

# NORTH VALLEY HOSPITAL



PLANETREE-patient centered care in a healing environment

November 14, 2018

The Honorable Jon Tester  
311 Hart Senate Office Building  
Washington, DC 20510-2604

Dear Senator Tester:

On behalf of North Valley Hospital, I am writing to express our strong support for S. 1117, the Consumer Financial Choice and Capital Markets Protection Act. This bipartisan legislation would preserve access to an important source of capital and promote low-cost financing for construction and maintenance of health care and educational facilities and other infrastructure investments. Borrowing colleges, hospitals, and other institutions depend on money market funds as a source for low-cost capital.

Unfortunately, that access was diminished by a Securities and Exchange Commission (SEC) rule that took effect in October 2016. It prohibits prime and tax-exempt money market funds operating on a stable net asset value (NAV) basis from being offered to investors other than "natural persons." As a result, organizations that require stable value investments had to shift their investments out of those money market funds and into other types of investments that do not support the capital access needs of institutions that provide health care and educational services.

Money market funds are among the largest purchasers of variable rate notes issued by health and education finance facilities authorities. These instruments have a nominal long-term maturity, but the interest rate is adjusted on a daily or weekly basis. As a result, not-for-profit health care and educational institutions are able to undertake long-term infrastructure projects at low short term rates. Unfortunately, funds that purchase the variable rate notes of the institutions have experienced a nearly 50 percent decline as a result of the SEC's floating NAV rule, thereby driving up the cost of borrowing for investments aimed at improving the quality of health care and education in our country.

We urge you to support and co-sponsor enactment of S. 1117 so that we can preserve stable value money market funds as a viable, efficient and cost-effective source of financing for health care and educational institutions. Thank you for your consideration.

Sincerely,

Kevin Abel, CEO  
North Valley Hospital