



City of Montgomery, Alabama

February 18, 2016

The Honorable Terri Sewell
United States House of Representatives
1133 Longworth Building
Washington, DC 20515

Re: Support for the Consumer Financial Choice and Capital Markets Protection Act of 2015 (H.R. 4216)

Dear Congresswoman Sewell:

On behalf of our over 205,000 residents in the City of Montgomery, I respectfully urge your support and co-sponsorship of House Bill 4216, which has been referred to the House Financial Services Committee. This legislation is needed to ensure that local governments, like the City of Montgomery, can cost effectively finance the construction and maintenance of roads, bridges, water and sewer systems and buildings. Although our historic community provides for wonderful attractions, and is a beautiful location for Alabama's Capital, those historic elements require necessary capital improvements. H.R.4216 is a narrow remedy that reflects the concerns you expressed to the SEC back in 2013 (copy attached), and will enable local governments to continue to use tax-exempt debt to finance these necessary capital and public works projects. In addition, H.R.4216 allows our city to continue to provide construction jobs and generate economic development.

Without the passage of bipartisan H.R.4216, prime money market funds (MMFs) will have to modify their existing stable price of \$1 per share, to a constantly changing floating amount. This floating amount will greatly reduce the liquidity aspect of such funds. The preservation of a fixed net asset value (NAV) for MMFs is important because the fixed NAV allows MMFs to provide low cost financing to not only Montgomery as a local government, but also to our state universities, schools, and hospitals. According to our State Treasurer, Young Boozer, Alabama issuers have used MMFs to provide over \$2 billion in funding for various projects.

H.R.4216 also protects our investment choices. As a city, we use MMFs as an important and effective cash management tool for our short and mid-term needs. We have to maximize returns while safe guarding principle in high quality investments. Prime MMFs are a key tool for achieving this goal. We use MMFs because of their simple accounting methodology and management, security and liquidity. These are all features that are necessary to protect city funds, access cash when needed, and pay bills when they are due. Without this investment choice, we will incur greater credit risk or receive a lower yield on our cash.

For all of these reasons, we hope that you can support, and consider co-sponsoring, H.R.4216, enabling MMFs to maintain a fixed NAV. Thank you for your consideration of this request.

Sincerely,

Todd Strange
Mayor