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June 27, 2012

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

RE: SEC Regulations related to Money Market Mutual Funds

Dear Chairman Schapiro:

Money market mutual funds are very important investment tools used by county governments in Ohio. These funds contain substantial amounts of the short-term debt that local governments, including counties, use to finance public works like building bridges, roads and other infrastructure, as well as other vital public facilities.

Money market funds are popular in Ohio because of their stable $1.00 net asset value (NAV), which makes them important investments for counties that are looking for an attractive rate of return with minimal risk. They are able to provide a stable NAV by adhering to strict regulations that govern the quality, liquidity, diversification and maturity of the portfolios contained within the funds.

County governments in Ohio operate under legal constraints or other policies that prevent them from investing in instruments without a stable value. If money market funds are required to float with their NAVs, many counties in Ohio would be forced to use alternative funds that are less regulated, less secure, and less liquid.

Having access to 100% of money invested in a money market funds when needed is another critical attribute. Holding back a portion of an investor's money would drive investment away from the funds. Either of these proposed changes could severely damage the ability of counties to use money market funds.

We understand that investors across the country have clearly expressed that they would be unable or unwilling to use floating-NAV money market funds. In fact, more than three quarters of corporate money market fund users surveyed stated that they would move cash out of these funds if the stable NAV is eliminated. Reactions to redemption restrictions have resulted in similar concerns.

In 2010, the SEC passed comprehensive rule changes to make these funds more stable. Those reforms were tested last summer by the European debt crisis, the showdown over the U.S. debt ceiling and the first-ever downgrade of the U.S. debt rating. Money market funds persevered through those events.

Rather than “over-regulating,” the members of our two Associations believe money market funds should be allowed to continue to work because they are working well and safely for Ohio county governments. At a time when county governments in Ohio are under significant fiscal stress, destroying one of our most important sources of financing could be disastrous. County governments could face spending more on debt financing; could be forced to increase taxes or cut back on needed public projects; or, could shift their investments to less secure bank products with lower yields – or more likely – all of the above.

We believe that the SEC should not consider proposals that would only create further financial challenges to Ohio counties and other political subdivisions in Ohio and across the nation.

Thank you for your time and consideration of our comments.

Sincerely,

Larry L. Long
Executive Director
County Commissioners' Association of Ohio

Daniel J. Talarek
Legislative Chair & Lorain County Treasurer
County Treasurers Association of Ohio