

# NEW JERSEY ASSOCIATION OF COUNTIES

*County Government with a Unified Voice!*

HEATHER SIMMONS  
NJAC President  
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Executive Director

March 29, 2017

Honorable Robert Menendez  
United State Senator  
528 Senate Hart Office Building  
Washington, DC 20510

**RE: MONEY MARKET FUNDS**

Dear Senator Menendez:

The New Jersey Association of Counties (NJAC) strongly supports legislation to address sweeping changes made by the Securities and Exchange Commission (SEC) in 2014 to the structure of money market funds.

More specifically, NJAC supports legislation that will reauthorize the use of a stable net asset value (NAV), and eliminate both liquidity fees and redemption gates for investors in money market funds. NJAC objected to the SEC's 2014 rule changes that forced money market funds to abandon the stable \$1.00 per share price and instead established a "floating" NAV. The rule changes also imposed penalties and early redemption fees for the premature withdrawal of funds often used to meet liquidity needs. These untimely corrections to the capital markets will substantially impair county governments' ability to manage cash reserves and obtain low-cost financing for critical infrastructure projects.

Prior to the SEC's rule changes, county governments relied on the stability of managing cash with a consistent principal value, and will now be forced to either limit the scope of vital projects or risk spending additional taxpayer dollars on financing. With this in mind, NJAC respectfully requests your support of legislation that will reauthorize the use of a stable net asset value (NAV), and eliminate both liquidity fees and redemption gates for investors in money market funds. Thank you for your time and consideration, and please do not hesitate to contact me at (609) 394-3467 with any questions or concerns.

Very truly yours,

  
John G. Donnadio, Esq.  
Executive Director