UNIVERSITY OF Cincinnati

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October 23, 2015

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

Re: Support for The Consumer Financial Choice and Capital Markets Protection Act of 2015 (S-1802)

Dear Senator Brown:

The University of Cincinnati traces its origins to 1819. The City of Cincinnati absorbed Cincinnati College and the medical college of Ohio and re-charted the two schools as a single institution- the University of Cincinnati ("UC") in 1870. Today, the University is home to over 44,000 students and is ranked as one of America's top 25 pubic research universities.

UC students and faculty benefit from our world class facilities financed primarily with tax-exempt bonds. Passage of Senate Bill 1802 will enable us to continue cost-efficient funding of expanded classrooms and facility upgrades while fostering new job growth and an expanded tax base for our local economy.

As you may know, Universities use short-term debt to finance various capital and public works projects. Since July 1, 2005, the university has issued tax-exempt bonds to fund over $1.5 billion in projects to build new or renovate existing facilities. Moreover, these projects created or sustained hundreds of prevailing wage jobs for the local construction trades.

Today, money market funds ("MMFs") are significant purchasers of tax-exempt obligations. UC, along with many other issuers of tax-exempt bonds, fear that without the passage of Senate Bill 1802, MMFs may no longer purchase such debt after October 2016 when the funds have to change the way they calculate their underlying net asset value. The SEC is requiring a change from a fixed sum to a floating value. Without MMFs to purchase our bonds, the cost of projects will be incrementally more expensive and will possibly limit our future growth. In addition, obtaining the lowest possible interest costs for tax-exempt financing is an especially important tool for Ohio universities since the State of Ohio has limited resources for such capital-intensive projects.

We are very concerned that universities will lose a significant purchaser of local tax-exempt debt if MMFs <u>are not permitted to retain a fixed net asset value</u>. Therefore, we urge your support of Senate Bill 1802. A second negative impact is the loss of MMFs as a cash management tool. The University wrote to the SEC in October 2013, expressing our concern with the possible impact of requiring MMFs to switch to a floating net asset value (letter is enclosed).

Universities do not have a steady inflow of revenues. We generally collect tuition payments twice per year. We utilize MMFs as one of the main components of our short- and mid-term investing needs. We have to maximize returns while safeguarding principle in high quality investments. Prime MMFs are a key tool for achieving this goal. The financial services industry develops funds specifically targeted for our use and ensures compliance with fiduciary investment restrictions. We use MMFs because of their simple accounting methodology and management, security and liquidity. These are all features that are necessary to protect university funds, access cash, and pay bills when they are due.

The University strives to develop investment policies that ensure our funds are stable and risk adverse. If the SEC's new floating NAV requirement is imposed on prime MMFs beginning in 2016, we may be forced out of these funds and would have to look to other investment vehicles that have historically paid lower yields, or to other less secure products with equal or less liquidity than MMFs. All of these potential scenarios would reduce our investment returns while increasing risk exposure.

I thank you in advance for your consideration. Please feel free to contact me should you have any questions.

Sincerely,

Santa J. Ono
President