



City of Montgomery, Alabama

February 18, 2016

The Honorable Richard C. Shelby  
United States Senate  
305 Russell Senate Office Building  
Washington, DC 20510

***Re: Support for the Consumer Financial Choice and Capital Markets Protection Act of 2015 (S.1802)***

Dear Chairman Shelby:

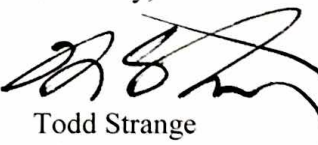
On behalf of the over 205,000 residents of the City of Montgomery, I respectfully urge your support of Senate Bill 1802, the Consumer Financial Choice and Capital Markets Protection Act, which has been referred to your committee on Senate Banking, Housing and Urban Affairs. This legislation is needed 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. S.1802 is a narrow remedy to an SEC rule that becomes effective October 2016. S.1802 will enable local governments to continue to use tax-exempt debt to finance these necessary capital and public works projects. In addition, S.1802 allows our city to continue to provide construction jobs and generate economic development.

Without the passage of bipartisan S.1802, 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.

S.1802 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 S.1802, enabling MMFs to maintain a fixed NAV. Thank you for your consideration of this request.

Sincerely,



Todd Strange  
Mayor