



June 25, 2018

The Honorable Mike Crapo, Chairman
The Honorable Sherrod Brown, Ranking Member
Committee on Banking, Housing and Urban Affairs
United States Senate
Washington, DC 20510

Dear Chairman Crapo and Ranking Member Brown:

On behalf of the National Association of Health and Educational Facilities Finance Authorities (NAHEFFA), I am writing to express our strong support for S. 1117, the Consumer Financial Choice and Capital Markets Protection Act, which will be considered during the Senate Banking Committee hearing on June 26. This bipartisan legislation would preserve access to an important source of capital and promote low-cost financing for construction and maintenance of health care and educational facilities and other infrastructure investments.

NAHEFFA represents organizations in 34 states which have the authority to provide capital financing for not-for-profit healthcare and higher education institutions as well as other charities. Our borrowing colleges, hospitals, and other institutions depend on money market funds as a source for low-cost capital.

Unfortunately, that access was diminished by a Securities and Exchange Commission (SEC) rule that took effect in October 2016. It 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." As a result, organizations that require stable value investments had to shift their investments out of those money market funds and into other types of investments that do not support the capital access needs of institutions that provide health care and educational services.

Money market funds are among the largest purchasers of variable rate notes issued by health and education finance facilities authorities. These instruments have a nominal long-term maturity, but the interest rate is adjusted on a daily or weekly basis. As a result, not-for-profit health care and education institutions are able to undertake long-term infrastructure projects at low short-term rates. Unfortunately, funds that purchase the variable rate notes of the institutions we serve have experienced a nearly 50 percent decline as a result of the SEC's floating NAV rule, thereby driving up the cost of borrowing for investments aimed at improving the quality of health care and education in our country.



June 25, 2018
Page 2

We urge you to support enactment of S. 1117 so that we can preserve stable value money market funds as a viable, efficient and cost-effective source of financing for health care and educational institutions. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, which appears to read "Charles Samuels". The signature is written in a cursive, flowing style.

Charles Samuels
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