

August 20, 2012

The Honorable Mary Schapiro  
Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Chairman Schapiro:

As partners in developing and maintaining strong local economies, municipal and business leaders share a deep interest in issues surrounding regulation of money market mutual funds ( MMMFs). Local governments and businesses are both users of MMMFs and issuers of securities purchased by these funds. The undersigned—mayors, county executives, and Chambers of Commerce—are alarmed to hear that the Securities and Exchange Commission (SEC) is seeking fundamental changes to MMMFs that would render them unappealing to many investors and undermine their role as a vital source of financing to our communities. While we support initiatives that strengthen MMMFs, we urge the SEC to refrain from damaging the value and utility of these funds.

As investors, many municipalities and businesses rely upon MMMFs as cash management tools that provide preservation of capital, daily liquidity at par, enhanced diversification among high-quality short-term assets, robust credit analysis, and administrative efficiencies. The fixed \$1.00 price per share is a hallmark feature of MMMFs that allow companies and municipalities to invest within approved investment guidelines. Moreover, the ability to invest and redeem shares frequently without fee or restriction allows companies and municipalities to manage liquidity efficiently.

Forcing MMMFs to move to a floating net asset value (floating NAV) or imposing redemption restrictions on fund investors would push both individual and institutional investors—including municipalities and businesses—away from MMMFs and into alternative investment vehicles, with harmful results.

First, the cash management alternatives that municipalities, businesses, and other investors could turn to are likely to be more difficult to account for and manage, more likely to pose greater market risks, and more expensive, increasing the costs and fees associated with investing. Our citizens, as taxpayers, workers, and consumers,

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will bear those added costs and risks.

Second, reducing the capital pool of MMMFs could dampen demand for the short-term debt securities that municipalities and companies offer, disrupting the flow of much-needed capital. MMMFs are the largest investor in short-term municipal bonds, holding 74 percent of all outstanding short-term bonds equaling nearly \$337 billion<sup>1</sup>, and purchase almost 40 percent of outstanding corporate commercial paper. Losing this vital investing power could increase the cost of debt issuance for many businesses and municipalities across the country, damaging an already-fragile economy.

We firmly believe that existing regulations, as enhanced by the Commission in 2010, have worked well and contribute meaningfully to these funds' continued stability and viability. We urge the SEC to refrain from any further regulatory changes that would disrupt the existing structure and characteristics of these funds, limit choices for municipalities and businesses, and risk the health of local communities and the American economy.

We thank you for your consideration.

Sincerely,

Mayor Melton Potter  
City of Scottsboro, AL

Greater Jackson County Chamber of  
Commerce

Arizona Association of Counties

The Arizona Chamber of Commerce and  
Industry

Mayor Scott Smith  
City of Mesa, AZ

Mesa Chamber of Commerce

Mayor Greg Stanton  
City of Phoenix, AZ

Greater Phoenix Chamber of Commerce

Mayor Jerry Sanders  
City of San Diego, CA

San Diego Chamber of Commerce

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Mayor Edwin Lee  
City and County of San Francisco, CA

San Francisco Chamber of Commerce

Mayor Craig Lowe  
City Of Gainesville, FL

Associated Industries of Florida

Mayor Kevin Richardson  
City of Lake Barrington, IL

Barrington Area Chamber of Commerce

Metropolitan Mayors Caucus  
Chicago, IL

Chicagoland Chamber of Commerce

Mayor Greg Ballard  
City of Indianapolis

Indiana Chamber of Commerce

Mayor Charles Scheper  
City of Covington, KY

Northern Kentucky Chamber of Commerce

Mayor Stephanie Rawlings-Blake  
City of Baltimore, MD

Maryland Chamber of Commerce

Mayor Nancy McFarlane  
City of Raleigh, NC

The Raleigh Chamber

New Jersey League of Municipalities

New Jersey State Chamber of Commerce

Mayor Michael Nutter  
City of Philadelphia, PA

Greater Philadelphia Chamber of Commerce

Mayor Luke R. Ravenstahl  
City of Pittsburgh, PA

Pittsburgh Chamber of Commerce

Mayor Ralph Becker  
Salt Lake City, UT

Salt Lake Chamber of Commerce

Business Council of Alabama

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Simi Valley (CA) Chamber of Commerce

Los Angeles (CA) Chamber of Commerce

Denver South (CO) Economic Development Partnership

Association of Indiana Counties

Kentucky Chamber of Commerce

Jefferson (LA) Chamber of Commerce

Associated Industries of Massachusetts

Greater Boston (MA) Chamber of Commerce

Greater Durham (NC) Chamber of Commerce

Hastings Area (NE) Chamber of Commerce

Greater Albuquerque (NM) Chamber of Commerce

County Executive Edward P. Mangano (Nassau County, Long Island, NY)

Hyde Park (NY) Chamber of Commerce

County Commissioners Association of Ohio

County Treasurers Association of Ohio

Cincinnati (OH) Chamber

Pennsylvania Chamber of Business and Industry

Northern Rhode Island Chamber of Commerce

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Greater Providence (RI) Chamber of Commerce

Texas Association of Business

Austin (TX) Chamber of Commerce

Dallas (TX) Regional Chamber

Greater Irving-Las Colinas (TX) Chamber of Commerce

Campbell County (WY) Chamber of Commerce

cc:

The Honorable Elisse Walter, U.S. Securities and Exchange Commission

The Honorable Luis Aguilar, U.S. Securities and Exchange Commission

The Honorable Troy Paredes, U.S. Securities and Exchange Commission

The Honorable Daniel Gallagher, U.S. Securities and Exchange Commission

The Honorable Timothy Geithner, Department of Treasury

The Honorable Ben Bernanke, Federal Reserve Board

The Honorable Martin Gruenberg, Federal Deposit Insurance Corporation

The Honorable Gary Gensler, Commodities Futures Trading Commission

The Honorable Debbie Matz, Credit Union National Administration

The Honorable Edward DeMarco, Federal Housing Finance Agency

Mr. John Walsh, Office of the Comptroller of the Currency

The Honorable Roy Woodall, Financial Stability Oversight Council

Mr. Richard Cordray, Consumer Protection Financial Bureau

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<sup>i</sup> Short-term debt includes VRDNs, ARSs, TOBs, and other short-term debt totaling \$454 billion, based on data from Municipal Market Advisors.