



Achieving Client Success 'The Stephens Approach'

By Alfred Ray

Here at Stephens Public Finance, we're focused on serving as trusted underwriters or municipal advisors to our existing clients, helping potential future clients understand our value proposition, and growing our ever-lengthening list of projects.

Our team's depth of expertise and experience, along with our commitment to collaborating with external parties on behalf of our clients, are facilitating projects such as new schools, correctional facilities, water treatment plants, bridges, and highways that function as the backbone of countless communities.

What are the elements of success in Public Finance, aka "The Stephens Approach"? For starters, we take nothing for granted.

I live in the land of opportunity—Texas. During my three years at Stephens, I've traveled to every part of the Lone Star State (which is approximately twice the size of Germany). Clients and prospects typically don't come to my Dallas office—I come to them. From El Paso in the west to Texarkana in the east and everywhere in between, the more people I meet, the more relationships I develop.

These dedicated community leaders agree that the state is growing fast and needs sufficient infrastructure to keep up with demand as it develops into an even more desirable place to live. Texas advertised itself as a business- and family-friendly state with low taxes and a culture that encourages and sustains entrepreneurs, small businesses, and investors. That is in no small part why Elon Musk is considering moving significant parts of his companies to Texas.

From Dallas To Little Rock and Beyond

I've been in rapidly growing suburbs that, just five years ago, were wild and uninhabited plains of the state. In such remote places, we make sure to demonstrate the value of the Stephens name, its sterling reputation, and our position as a respected firm for clients in need of public financing (as well as many other financial services). This calls for a different approach than the corporate suites of Dallas, Little Rock, and Atlanta, where Stephens also operates.

For instance, in Texas during the May elections, we were focusing on the \$24.7 billion in school district bond referendum elections statewide and \$17.9 billion in city water and municipal elections. On the municipal and water side, \$16.7 billion passed. On the school district side, \$21.5 billion passed.

With plenty of underwriters getting to work after the election, our boots were on the ground immediately. Unlike many, we had begun cultivating those relationships well before the elections. We got to know people in the town, details about its different neighborhoods, as well as major local personalities – some of whom were quite vibrant.

Most community leaders are extremely engaged, loyal citizens who want to improve their towns and counties. Perhaps most importantly, they want to complete projects on time in as cost-efficient a manner as possible. They recognize that they are accountable to the taxpayers and that their use of public funds is a serious undertaking.

High-Touch Service For All: Every Client Is Important

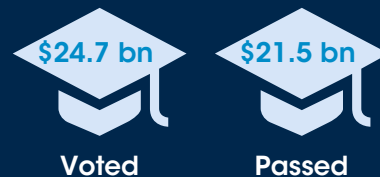
I often work with clients whose towns are far apart, yet face similar issues. That's the case for an account in Lubbock, Texas, and another in Harlingen, just across South Padre Island, near the Texas-Mexico border. I've fostered these accounts by building on relationships that I've cultivated over 30 years of public education, a good portion of that time as a schools superintendent.

I'm also working with my colleague Lyman Wray in our Atlanta office (read his article on page 9) for a higher education client in Texas. A member of the legal counsel that I engaged happens to be a Texas state senator whom I had done business with back when I was a superintendent. We talked with the senator about ways to approach an RFP that Stephens is responding to as part of our work with the Georgia team. This is why it pays to keep contact lists handy, whether they are digital or an old-school Rolodex.

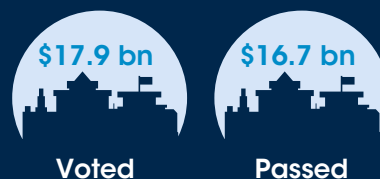
Chatting with that state senator has inspired me to meet more local officials, especially in locations where Stephens has major projects.

At election time in Texas,
approximately:

School District



City Water and Municipal



Closed Transactions

This will help us continually increase our ability to serve clients in Texas, Georgia, and every state where we operate. There's little time to celebrate when the focus is on constantly being the best in our field.

Stephens' clients and potential clients performed very well after November's elections, the one of two times each year when Texas municipalities, public schools, and community colleges can vote on their public finance projects. They also get to include which firms are chosen to handle the financing. Our team did over \$1.1 billion par from the November 2022 elections during January and February of this year. After strong results in the mid-year elections, we are on track to perform even better this summer with potentially another \$2 billion par across more than 10 deals.

Utilizing The Stephens Advantage

At a recent dinner with two of our Brand Ambassadors, PGA TOUR golfers Dicky Pride and Taylor Moore, Curtis Jeffries of the firm's Marketing team described what it means for him to work at Stephens. He spoke of the privilege to work at a firm that is so committed to its clients.

His speech resonated with me, and its message will prove useful when I pitch to prospects who know me but don't yet know Stephens. In these situations, prospects typically ask me why they shouldn't go with some well-known Wall Street bank that has a huge presence in Texas. When pitching for deals, we tell them what Stephens stands for.

Part of the answer is the professional network and long-term relationships we have in public finance, which I think is unrivaled. Another part of the answer is that we have Stephens Chairman, President, and CEO Warren Stephens and they don't. It's like back when the New England Patriots had Tom Brady as quarterback at his best and the rest of the NFL didn't.

Mr. Stephens' leadership creates an atmosphere that enables us to do everything we can to help our clients. He has instilled in us that above all our job is to help the client accomplish its goals. Our clients know that when they do business with Stephens, this company is in it for the long haul with them. Some of my Stephens colleagues have been working with their clients since the 1970s.

Many of our big city competitors are publicly traded companies whose primary job is to make adequate dividends for the shareholders each quarter. Their priority is not necessarily getting to know the client well and making personal connections, much less learning what matters most to real people in those communities. Conversely, if they have a potential deal in a small Texas town, Wall Street bankers have been known to come in on an early-morning flight, give a sales pitch, and return to New York City in time for dinner at a restaurant like Le Bernardin.

At Stephens, we work to achieve the best financing possible for our clients, whether it's for the Louisiana Superdome or the Arkansas Children's Hospital or an elementary school in a small Texas town. Since any project has more than one financial goal, as well as some non-financial goals, we always strive to do whatever is necessary for the client to succeed. That commitment tends to be more valuable to clients than the allure of the kinds of mega-bank supermarkets with which they've tried to do business.



Winning District Elections

For example, we sometimes encounter potential clients that are struggling or that have struggled to get their bond elections to pass. I've been known to call with suggestions on how to make an election representative and fair to their community.

Back when I led a school district, I learned how successful public finance election outcomes often depend upon voter profiling, getting turnout, and analyzing precincts and demographics, including how elections are set up in specific counties. Stephens expertise on these factors can greatly benefit our clients' city managers and school district superintendents.

In one district, upon seeing its map, I met with the superintendent to ask why one precinct was so much larger than all the others. After he explained the details of the district borders, I explained that this one precinct could carry the election if he could get people out to vote for his project. Yet this largest of precincts in his school district lacked a voting location, so people had to drive two precincts over.

After we worked on the issue, both the superintendent and the local Political Action Committee (PAC) successfully lobbied the county elections department to establish a voting location in the precinct, and the bond election subsequently passed this time after it had previously failed. That's the kind of thing that's easy to overlook about municipal elections.

Due to my experience in education, I tend to focus on school districts for Stephens Public Finance. Educators frequently feel like their schools lack sufficient funding and resources. Often times the local school district is looking for support, which my background enables me to recognize and provide as needed. I personally judged an elementary school's robotics competition on behalf of Stephens. That school district is now a client.

My involvement there demonstrated that Stephens will be with the client all the way, and wants to help the district build what it needs in order to succeed. It also was downright inspiring for me to see the children who may someday become accomplished engineers and scientists, at that robotics competition.

School district projects generally require us to understand the priorities of stakeholders such as architecture firms and construction companies, so that we can act in the best interests of the local taxpayers. I've even testified to this fact in front of the Texas state legislature's committee on elections.

Year-Round, Year-After-Year

To be sure, I talk with my clients about rates, yields, deliverables, and everything else relevant to their projects. However, one of the things that distinguishes Stephens from other firms is that we care about clients when the checks are rolling in, as well as during every other time of the year. We're going to have a high-touch relationship with each one of our clients, whether they're issuing this year or not. And that's The Stephens Approach.



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Since 1933, we have provided advisory and underwriting services on many transactions, supporting critical projects ranging from hospitals and courthouses to roads and education facilities.

Our Services

Stephens Public Finance is a recognized leader in general obligation and revenue bonds. We work directly with Stephens Fixed Income Sales & Trading on all transactions, which provides valuable insights on the pricing of our clients' bonds through our participation in the municipal bond market.



Underwriting

Deep experience in negotiated and competitive underwritings offers our clients unmatched knowledge and expertise. Stephens has ranked nationally as a top 10 municipal bond underwriter over the past five years in the number of sales tax bond transactions conducted.



Municipal Advisory

As a full-service investment bank, Stephens Public Finance is a registered municipal advisor to a wide range of issuers. We have extensive expertise in designing and structuring municipal financing transactions.

Sectors

Our team employs expert insight and real-time analytics to determine the most appropriate financing vehicle to best meet the current needs of our clients and to set them up for future success. We carefully define the appropriate debt level required to fund each project while protecting our clients' credit profile and minimizing the impact on their citizens and customers.

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