

bond? Bond ratings reflect the overall credit worthiness of bonds and are usually assigned to one of the three corporations, Moodys, and that's capital M-o-o-d-y-s Investor Service, which also rates them from AAA to C; Standard and Poors, that's S-t-a-n-d-a-r-d and P-o-o-r-s Corporation, which rates from AAA to D; and Fitch Investor Service, that's F-i-t-c-h Investor Service, also on a scale from AAA to D. How do you want to go to market, on a competitive or a negotiated basis? In other words, do you want underwriters to submit competitive bids for your business or do you want to select one underwriter, possibly one you have dealt with before, or negotiate a deal with that firm? What denomination do you want your bond to be issued in? Bonds are usually issued in denominations of \$5,000 and rarely lower than 1,000. However, in recent years issuers have skipped the underwriter altogether and have issued mini bonds in \$500 denominations. What will the size of your issue be? How much money do you need and how soon? You should remember continuing federal restrictions and arbitrage, the interest earned on the bond money while you wait to use it when you make this calculation. Do you have a sufficient reserve fund for your issue? The reserve fund is used to meet bond repayment if they temporarily disrupt... if they are temporarily disrupted by some emergency. You may also wish to get insurance for your issue. Both contingencies are usually necessary only for revenue bonds. Does your bond meet the private purpose restriction imposed by the 1986 Tax Act?

SPEAKER BARRETT: One minute.

SENATOR ROBAK: This entails checking a number of bond restrictions, including those that cover the purpose for which your bond is being issued, whether it will benefit private corporations or individuals and whether it is included under your state volume cap. Have you selected the proper array of professionals, financial advisers, bond counsels, underwriters and so forth? They will help you with other legal and technical questions you will need to ask about in issuing municipal bonds. Competition between cities is one of those things feared most by issuers when Congress in 1986 imposed state by state caps on the total of tax exempt private purpose bonds that could be issued each year. Public officials envision a mad scramble for issuing allowances. They fear that these interstate competitions could be decided in favor of the most populace communities or the wildest or the most...or the best politically connected without regard to real need. Under current law, each state can issue up