

Government Finance Officers Association
American Planning Association
American Public Works Association
American Society of Civil Engineers
American Water Works Association
Council of Infrastructure Financing Authorities
Council of State Governments
International City County Management Association
International Public Management Association for Human Resources
Large Public Power Council
National Association of Bond Lawyers
National Association of Municipal Advisors
National Association of Counties
National Association of Health and Educational Facilities Finance Authorities
National Association of Regional Councils
National Association of State Auditors Comptrollers and Treasurers
National Association of State Treasurers
National Community Development Association
National Association of Clean Water Agencies
National Council of State Housing Authorities
National League of Cities
National School Boards Association
The United States Conference of Mayors

March 30, 2020

VIA Electronic Mail

The Honorable Steven Mnuchin
Secretary of the Treasury
Main Treasury
1500 Pennsylvania Avenue, NW
Washington, D.C. 20220

The Honorable Jerome Powell
Chair of the Board of Governors
The Federal Reserve
20th Street and Constitution Avenue, N.W.
Washington, D.C. 20551

Dear Secretary Mnuchin and Chairman Powell,

On behalf of the national organizations listed above, representing hundreds of thousands of state and local government public finance professionals and members of the municipal bond issuer and user community, we write to express our appreciation for the consideration that has been given to supporting the municipal market in the wake of the COVID-19 pandemic. We write to you today to request that the Federal Reserve and the Department of the Treasury expedite implementation of the Exchange Stabilization Fund allocation

directed toward purchasing municipal securities in the secondary market (the “Facility”) as provided in HR748 *Section 4003(b)(4)*. Prompt implementation will help restore equilibrium to our markets.

Stability in our \$3.8 trillion municipal bond market is particularly important during this crisis as state and local governments and the municipal bond market provide critical support for the infrastructure - including hospitals – needed to care for and support our citizens. The issuance of municipal bonds precipitously declined from \$10-15 billion per week in early March to zero on March 25. Widely reported news of the Facility being included in the CARES Act touched off a significant recovery in the secondary market last week, and there are tentative signs that the primary market will begin to expand this week. Market participants appear to be expecting a significant amount of relief from the Facility and for such relief to be broadly based and quickly delivered. However, if the new Facility comes up short of those expectations, we fear that the market will once again take a turn for the worse.

It is especially important to the Public Finance Network that the Federal Reserve and Treasury design a program with the flexibility to support all types of issuers and credits in the municipal bond market. Doing so would relieve the pressure on all types and maturities of municipal securities, thus providing relief across the marketplace and ensuring a fair and efficient market for all issuers as we look to address our infrastructure needs amidst these uncertain times.

We would ask additionally that you consider an immediate challenge that comes about due to a change in the IRS income tax filing date. For many governmental issuers, decoupling tax filing dates may create a lag in revenues necessary for operating expenses for the issuer, creating a need for liquidity financing tools in the very near term. Any attention you place on this matter is much appreciated.

Finally, we would like to make our organization available to you should you have any questions as you develop this critical tool for our marketplace. Looking forward, state and local governments and special districts and other bond issuers know that preparing for a pandemic requires strengthening the infrastructure network that underpins their communities. Therefore, funding and financing infrastructure will remain an issue of paramount importance for many years to come. We look forward to working with you on this and other matters of mutual interest.

Sincerely,

Government Finance Officers Association, Emily Swenson Brock, 202-393-8467
American Planning Association, Jason Jordan, 202-349-1005
American Public Works Association, Andrea Eales, 202-408-9541
American Society of Civil Engineers, Joe Brady, 202-789-7852
American Water Works Association, Tommy Holmes, 202-326-6128
Council of Infrastructure Financing Authorities, Deirdre Finn, 850-455-9619
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International City/County Management Association, Elizabeth Kellar, 202-962-3611
International Public Management Association for Human Resources, Neil Reichenberg, 703-549-7100
Large Public Power Council, John DeStasio, 512-707-1010
National Assn. of Health and Educational Facilities Finance Authorities, Chuck Samuels, 202-434-7311
National Association of Bond Lawyers, Jessica Giroux, 202-503-3290
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National Association of Counties, Eryn Hurley, 202-661-8805
National Association of Municipal Advisors, Susan Gaffney, 703-395-4896
National Association of Regional Councils, Leslie Wollack, 202-618-5696
National Association of State Auditors, Comptrollers and Treasurers, Cornelia Chebinou, 202-624-5451

National Association of State Treasurers, Brian Egan, 202-630-1880
National Community Development Association, Vicki Watson, 540-656-9552
National Council of State Housing Agencies, Garth Rieman, 202-624-7710
National League of Cities, Irma Diggs, 202-626-3023
National School Boards Association, Deborah Rigsby, 703-838-6208
The United States Conference of Mayors, Larry Jones, 202-861-6709

CC:

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Charles Schumer
Minority Leader, U.S. Senate
322 Hart Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
235 Cannon House Office Building
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The Honorable Kevin McCarthy
Minority Leader, U.S. House of Representatives
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