



KELLY BURK
Mayor

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April 30, 2018

The Honorable Tim Kaine
United States Senate
231 Russell Senate Office Building
Washington, D.C. 20510

Dear Senator Kaine:

As Mayor of Leesburg, I am writing to ask that you support and co-sponsor the Consumer Financial Choice and Capital Markets Protection Act of 2017 (S. 1117 in the Senate and H.R. 2319 in the House). As you know, changes in SEC rule 2a-7 regulation pertaining to money market funds, went into effect October 14, 2016. This change required money market funds to switch from a stable net asset value to a floating net asset value. The resulting loss of total money market fund holdings of Virginia municipal paper declined by 50 percent between January 1, 2016 – August 31, 2017.

The SEC changes to Rule 2a-7 have undermined investments in infrastructure improvements by requiring 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. The Town of Leesburg, and other Virginia municipal governments as investors in money market funds, are adversely affected because they can no longer obtain market returns on the short-term management of money. These extra costs and lower returns have to be made up by Virginia's residents.

Specifically, the legislation would fix the unintended consequences of the SEC Rule 2a-7 that went into effect October 2016. This rule has limited the investment options of state and municipal governments, and wiped out billions of dollars of low-cost liquidity used to finance public infrastructure, affordable housing, economic development and other important priorities.

I believe S. 117 is a bipartisan and common sense bill, and Leesburg could really use your support as a cosponsor, and your leadership in moving it through the legislative process so it can become law.

Sincerely,

Kelly Burk
Mayor, Town of Leesburg