



54 Canal Street  
Suite 320  
Boston, MA 02114

617-619-4408 Direct  
617-619-4411 Fax

**Cinder McNerney**  
Managing Director

[Cinder.mcnerney@hilltopsecurities.com](mailto:Cinder.mcnerney@hilltopsecurities.com)

Below are considerations relative to the impracticality of disallowing firms with interests in the Keystone Pipeline, to bid on City bond issues:

- Allowing only non-investors in the Keystone Pipeline on City bond sales would eliminate something like 30 of the country's 35 largest banks with capital to invest in municipal bonds, which is not in the City's best interest as it would affect competition for the City's bonds, driving costs up
- The City has significant prospective debt issuance plans, all of which would be affected
- A 1% differential on \$200 million of debt financed over 30 years on a level debt basis, is \$50 million additional interest cost
- Depending upon what constraints are placed on who could bid on the bonds, there could very well be no bids
- It would be impossible to constrain who could invest in the bonds in the secondary market through the life of the bonds, as no underwriter would be willing or able to police, monitor or provide any such guarantee, which precludes this as an option
- If constraints are placed on who can buy such bonds as of the delivery date of the bonds only, perhaps such bonds could be issued on a negotiated basis, but the City would have lost the value derived from a competitive sale as well as selecting the best underwriter to accomplish the lowest cost of borrowing. This option only hurts the City.

Please contact us with any questions.

Cinder McNerney, Managing Director  
Email: [cinder.mcnerney@hilltopsecurities.com](mailto:cinder.mcnerney@hilltopsecurities.com)