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July 23, 2019

The Honorable Krysten Sinema
United States Senate
317 Hart Senate Office Building
Washington, DC 20510

Dear Senator Sinema:

On behalf of the 91 cities and town in Arizona, and the more than 5 million residents throughout those municipalities, I am writing to request your support for S. 733, bipartisan legislation to restore the ability of money market funds to facilitate private sector investment in public infrastructure, economic development and other local government priorities.

This legislation, sponsored by Senators Pat Toomey (R-PA) and Bob Menendez (D-NJ), has the support of the public sector organizations throughout the country. We are grateful for your support of the House version of this legislation in the last Congress.

Money market funds play an important role in cash management and public financing for all municipal governments. They rely on money market funds as a flexible and efficient way to invest and accumulate cash in anticipation of short-term needs. These funds in turn reinvest in our cities, counties, and states.

Unfortunately, the benefits of money market funds were significantly impaired by an ill-advised Securities and Exchange Commission (SEC) rule, adopted in July 2014 and which took effect in October 2016. That rule forced prime and tax-exempt money market funds offered to institutional investors to abandon the stable \$1.00 net asset value and "float" their per-share price.

The consequence of this rule has been to drive investors out of money market funds that support our communities and limit the financing options available to state and local governments. This has resulted in higher financing costs across the board, which could lead to reduced services, less investment in public infrastructure, and fewer jobs.

Thank you for your consideration of S. 733. Your co-sponsorship of this legislation will help to restore the fundamental nature of money market funds so they can continue to serve as an important source of investment and public financing for Arizona's communities.

Sincerely,

A handwritten signature in blue ink that reads "Ken Strobeck".

Ken Strobeck
Executive Director