

and he prepares the economic studies of the feasibility of financing the project. The consulting engineer also recommends the basis and specific methods of obtaining revenues and other supporting sources of funds.

In serving the borrower the consulting engineer stakes his reputation on his representations in connection with the marketing of the issue. It is the engineer who presents the project and its cost and the part that the security issue plays in financing the project. If the engineer's estimates of capital improvements, or his projections of growth and subsequent revenues, expenses, maintenance, and other obligations, fail to materialize to the detriment of the ability of the security issue to pay out, then the engineer's reputation is affected. No other agent of the borrower can accept this responsibility, and the borrower looks to the consulting engineer for this purpose.

C. BOND UNDERWRITERS

Since the consulting engineer is the agent responsible for costs and economic projections indicating the feasibility of the issue, the bond underwriter looks to the engineer for information in the prospectus which will determine the marketability of the bonds and the risk element, and which will affect the rating which will be given to the bonds. The consulting engineer is often asked to furnish supplemental information, or to develop and explain points in regard to the showings in the prospectus. The underwriter's viewpoint of the issue is influenced by the experience and the reputation of the engineering firm certifying to the feasibility of the project.

D. LENDERS AND INSTITUTIONAL INVESTORS

The lenders and institutional investors are staffed with analysts of security offerings, or engage such services through rating agencies, and others. The analyst is particularly concerned with the elements making up the marketability of the bonds. Legal matters are highly important, and are expected to conform to practice in such matters. The engineering information offered is the variable which is a most important factor to the analyst, and again the degree of competency and reliability of the engineering information furnished will have a great deal to do with the marketability of the security issue in the eyes of the lenders and institutional investors.

The consulting engineer is often asked to meet with the representatives of the rating agencies, bond underwriters, and the institutional investors, to furnish additional information and to present facts and estimates with regard to the engineering economics of the issue.

E. OTHER TECHNICAL ADVISERS OR FINANCIAL ADVISERS

Where other advisers are involved, such as a financial adviser, the consulting engineer again is in the position of offering consultation on engineering matters which will supplement the financial or other capabilities of such advisers. In all of these matters the consulting engineer is an independent expert in his own field offering services of mutual benefit to others of the team to assist his client in making the best possible presentation of the security issue.