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CITY OF FAIRLAWN

October 27, 2015

The Honorable Sherrod Brown
United States Senate
713 Hart Senate Office Building
Washington, DC 20510

Dear Senator Brown:

We respectfully urge you to support Senate Bill 1802 (S. 1802), which is currently pending before the Senate Banking, Housing, and Urban Affairs Committee. This legislation seeks to address the negative impact of proposed changes made by the Security and Exchange Commission (SEC) in 2014 pertaining to money market funds. The proposed changes adopted by the SEC require money market funds to switch from a stable net asset value to a floating net asset value in 2016. S. 1802 would allow investment companies to elect to maintain a stable net asset value per share or stable price per share if it is determined to be in the best interests of the company or series, and its shareholders, to do so.

Many local governments are subject to policies and legal restrictions permitting them to invest only in funds that are stable and risk adverse. If the SEC's new floating net asset value requirement is imposed on money market funds, these governments may be forced to stop investing in these funds and would have to look to other lower yielding or less liquid investment options.

Furthermore, local governments use short-term debt to finance various capital and public works projects. Money market funds are the largest categorical purchaser of these municipal securities. Changing from a stable net asset value to a floating net asset value may make money market funds less attractive to many investors. This decrease will limit the resources money market funds have available to purchase municipal securities, ultimately, raising the borrowing costs for the local governments issuing them.

We thank you in advance for your consideration. Please feel free to contact us should you have any questions regarding the positive impact of S. 1802.

Sincerely,

William J. Roth, Jr.
Mayor