



June 23, 2015

The Honorable Daniel Coats  
493 Russell Senate Office  
United States Senate  
Washington, DC 20510

RE: The Consumer Financial Choice and Capital Markets Preservation Act of 2015

Dear Senator Coats:

Speaking for Indiana's mayors and all other municipal elected officials and employees, I ask that you would please co-sponsor and actively support the Consumer Financial Choice and Capital Markets Preservation Act of 2015 when it is introduced. We support this legislation because it will overturn a Securities and Exchange Commission rule that was adopted last year. Changes made to Rule 2a-7 were intended to strengthen money market funds and ensure that investors are investing in high-quality securities. However, the change to require money market funds to move from a stable \$1.00 price per share to a floating net asset value (NAV) has a negative impact on cities and towns. Cities and towns are now deprived of an important cash management tool.

There are real benefits for municipalities to have the ability transact at the \$1 NAV. It allows them to use automated cash management processes, facilitates same day transaction processing, shortens settlement cycles and reduces float balances and counter party risks. The change to a floating NAV hurts cities and towns' ability to issue municipal securities in the capital markets. Money market funds hold approximately 70% of the short-term debt that finances vital public projects. A floating NAV will likely force cities and towns to use bank products that have historically paid lower yields or are less secure as investor demand for local government securities fall. Spending more for financing means that cities and towns will be able to do fewer projects and create fewer jobs. Potentially, it may mean that local taxes will need to be increased.

Speaking for Indiana's mayors and all other municipal elected officials and employees, I ask that you would please support the Consumer Financial Choice and Capital Markets Preservation Act of 2015.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Greller'.

Matthew C. Greller  
Executive Director

