly, as a state-related university complying with policies and limitations on our investment options, MMFs provide a stable and low-risk option. With the SEC's new floating net asset value requirement on MMFs, Penn State will experience adverse effects from debt issuers and investors, and substantial costs to refinance debt.

We are grateful for your leadership on this issue and commend you for sponsoring S.1802.

Sincerely,

David J. Gray
Senior Vice President for Finance & Business/Treasurer