



# City of Virginia Beach

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April 28, 2016

The Honorable Mark R. Warner  
United States Senate  
475 Russell Senate Office Building  
Washington, D.C. 20510

**Subject: Consumer Financial Choice and Capital Markets Protection Act of 2015**

Dear Senator Warner:

I am writing to ask that you cosponsor the Consumer Financial Choice and Capital Markets Protection Act of 2015 (S. 1802 in the Senate and H.R. 4216 in the House). This bipartisan legislation will preserve stable value money market funds as a source of capital for public infrastructure investment and economic growth and development.

The City of Virginia Beach and other local governments and businesses depend on money market funds as a source of short-term capital to finance public safety infrastructure, water infrastructure projects, public utilities, fire stations, and schools. Unfortunately, a new regulatory change adopted by the Securities and Exchange Commission in July 2014, and set to take effect in October 2016, will limit the ability of those funds to purchase short-term securities. The result will be higher debt issuance costs for issuers and borrowers of municipal debt, reduced public infrastructure investment, less economic development and fewer jobs.

The new rule in question requires non-government money market funds serving institutional investors to offer and redeem their shares on a floating NAV basis. For more than 40 years, funds that offer a stable net asset value have provided a safe and transparent alternative to bank deposits for institutions in needs of cash management services. By changing the NAV from fixed to floating, money market funds will be far less attractive to these investors, thereby limiting the availability for these funds to purchase short-term municipal securities. This will drive up the cost of public finance for our taxpayers, and could force the delay or cancellation of important infrastructure projects. In addition, Virginia Beach may use money market funds as short term investments that will not lose principal. All of these impacts will occur, we believe, without any corresponding benefit to the stability, safety and soundness of our financial system.

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Please cosponsor S. 1802/H.R. 4216 so that safe, liquid and efficient money market funds can continue to provide low-cost short-term financing in the capital markets to the City of Virginia Beach and other local governments and businesses as well as a source for investing public funds of the City of Virginia Beach. Thank you for your consideration.

Sincerely,



Patricia A. Phillips  
Director of Finance

PAP/lb