



City of Cambridge

O-4
IN CITY COUNCIL
April 11, 2016

COUNCILLOR CHEUNG

- WHEREAS: Institutional money market funds were created in the 1970s and have developed into the standard for cash management and financing needs for institutional investors; and
- WHEREAS: These funds provide a safe and reliable way to maintain liquidity while protecting the value of cash assets; and
- WHEREAS: A new SEC regulation passed in July 2015 will require money market funds, including those containing municipal bonds to switch from a fixed net asset value of \$1 to a floating net asset value, while still including other provisions for fees and gates which provide the same protections as a floating net asset value does from future potential market crashes; and
- WHEREAS: Given the inclusion of fees and gates, the floating net asset value provision is unnecessary, and will have a large negative impact on money market funds that bond issuing municipalities like the City of Cambridge rely on; and
- WHEREAS: S.1082 and H.R. 4216 are currently before the United States Senate and House of Representatives and would preserve the \$1 per share value of money market funds while ensuring that the SEC's careful regulations would otherwise stay in effect; and
- WHEREAS: S.1082 and H.R. 4216 would allow bond issuing institutions like the City of Cambridge to continue to rely on the stability of money market funds to finance important capital and public works projects; now therefore be it
- RESOLVED: That the City Council go on record in support of S.1082 and H.R. 4216 which would allow bond issuing institutions like the City of Cambridge to continue to rely on the stability of money market funds to finance important capital and public works projects; and be it further
- RESOLVED: That the City Clerk be and hereby is requested to forward a suitably engrossed copy of this resolution to Cambridge's Congressional Legislative Delegation on behalf of the entire City Council.