

# PRESENTATION ON SMALL ISSUERS

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**Crews & Associates**

Capital Markets Group

# 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.



# 2010 PERFORMANCE\*

## Nationally Ranked, Locally Focused

- **Ranked 40<sup>th</sup> Nationally as Senior Book Running Manager**  
(municipal bond issues of any size)
- **Ranked 10<sup>th</sup> Nationally as Co-Manager**  
(municipal bond issues of \$10 million par value and under)
- **Ranked 19<sup>th</sup> 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

# WHAT IS A SMALL ISSUER?

**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