

A Q&A with Vice President Lindsey Ollar

While Stephens Public Finance advisors are out meeting with school district officials, Vice President Lindsey Ollar spends much of her time supporting the Stephens' team internally on a wide array of mission-critical tasks, from providing in-depth analytical support and debt modeling to transaction management. This provides the bankers with important data that they use to generate actionable insights and conduct successful transactions for clients.

What is your overall role at Stephens Public Finance, and how do you help education clients in Arkansas achieve their public financing needs?

I see my role as twofold: (1) providing analytical support to our advisory team and (2) conducting financial modeling and due diligence analysis for municipal bond transactions. At Stephens, we use a data-driven approach to help districts by identifying key trends within a specific district. For example, we routinely provide our districts with financial analysis that includes information on assessments, millage revenues, revenue projections, student enrollment, and debt modeling. To support our advisory team, I monitor market conditions and look for restructuring and refinancing opportunities.

Stephens also provides school districts with pertinent information in preparation for millage elections that helps them explain to voters how their specific public financing proposals could benefit the district and the community in a cost-effective and timely manner. I work with the district's respective advisor to model cash flows and determine the appropriate financing strategy.

For instance, this work considers how total student enrollment changes over time; how much the

county's assessments of new and pre-existing properties have increased; as well as property reappraisals and millage rollbacks.

What public financing trends has Stephens observed among Arkansas school districts this year?

In 2024, Northwest Arkansas has continued to grow its economy, population, and school district property assessments. School districts in the region have been contacting Stephens throughout the year to learn how rising property assessments could impact their revenues and millage rates, as well as to seek advice on when to return to the municipal bond markets to finance their projects.

As inflation has increased the cost of construction, some school districts have gone back to voters after a few years for approval on another round of funding. In addition, we have seen school districts use surplus debt service revenue to issue additional bonds, which generally can be done without voter approval in Arkansas.

Overall, we have not seen declines in debt service revenues for Arkansas school districts, but some of them also haven't experienced as much of an increase as they might have wanted due to

millage rollbacks. In Arkansas, a district millage may "rollback" (subject to certain factors) if a district's assessment grows more than 10 percent from year to year. So, we evaluate these scenarios with our clients. We are also mindful of how the LEARNS Act increasing compensation for public school teachers, giving Arkansas teacher one of the highest starting salaries in the U.S., may impact a district's fiscal position.

While many districts were able to take advantage of the previous low interest rate environment, we have found that districts are now having to consider other financing strategies, such as "wrapping" around their existing debt service to maintain cash flows while putting moderate millage increases up for vote. Yet despite the somewhat higher rate environment, we've still seen 25-year bond issuances come in under 4%, which in a historical context remains quite attractive.

What factors might impact public financing in 2025 for Arkansas school districts?

Next year, the Arkansas Division of Public School Academic Facilities and Transportation, in coordination with the Arkansas Department of Education, will announce which school districts will receive financial assistance through the state's grant program, known as Partnership Funding. In May, districts will know whether the State approved them and how much assistance they will receive, if any.

This funding source helps school districts with constructing new buildings, renovating existing buildings, acquiring equipment and technology, and other improvements. School districts must begin approved projects within 18 months of receiving Partnership Funding. As a result, those school districts may be more inclined to access the municipal bond markets in order to raise the capital needed to complete their projects. In fact, Stephens advisors are already in discussions with districts on next steps if approved.

Furthermore, if the Federal Reserve continues to cut its benchmark rates into 2025, we anticipate that districts will see a somewhat lower rate environment that may incentivize districts to secure the lower cost of capital. Although the Fed has not signaled that the U.S. is headed back to the era of rock-bottom rates, Federal Open Market Committee (FOMC) participants have indicated that easier monetary policy could be appropriate in the coming months. Our team sends out weekly market commentary to our clients to keep them apprised of these movements.

Stephens also conducts debt modeling sensitivity analysis on how changes in rates may impact public financing needs for school districts, by factoring in how rates may affect county property taxes, which could be relevant for specific millage elections.

What do you find most fulfilling about working with education clients in Arkansas?

Giving back to Arkansas schools. My children attend the same Arkansas public school that I attended when I was their age, and that my parents attended. My family has lived, worked, and played in the same community – White Hall, Arkansas – for three generations. I know firsthand how important a school is to a community. Therefore, it is very fulfilling for me that Stephens Public Finance is so actively involved in helping Arkansas school districts achieve their financial goals on behalf of their students.



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