



GARLAND

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Office of the Mayor
DOUGLAS ATHAS

August 29, 2016

The Honorable Pete Sessions
U.S. House of Representatives
2233 Rayburn HOB
Washington, DC 20515

Re: H.R. 4216

Dear Congressman Sessions:

I am writing to request your support for H.R. 4216, the Consumer Financial Choice and Capital Markets Protection Act, and to urge Congress to act on this bipartisan legislation as quickly as possible. This legislation seeks to preserve access to capital and promote public infrastructure for the 32nd District and the State of Texas.

As you know, state and local governments must continue to have capital markets funding options available that allow them to maximize support for the economic development needs of their citizens while ensuring the most resourceful use of scarce tax dollars. Fortunately, H.R. 4216 has been introduced to preserve money market funds as a viable, efficient, and cost-effective source of such financing. These funds are the largest purchasers of short-term debt issued by municipalities, much of it to finance housing, health and education related projects.

That access has been put at risk by a Securities and Exchange Commission (SEC) rule that prohibits prime and tax-exempt money market funds operating on a stable net asset value (NAV) basis from being offered to investors other than "natural persons" (called "institutional" investors). As a result, businesses and other organizations that require stable value investments are shifting their short-term cash management needs out of money market funds and into other types of investments that do not support the capital access needs of communities.

Currently, all issuers of municipal debt are feeling the impact of the shrinkage in tax-exempt money market fund assets as a result of the SEC rule. Since the end of September 2015, assets in tax-exempt money market funds nationally have declined from approximately \$240 billion to \$170 billion today as a direct result of the rule, and they are expected to drop by another \$50 billion by the end of September.

The impact in Texas has been equally dramatic. Over the same period, holdings of tax-exempt debt of Texas issuers by tax-exempt money market funds have dropped from \$16.2 billion to about \$12 billion.

The Honorable Pete Sessions
U.S. House of Representatives
Re: H.R. 4216
Page 2 of 2

This has had the effect of increasing the cost of borrowing for all Texas issuers, including those remaining in tax-exempt money market funds. The rate we pay on our debt held by tax-exempt money market funds has increased significantly, which requires that we reduce costs in other areas.

H.R. 4216 would preserve the stable net asset value (NAV) for all money market fund investors. It does so without changing the Dodd-Frank Act, or impacting other changes to the regulation of money market funds that were adopted by the SEC in 2010 and 2014.

I appreciate your leadership in advancing H.R. 4216, so that we can retain the indispensable capital markets financing options provided by money market funds for economic development in Texas and throughout the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Douglas Athas". The signature is stylized with loops and a long horizontal stroke extending to the right.

Douglas Athas
Mayor