CHIEF FINANCIAL OFFICER
JEFF ATWATER
STATE OF FLORIDA

September 12, 2013

Ms. Elizabeth M. Murphy, Secretary
Securities Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: File Number S7-03-13

Dear Ms. Murphy:

I am writing to provide my comments and express my opposition to the proposed money market fund reforms. As Florida's Chief Financial Officer, I have an interest in not only the State's financial well-being, but that of our local governments and municipalities as well.

Managers of public funds rely upon money market funds as reliable and stable vehicles to enable municipal financing for essential government functions. While it is clear that these reforms are being proposed in reaction to the 2008 market meltdown which resulted in an unusually large number of redemptions, these proposed reforms go too far and will result in the elimination of money market funds as a viable option for many investors.

The first proposal mandating that money market funds implement floating net asset values will require complicated changes to accounting systems and investment policies, and may create potential tax liabilities. It will drive up the cost of investing in the funds, which impacts the yield of the investment. Historically, these funds have operated under the structure that, for each dollar we place in these funds, we get at least $1 back when public money is withdrawn. A floating NAV requirement would likely force most investors who rely on getting at least $1 back to withdraw from these investments altogether.

Further, under your proposed alternative two, requiring a "gate" and liquidity fees to access the money adds a layer of risk that public fund managers will not likely be willing to take. They rely on the liquidity of these investments to pay for day to day government operations such as payroll and general bill paying. Public business does not stop for poor market conditions which would trigger a "gate" on access to cash in a money market fund. The potential for this happening would likely deter public fund managers to opt out of these funds as potential investments.

Of even greater concern to me are senior citizen retail investors who live on fixed incomes and invest in money market funds to be able to access their cash and pay bills when they are due. In many instances, this means paying the electric bill or paying for medications. Placing a "gate" on redemptions would be catastrophic to their financial condition. With over 18% of its

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population over the age of 65, Florida is especially susceptible to this threat. Florida's seniors rely on money in these investments to be there when they need it most and will likely choose not to put their precious dollars at risk if the redemption gate proposal went into effect.

While we agree with the Commission's statements that changes to Rule 2a-7 do not directly or immediately apply to local government investment pools (LGIPs), there are potential impacts the proposed rulemaking may have on LGIPs. Both at the national level and within the State of Florida, LGIPs provide a significant cash management service to participating governmental entities, efficiently investing short term assets. LGIPs that are designed as cash management pools are managed on a similar basis to money funds and many adhere closely to the requirements of Rule 2a-7 as well as other state requirements.

The Commission's proposals could affect LGIPs indirectly, depending on future actions of the Government Accounting Standards Board ("GASB") and individual states in establishing the operating and accounting standards for LGIPs. Changes to Rule 2a-7, particularly the movement to a floating NAV or the prohibition of use of amortized cost accounting to value portfolio assets, could require further work and action by state and local governments or GASB, depending on the exact terms of their existing LGIP requirements and whether they choose to follow all of the changes implemented by the Commission in amending Rule 2a-7 (for example a requirement of pricing shares to the hundredth of a penny) or instead follow the portfolio requirements in Rule 2a-7 and related risk-management requirements.

As managers of public dollars, we must vigilantly seek out the most prudent tools to preserve our taxpayer dollars. Under the current structure, the main benefit of money market funds is to provide stable, low-risk investments upon which institutional investors can rely to preserve capital – capital that was earned through taxpayer dollars. The logistical and financial implications of these changes will drive up the costs of investing in these funds, and will negatively impact the liquidity and increase the uncertainty of the investment.

In summary, I do not believe additional changes to money fund regulations are needed at this time. If further changes are adopted, however, we urge the Commission: 1) not to adopt alternative one requiring most money funds (and indirectly many LGIPs) to use a variable NAV; 2) not to further restrict the use of amortized cost accounting by money funds (or LGIPs); and 3) to minimize the maximum gating period and provide qualitative rather than specific numerical criteria for exercise by a money fund's board (or other LGIP advisory body) to impose redemption fees or gates in alternative two.

Sincerely,

Jeff Atwater

Jeff Atwater
Chief Financial Officer

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