

NEW JERSEY ASSOCIATION OF COUNTY ADMINISTRATORS

C/O NEW JERSEY ASSOCIATION OF COUNTIES

150 WEST STATE STREET

TRENTON, NEW JERSEY 08608

(609) 394-3467

April 3, 2017

The Honorable Bob Menendez
United States Senate
528 Hart Senate Office Building
Washington, D.C. 20510

Dear Senator Menendez,

The New Jersey Association of County Administrators wish to express their support for a re-introduction of legislation aimed at addressing the Securities and Exchange Commission (SEC) modifications to SEC Rule 2a-7 of the *Investment Company Act of 1940* that changes the net asset value (NAV) accounting methodology for money market mutual funds (MMMF) from stable to floating and impose liquidity fees and redemption gates on investors of these funds.

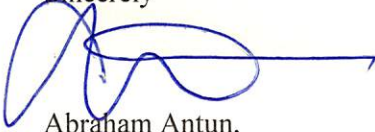
Our Association relies on the hallmark stable NAV feature in a variety of ways. Many governments invest in money market funds because of their secure nature, simple accounting methodology and management, and liquidity – all features that are necessary for governments to protect public funds, access cash and pay bills when they are due. Changing the main feature of these funds to a floating NAV has created administrative and costly burdens to governments, large and small, in addition to having governments look to other, more expensive investments.

Another problem for state and local governments related to the changes to Rule 2a-7, is the impact it has on governments that issue debt, especially short term debt. Mutual funds are the largest purchasers of short term municipal bonds and due to the changing criteria in this rule the demand for these bonds has diminished. This puts added pressures on state and local governments as it has led to higher debt issuance costs for many state and local governments across the country. At a time when the country and policy makers in Washington are focused on the country's infrastructure, policies such as this actually hurt governments' ability to fund capital projects with municipal bonds, for the benefit of their citizens.

In addition, state and local governments as investors will continue to be adversely affected by the liquidity fees and redemption gates provisions of Rule 2a-7, which would be imposed during times of fiscal stress. The imposition of liquidity restrictions of MMMF investors have further pushed state and local MMMF investors away from MMMFs due to concerns about liquidity and potential losses that could result during times of fiscal stress. This puts government funds - taxpayers' dollars – at risk

We look forward to working with you and supporting your efforts to help state and local governments on this money market mutual funds issue and other regulatory and financial matter of mutual interest.

Sincerely

A handwritten signature in blue ink, consisting of a large, stylized initial 'A' followed by a horizontal line that ends in a small arrowhead.

Abraham Antun,
President