(3) *Municipal bond counsel* renders approving legal opinions regarding validity of new bond issues upon initial sales offering, an opinion most investors require before they will buy municipal bonds. In connection with such an opinion, a bond counsel makes a detailed examination of the constitutional provisions, statutes, court decisions, and other legal proceedings relating to the issuance of the bonds under review; and he prepares the requisite ordinances, resolutions, and trust indentures governing the issuance of the bonds. He also prepares, or reviews, the prospectus or official statement, notice of sale, and attends to the other legal aspects of a bond sale. In 1965 there were some 128 firms that were listed in a directory of bond counsel, including 8 firms located in New York City. Many of these firms concentrate in municipal bond work, while others perform other legal functions as well. Approximately 500 partners and associates of the law firms perform the work of bond attorneys, with 7 firms having at least 10 bond attorneys each. Ordinarily, bond counsel is employed by the public agency issuing the bonds, with remuneration generally related to the size and complexity of the bond issue.

(4) *Consulting engineers* provide a wide variety of services to public bodies that undertake construction of a public facility, including preliminary planning, feasibility studies, engineering design, plans and specifications, construction coordination and supervision, and consultation on special problems. There are about 7,000 to 8,000 firms, employing about 40,000 to 50,000 professional engineers, offering engineering services, including some firms with as many as 1,000 employees. Consulting engineers are usually hired on a firm basis for a particular facility, irrespective of the dollar amount of the bonds to be issued.

(c) *Problem Areas*

(1) *Secondary Market.*—Any sales of municipal bonds subsequent to the original underwriting and reoffering by the bond underwriters take place in what is called the secondary market. Institutional or individual investors who, because of liquidity needs or for other reasons, wish to dispose of their municipal security holdings can do so in several ways: (1) sell the securities directly to a dealer, (2) arrange with a municipal bond broker, usually through a dealer, to sell the bonds at the best bid, or (3) contract with a dealer to advertise the bonds for competitive bidding over the dealer's name. Many municipal bond dealers operate trading departments which buy, sell, and trade bonds in the secondary market, with the purchases or sales usually for cash. Most municipal bond trading departments operate subject to a "position" limit which determines the maximum amount of bonds which the department may hold at any one time. Brokers never take a "position" in municipal bonds, but, instead, trade bonds for a commission of one-eighth of a point ($1.25 per $1,000 bond) and one-fourth of a point ($2.50 per $1,000 bond) on odd lots ($10,000 or less). For 1965, when new issues totaled $11 billion, the volume of secondary market transactions is estimated at $22 to $25 billion.

(2) *Bond Ratings.*—Confronted with a multiplicity of unfamiliar municipal bond issuers, many investors have come to rely upon the bond ratings assigned by the bond rating services. These bond ratings are a graduated listing of bond issues according to an appraisal of investment quality and reflect the considered opinions of the bond rat-