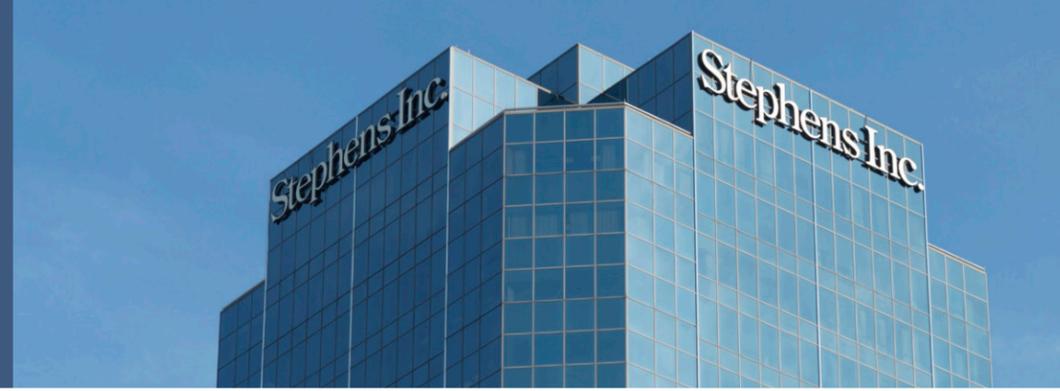


ARKANSAS SCHOOL DISTRICTS COUNT ON STEPHENS FOR FISCAL GUIDANCE, EDUCATION

An Interview with Jack Truemper, Senior Vice President of Stephens Public Finance



For more than 80 years, school districts have turned to Stephens Inc. to help navigate the complexities of Arkansas public school financing. The firm's commitment to ongoing education with clients has long aided school district officials to understand their unique circumstances and realize opportunities.

Jack Truemper, a Senior Vice President with Stephens Public Finance, has played a personal role educating districts and other municipal clients. He shares details of the learning process and how Stephens makes itself available to school districts every step of their financial journeys.

Stephens employees have a reputation for their extensive professional experience and expertise. What kind of background led you to your role within Stephens Public Finance?

I have been with the company almost 27 years, and I am in my third division with Stephens. I started out as a broker on their Institutional Equity floor, and then I was in the Financial Services group. Having been involved in other departments has given me a better overall perspective of how Stephens operates and a better balance for serving clients.

I will be starting my 18th year in Public Finance in February. I work in the 10-county central Arkansas market with school districts, cities, counties – all types of municipal issuers. I believe that by working with various issuers I have a broader knowledge of the types of funding tools available to school districts beyond traditional finance mechanisms.

What has nearly three decades with Stephens taught you about the firm's culture and character?

Clients come first. If we do not do what is right by our clients then we would not be in business very long – and we have been. We come in every day putting their interests ahead of our own.

We are in it for the long haul with our school district clients. We support the Arkansas Association of Educational

Administrators and the Arkansas School Board Association as corporate sponsors. We also support the Arkansas Rural Education Association. We are involved with all the different organizations that benefit Arkansas school districts, and we even conduct joint training sessions with some of these organizations. We have done that with the School Boards Association in the past. We are also involved with these associations in advocating on legislative issues that could affect our school district clients. If there are things that will legislatively benefit our school district clients, we want to work with them to help them realize those improvements.

What can Arkansas school board members expect from their relationship with Stephens?

We pride ourselves on wanting to be a resource for our school district clients, whether a transaction is there or not. If they need help in any matter, we want to be able to provide them with whatever assistance we can. That includes legislative issues, funding questions, school board training, market updates, what financing options are available to each individual district if they need to raise money for a building program – all of it. We want to be on their speed dial and help them in any way we can. Generally speaking, the only time that we are paid is when a transaction is done. So there is a lot of work we do that does not cost the districts anything, and we are happy to provide that service, whatever it is that they need.

Arkansas school board members can count on not only reliable service but for us to share expertise that helps them best fulfill their school district roles and responsibilities. We have always felt that if school board members could get training from us and understand how public education in Arkansas is funded and what their financing options are, from a bonded and non-bonded debt standpoint, that they could better understand what their superintendents are dealing with and better serve their districts.

We are also able to provide them with continuing education credit hours that are recognized by the Arkansas School Board Association and the Arkansas Department of Education.

What are some of the core concepts for understanding public school financing in Arkansas?

One of the biggest things to understand is that Arkansas schools are funded based on an average daily membership.

When Stephens conducts school board trainings, we share a lot of information in those one- to three-hour sessions. But the one thing we try to make sure they understand is the basic funding formula: If a district gains students, it benefits; if it loses students, they do not. It is all about enrollment with Arkansas school districts. The more kids they have, the more funding from the state they are going to receive. So it is important to understand that in a flat or declining enrollment environment you really have to watch your expenses.

What are the training sessions that Stephens provides to school board members like?

We can do them either onsite with the school districts or here at Stephens. They are personalized and thorough. We do not use general or generic figures but take that district's numbers and apply them to the funding formulas. In other words, we cater the education specifically to each district.

We talk about how they receive revenue, what is restricted and what is unrestricted and how those monies can be used. We discuss partnership funding from the state that can be entered into a building program for new facilities or improvements. We also break down how they can raise money and what their financing options are through bonded debt or non-bonded debt. We want them to understand what their funding options are and how the different funding processes work.

Then we even take it a step further and detail basically how bonds work, how the competitive sale for Arkansas school districts works. We talk about the state intercept program. We cover continuing disclosure and their annual compliance training. We talk about the role of an underwriter, who purchases the bonds. We try to give them a full perspective from start to finish of a transaction: This is where it begins, this is where it ends, and these are all the processes that take place in between.

What other forms of education does Stephens provide school districts?

When a school district gets a first-time superintendent, we like to sit down with them as quickly as we can for training and education. We have prepared a school finance manual that covers all the state funding formulas and financing options. We like to meet with our clients on a one-on-one basis

early in the game so that they have a better understanding of their options. Along with the manual, we also provide them with financial analysis and revenue projections from one fiscal year to the next, which we update periodically throughout the year. Basically, we provide them as much information as we can on their district and how it looks financially now and how it is looking going forward. And we will show them different scenarios, for example, if their assessments change from one level to the next, how that would impact their funding. We can adjust the different variables to prepare for different outcomes.

How can Stephens help school districts with all the compliance issues required after a bond is issued?

All issuers of municipal bonds, including school districts, are required to have what is called "post-issuance" compliance program. That is a process where there are certain IRS regulations that they have to maintain so that their bonds remain tax-exempt. Failing to comply with federal tax law requirements could result in a district losing the tax-exempt status on their bond. So, we work with school districts to make sure they are up to speed on their responsibilities. Generally speaking, the person at a school district who is responsible for this is either going to be the superintendent or the business manager. We provide them with a post-issuance compliance policy and procedures manual and try to give them as much updated training as we can on an annual basis so that they can fulfill their responsibilities.



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