6. For the most part the intended use of the bond proceeds is not an influencing factor with our bond purchases. It is the community's responsibility to determine the necessity of a particular project. Our analysis is a judgment of the economics of the situation. In practice we have purchased more school, utility, and road bonds than those of other revenue-producing projects; but this result stems not from prejudice against the intended use of the proceeds but rather from an opinion that the willingness to repay or the necessity to use the facilities created is greater.

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7. We have not been particularly influenced by the intended use of the bond proceeds. We have been buyers of all different types of revenue projects, and we have also been a substantial buyer of industrial revenue bonds. I cannot think of any notable preferences or prejudices except to state that it is always easier to analyze a bond secured by the revenue from such services as water and sewer and electricity than it is to analyze a toll road or cigarette tax bond.

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8. The purpose of G. O. bonds is immaterial. Among revenue bonds, we have preferred those financing the most essential services—electricity, water, sewer. But this has not precluded us from buying other types (gas, parking, toll roads, bridges) when we felt yields were commensurate with additional risk.

Our only notable prejudice is industrial revenue bonds, of which we have yet to buy our first. We feel strongly that it is completely improper for the tax-exempt privilege of municipalities to be used for the benefit of taxable corporations.

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9. Municipal bond purchases have been influenced to some degree by the intended use of the bond proceeds. We have generally preferred issues for the purposes of constructive public facilities such as schools, highways, sewer, water, and other public utility purposes, hospitals, irrigation, bridges, public transportation and parking, and university student facilities.

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10. Due consideration has always been given to the intended use of proceeds. [The company favors] most those securities which are issued to finance necessary utility facilities, such as water, sewer, or electric services. Our investment committee tends to be somewhat prejudiced against revenue bonds which are dependent on net revenues generated by estimated traffic flows, such as toll roads, bridges, or tunnels.

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11. Bond purchases are influenced to a considerable extent by the intended uses of the bond proceeds. Direct general obligation or revenue bonds issued for the purpose of providing public services such as schools, utility systems, streets, city halls, etc., are readily acceptable; however, municipal bonds issued for the purpose of constructing plant for private industry (the so-called industrial revenue bonds) are neither desirable nor acceptable, in our opinion.

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12. The intended use of the bond proceeds very definitely influences our decision to purchase. There must exist a need for the facility or project to be financed and it must benefit the community. One type of financing that we have disliked is the industrial revenue.

e. Geographic location

Nearly half of the sample companies indicated that geographical location of the borrower is not, per se, an influence on bond purchases. One company in noting a limiting role of geography stated that—

> Bond purchases have not been markedly influenced by geographical location of the borrower, except to avoid overconcentration in a particular area.

Another replied that it purchases bonds in the States in which it operates. About half of the companies indicated that geographical