



# LiUNA!

Laborers' Local No. 872

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March 1, 2018

**TOMMY WHITE**

*Business Manager  
Secretary Treasurer*

Hon. Catherine Cortez Masto  
United States Senate  
204 Russell Senate Office Building  
Washington, DC 20510

**DAVID "MCUNION"  
MCCUNE**

*President*

Dear Senator Cortez Masto,

I am writing today to ask for your support of S.1117 -H.R.2319. These measures will reverse the unintended consequences of the Security and Exchange Commission (SEC) new Rule 2a-7 governing money market funds.

**MARCO HERNANDEZ**

*Vice-President*

The SEC changes to Rule 2a-7 have undermined investments in infrastructure improvements and economic growth and development, without a corresponding benefit to the stability, safety and soundness of our financial system. They have done so by requiring money market funds that are available to corporate treasurers, public finance officers, pension fund managers, and other institutions that invest short term cash, to no longer operate on a stable net asset value (NAV) basis. Funds that invest in U.S. government securities or are available only to investors who are "natural persons," are exempt from the floating NAV requirement.

**"BIG LOU" DESALVIO**

*Recording Secretary*

As of result of the rule's implementation, nearly \$1.2 trillion has exited prime and municipal money market funds and moved into Treasury and Government funds. Municipal funds, a key source of funding for state and local governments and their infrastructure projects, experienced a 50 percent decline, dramatically shrinking an important market for municipal debt. At the same time, municipalities issuing variable rate demand bonds saw their borrowing costs nearly double the Federal Reserve's rate increases. Many state and local governments determined that issuing variable rate debt to money market funds was excessively costly and opted to issue higher cost fixed-rate bonds. These increased costs are shouldered by taxpayers and ratepayers.

**ARCHIE WALDEN**

*Executive Board*

**MIKE DaSILVA**

*Executive Board*

**CHELSEY TORRES**

*Executive Board*

**JOE DELUCCIA**

*Sergeant-At-Arms*

**EDDIE RAMIREZ**

*Auditor*

**HENRY BAKER**

*Auditor*

**DAVID PRUITT**

*Auditor*

Implementation of the floating NAV rule caused total money market fund holdings of Nevada municipal paper to decline by 25 percent (from \$2.63 billion to \$1.97 billion) between January 1, 2016 and August 30, 2017. Median coupon rates paid by municipalities in the state increased by 92 basis points, which is 42 basis points higher than the Federal Reserve's interest rate increases over the same period. Annual financing costs on the remaining \$1.97 billion in

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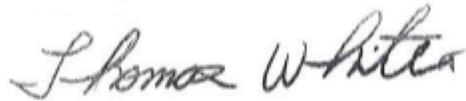
money funds rose by \$18 million, which is \$8.3 million higher than had they simply matched the Fed increase. Annual financing costs on the \$658 million which left money market funds altogether likely rose by an even greater percentage. In addition, the State of

Nevada and its municipal governments as investors in money market funds are adversely affected because they can no longer obtain market returns on the short-term management of money. These extra costs and lower returns have to be made up by Nevada's residents.

This measure will preserve access to capital from money market funds and keep costs down so that public infrastructure projects aren't jeopardized.

Thank you for your consideration and thank you for all you do for Nevada.

Sincerely,

A handwritten signature in cursive script that reads "Thomas White". The signature is written in black ink and is positioned above the typed name.

Thomas White  
Business Manager-Secretary Treasurer