

STEPHENS' COMMITMENT TO ARKANSAS PUBLIC EDUCATION SHINES IN MUNICIPAL FINANCING AND ADVISING

An Interview with Jason Holsclaw, Vice President of Stephens Public Finance



Stephens' involvement in Arkansas's municipal bond business is as old as the firm itself, dating back to 1933. Built on positive relationships and a trusted reputation, Stephens plays a valuable role in Arkansas public education.

Jason Holsclaw, a vice president with Stephens Public Finance, details how the firm assists school districts with debt financing and financial advisory services – and the personal and professional reward both he and the firm find in being part of public education in Arkansas.

How did your unique background equip you for working in education finance here in Arkansas?

Growing up in Arkadelphia, I was surrounded by examples of those who put service and community first, including my parents, who are both teachers. Those examples framed my mindset. So, after graduating from Ouachita Baptist University, I attended the University of Kentucky's Martin School to earn a master's in public administration. I studied public finance and budgeting thinking that I would come home and work in public or nonprofit management. However, shortly after graduating, I joined the U.S. Government Accountability Office (GAO) in Washington, D.C., where I spent 10 years leading reviews of federal agency operations and programs, including the U.S. Department of Education. In that role, I gained a better understanding of education policy, programming and best practices, as well as the challenges facing American public schools.

While I enjoyed my time in D.C., my wife and I wanted to get home after our son was born. As I considered next steps, I knew I wanted to work for a company that would allow me to build on my skill sets and would be a good community partner. I found that at Stephens. Today, I am able to apply the tradecraft I learned to bring clients an objective, data-driven approach to identifying financing solutions that meet their needs.

How does having parents who are educators shape your perspective on working with schools?

My parents taught me the value of education. They were the first in their families to receive four-year university degrees. I saw firsthand how education opened doors and changed lives, not only for my family but for all their students who went on to do great things. Even though I am not in a classroom every day, I value having a small role in supporting the mission of public education. There is nothing more gratifying than knowing that you help kids in Arkansas gain access to a new state-of-the-art high school or new technologies that will expand their understanding of the world.

Does your experience with the Government Accountability Office help you better serve your education clients today?

Yes, I believe so. While at GAO, I learned how the allocation, control and management of financial resources shape public policy and management. Today, I am able to transfer those skills into developing sound financing strategies for my education clients that take into account being good stewards of taxpayer monies while delivering cost-effective results for their patrons. In addition, GAO's core values are accountability, integrity and reliability. Stephens shares these same values. Our clients' interests come first and we want districts to know they can rely on us to work harder than anyone in the state on their behalf.

As a municipal advisor to some 30 school districts, describe your relationship with them.

Because we are Arkansans, we recognize that investing in education today is the best strategy for building the future of our state. In Arkansas, almost 95 percent of our children are enrolled in public schools, and our firm knows that in order for Arkansas to be competitive in the marketplace, the education of our children is vital to our success. The firm has never lost sight of this. To that end, we take the view that long-term relationships matter so that districts know that they have a partner who will stand in there with them over the years through whatever they may need. I think this approach is appreciated as evidenced by the fact that Stephens has been partners with some districts for more than 30 years.

What advice would you give to new school board members on how to begin educating themselves on public financing?

Ask questions! Many times, we see new school board members become frustrated because they do not understand how school finance works. That's why we provide free finance trainings for school boards. Hosted at the district, these working sessions are typically less formal so that board members feel more comfortable asking questions. Board members also receive credit toward their required annual training by attending. Remember, there are no dumb questions. So, ask.

What kind of information do new school board members want to ascertain early to best evaluate their districts' financial position?

They should ask their administration for a copy of the district's most recent financial analysis provided by their municipal advisor. This report will include information about the district's millage structure, audited financials, outstanding debt obligations and other data. A new board member will want to familiarize himself or herself with this type of information, as well as understand the terms of their outstanding debt obligations.

What can new board members anticipate in their relationship with a Stephens' municipal advisor?

A new board member can expect us to be in constant contact with their administration and be available for board meetings and workshops as needed. We will work diligently to identify opportunities, such as refinancing existing debt and advising on financing a new facility.

How does Stephens' philosophy and culture make you and your colleagues such good partners for working with school districts?

Our goal is to be a trusted advisor to our clients. At Stephens, we understand that our success depends on building trust through providing our clients with a candid reflection of our thoughts, opinions and advice. We are continuously seeking ways to better assist our clients by exploring new and innovative ways to meet their financing needs. We strive to be more than a fiscal agent, but rather a trusted partner and resource.

What are some of the important trends currently in the municipal bond market?

First, rates remain at historic lows, meaning the cost of capital is still cheap. The lower interest rate environment has translated to districts realizing significant savings by refinancing its existing debt. If districts have not done so, they should be evaluating this option. Districts should also consider moving forward with financing any new projects given that it is a great time to do so. There is great demand for Arkansas school bonds.

Second, there is a real focus on transparency with new federal regulations. For example, whenever a school issues bonds, it agrees to provide certain annual financial information to investors, such as current enrollment and tax collections, over the life of the issue. This is known as a continuing disclosure agreement. If a district fails to do this, they are in breach of contract and could possibly face adverse consequences from investors and/or regulators. Increased enforcement of securities regulations makes it imperative that districts stay current with their financings' continuing disclosure requirements.

That is why Stephens offers dedicated continuing disclosure services for school districts. Once engaged, Stephens collects and compiles data from the school district and prepares an Annual Financial Information Report to meet a district's requirements. We assist the school district to ensure that all district filings are in compliance with regulations. By entering into a legal contract with us, the district can prove to investors and regulators that it has taken formal steps to engage a third-party to provide these services.



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