ES142310

Metro Denver
Economic Development Corporation

July 13, 2013

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

Dear Chairman Schapiro:

The Metro Denver Economic Development Corporation is the leading economic development program in Colorado. As a leader in developing strong regional economies we hold a deep interest in issues surrounding regulation of financial instruments that either contribute to or potentially damage the public and private sector's ability to drive job growth.

Local governments and businesses are both users of money market mutual funds (MMMFs) and issuers of securities purchased by these funds. We were very concerned to hear that the Securities and Exchange Commission (SEC) is seeking fundamental changes to MMMFs - changes that would reduce their appeal to many investors and undermine their role as a vital source of financing for 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 at low cost.

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.

The cash management alternatives that municipalities, businesses, and other investors could be forced to turn to will likely to be more difficult to account for and manage. In all probability they will be more likely to pose greater market risks, be more expensive, and increase the cost of investing. These costs would be passed on to our citizens.

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 hold 74 percent of all outstanding short-term bonds, equaling nearly $337 billion, 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, further dampening economic activity in a fragile economy.

We firmly believe that existing regulations, as enhanced by the Commission in 2010, disrupt the existing structure and characteristics of these funds, limit choices for municipalities and businesses, and risk the health of local communities and the 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 adversely impact the American economy.

We thank you for your consideration.

Sincerely,

Tom Clark

Tom Clark
CEO
Metro Denver Economic Development Coalition

cc:
Commissioner Elisse B. Walter
Commissioner Luis A. Aguilar
Commissioner Troy Paredes
Commissioner Daniel Gallagher