



CITY OF PITTSBURGH

"America's Most Livable City"

Office of Mayor William Peduto

May 4, 2016

Honorable Robert P. Casey, Jr., U.S. Senator
Grant Building
310 Grant Street, Suite 2415
Pittsburgh, PA 15219

Dear Senator Casey:

I am writing to request your support for S. 1802, the Consumer Financial Choice and Capital Markets Protection Act of 2015. This bipartisan legislation will help Pittsburgh and municipal entities across the country to maintain access to affordable capital for public infrastructure investment. Identical legislation, H.R. 4216, has been introduced in the House of Representatives and is cosponsored by Congressman Mike Doyle, who represents the Pittsburgh area.

Money market funds (MMFs) hold nearly two-thirds of the short-term debt that finances state and local governments and other municipal entities, including \$6.7 billion of municipal debt issued by Pennsylvania entities. Short-term borrowing is the lowest cost form of funding, particularly for non-government conduit issuers that support hospitals, educational institutions, affordable housing, ports and transportation infrastructure.

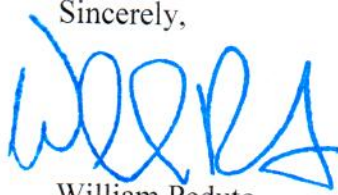
Pursuant to the Securities and Exchange Commission's ("SEC") amendments to Rule 2a-7 adopted July 2014, effective October 14, 2016, certain categories of money market mutual funds can no longer be offered at a stable \$1 per share. Instead, the SEC rule requires that they offer and redeem shares on a floating net asset value basis. Many investors face legal constraints or investment policies that prohibit them from investing in cash pools that fluctuate in value. Therefore, these funds will be far less attractive to investors, limiting their ability to purchase municipal securities.

As money market mutual funds shut down, which already is happening due to the SEC rule change, municipalities will have to use other, potentially more expensive borrowing sources. Because of this, various projects funded by bond issuances will become more expensive for government entities, including Pittsburgh, and the size and scope of projects will be negatively impacted. If costs increase for tax-exempt debt issuers, it will directly lead to projects being reduced and delayed, which will result in fewer jobs.

S. 1802 offers a reasonable compromise. It will restore the fixed \$1-per-share value for money-market funds, while maintaining the other regulations the SEC has adopted. I hope you will cosponsor this legislation so that state and local governments can have investment and financing options beyond those offered by banks.

Thank you in advance for your consideration of this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read 'W Peduto', is written over the word 'Sincerely,'.

William Peduto
Mayor of Pittsburgh