September 16, 2013

Ms. Elizabeth Murphy
Secretary
U.S. Securities Exchange Commission
100 F Street NE
Washington, DC

Re: Proposed Rule on Money Market Fund Reform, Amendments to Form PF, File Number S7-03-13

Dear Ms. Murphy:

The Texas Short Term Asset Reserve Program ("TexSTAR") is a local government investment pool created in accordance with the Interlocal Cooperation Act and the Public Funds Investment Act of the Texas Government Code. These acts authorize eligible governmental entities in Texas to invest their public funds through investment pools. As investors in the pool and as officials and organizations concerned with the financial affairs of state and local government, we share a deep interest in the fate of money market funds. We are writing to express our strong support for maintaining the ability of money market funds to offer a stable per-share net asset value (NAV) and our opposition to proposals that could force these funds to "float" their value.

State and local governments depend on money market funds as secure, liquid, and convenient instruments for cash management, and as purchasers of short-term securities issued by our governmental bodies and agencies. For almost three decades, these funds have provided organizations like ours with a powerful tool for managing cash. This would be seriously undermined by any policy that forces money market funds to abandon the stable NAV.

While we support steps to improve the regulatory framework governing money market funds, we oppose measures that would fundamentally alter them. For investors, the benefits of money market funds are clear: They provide a high degree of liquidity, diversification, and stability in principal value, along with a market-based yield. The benefits of the stable net asset value (NAV) are equally clear. Investors purchase and redeem millions of dollars in money market fund shares every day. With a stable NAV, typically set at $1.00 per share, investors are relieved of the burden of tracking gains or losses for tax or financial accounting purposes. Forcing these funds to float their value would make every money market fund sale a tax-reportable event, unacceptably increasing tax and recordkeeping burdens.

State and local governments generally are bound by policies requiring them to invest cash in funds or accounts with a stable value. Today's money market funds meet this requirement and, in addition, are highly regulated, operate with minimal risk, and provide a competitive rate of

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return. If government entities could no longer invest in money market funds, they could be forced into alternatives that are less diversified, less regulated, more susceptible to market conditions, less liquid, and could pay a lower return on the cash managed and overseen on behalf of local citizens.

We appreciate the efforts of the Securities and Exchange Commission ("SEC") to find ways to make America's financial system stronger. We respectfully suggest, however, that doing away with the stable NAV for money market funds would get us no closer to that goal. It would, on the other hand, profoundly disrupt how thousands of American governments, nonprofits, and businesses operate. We must strongly oppose any policies that would force money market funds, directly or indirectly, to abandon the stable NAV. If further action is needed beyond the comprehensive amendments adopted in 2010, we would urge the SEC to focus on other measures to ensure that money market funds remain a secure, reliable instrument for all investors.

Sincerely,

William A. Chapman
TexSTAR Board President