



## OFFICE OF THE COUNTY EXECUTIVE

Hall of Records, Room 405, Newark, New Jersey 07102

973.621.4400 --- 973.621.6343 (Fax)

[www.essexcountynj.org](http://www.essexcountynj.org)

**Joseph N. DiVincenzo, Jr.**

Essex County Executive

May 12, 2017

Honorable Robert Menendez

U.S. Senator

One Gateway Center

Suite 1100

Newark, NJ 07102

Dear Senator Menendez:

We are in support of the Consumer Financial Choice and Capital Markets Protection Act of 2017. This proposed legislation will address the modifications to the Securities and Exchange Commission's Rule 2a-7 of the Investment Company Act of 1940. The recent changes adversely affect how counties and municipalities manage their funds and will undermine investments in infrastructure improvements. Since I was first elected as Essex County Executive, we have worked hard to restore and strengthen the financial health and stability of our finances. We have promoted economic development and enhanced our residents' quality of life by modernizing our roads, intersections, bridges, buildings and recreation facilities. Having the proper financial tools is essential to maintaining the progress we have made.

The recent amendments require money market funds that are available to corporate treasurers, public finance officers, pension fund managers, and other institutions that invest short term cash, to no longer operate on a stable net asset value (NAV) basis. As a result, more money is being placed in Treasury and Government funds instead of prime and municipal money market funds. This has made short-term interest rates spike to their highest level since the 2007 financial crisis. Rising short-term interest rates means higher costs to counties and municipalities when financing infrastructure projects.

We also would like to point out that having a stable NAV makes investing in money markets a sensible, cost-effective and secure option. Changing to a floating NAV has created additional costs for local governments. Counties and municipalities are also faced with having to look into other costly alternatives.

Thank you for taking the time to consider our request. We look forward to working with you on future issues. Together we will continue *Putting Essex County First*.

Sincerely,

Joseph N. DiVincenzo, Jr.  
Essex County Executive

*Putting Essex County First*

ESSEX COUNTY IS AN EQUAL OPPORTUNITY EMPLOYER



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**Joseph N. DiVincenzo, Jr.**

Essex County Executive

May 12, 2017

Honorable Cory Booker  
U.S. Senator  
One Gateway Center  
23rd Floor  
Newark, NJ 07102

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