PRESENTATION ON SMALL ISSUERS

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FIRM DESCRIPTION

- Full-service regional investment banking firm
  - Headquartered in Little Rock, Arkansas
  - 32 years of service
  - Branch offices in 8 states

- 213 employees
  - 157 registered sales representatives
  - 56 non-registered employees

- Crews is a wholly-owned subsidiary of First Security Bancorp (“FSB”), a financial services holding company with more than $3.8 billion in assets.

- First Security Beardsley Public Finance is a division of Crews that provides financial advisory services to Arkansas School Districts.
Nationally Ranked, Locally Focused

- Ranked 40th Nationally as Senior Book Running Manager
  (municipal bond issues of any size)

- Ranked 10th Nationally as Co-Manager
  (municipal bond issues of $10 million par value and under)

- Ranked 19th Nationally as Senior Book Running Manager
  (municipal bond issues of $10 million par value and under)

Our rankings reflect an important aspect of our focus: Crews seeks to serve issuers and borrowers of all sizes with a variety of needs.

*SOURCE: Thomson Reuters*
The SEC does not have a specific definition that clearly defines who is considered a municipal small issuer.

Rules to guide us:

- Rule 15C2-12 under $1,000,000 exemption
- Bank Qualified – Qualified Small Issuer - $10,000,000 calendar year limit
- IRS Rebate exception for governmental small issuers - $5,000,000
  - Public schools - $15,000,000
WHAT IS A SMALL ISSUER?

Parameters to consider:

- Size of bond issue
- Total outstanding bonded debt
- Complexity of transaction
- Frequency of debt issuance
- Staff dedicated to financial and reporting duties
- Market characteristics
WHAT IS A SMALL ISSUER?

Arkansas School District market:

- 52 Arkansas school bond issues in 2010
- Average size transaction was $5,000,000
- Range was $400,000 to $131,565,000
- Average client has approximately $10,000,000 in debt outstanding
- Issues debt approximately every 3-4 years
- No staff dedicated full time to continuing disclosure or bond market related issues
SMALL ISSUER CHALLENGES

- Superintendent is responsible for finance, curriculum, facilities, HR, transportation, etc.
- School Board members are elected, but unpaid
- Defining Material Events that are beyond the District’s control
- Annual reporting requirements
- Record keeping and document retention
- Limited number of knowledgeable market participants