



CITY OF DALLAS

August 25, 2016

The Honorable Pete Sessions
United States House of Representatives
Washington DC 20515-4332
Via Email: jennifer.choudhry@mail.house.gov

Dear Representative Sessions:

I urge you to support HR 4216, the Consumer Financial Choice and Capital Markets Protection Act. This bipartisan bill 4216 would avoid a disruption in local government access to capital and help ensure that the City of Dallas can continue to invest in public infrastructure.

State and local governments must continue to have capital markets funding options. The Securities and Exchange Commission (SEC) has put our access to capital markets at risk with its 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). These funds are the largest purchasers of short-term debt issued by municipalities. As a result of this rule, 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. 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. 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.

HR 4216 would preserve the stable net asset value (NAV) for all money market fund investors, ensuring that money market funds remain a viable, efficient and cost-effective source of such municipal financing. It would do 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 urge you to support so that we can retain indispensable access to capital markets provided by money market funds. Thank you for your attention to this issue and for all that you do for Dallas.

Cordially,

Jeanne Chipperfield
Chief Financial Officer