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## Scott Pierce: Financing urban growth

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## Scott Pierce

# Financing urban growth

It is 8:15 A.M., and for Scott Pierce, a top municipal finance professional, the day begins as it will end. On the run.

Scott Pierce is senior vice president and manager of municipal finance marketing and syndication for E. F. Hutton & Company, the nation's third largest securities and investment banking firm.

In 1977 alone, E. F. Hutton managed or co-managed more than \$3.8 billion of municipal bond underwritings, and participated in more than half of the \$44 billion of new municipal bond issues which came to market. Pierce is one of the people dedicated to making tax exempt financing cost-efficient for the issuer, attractive to the investor, and profitable for the underwriter.

So by 8:15 on this steamy summer morning, Scott

Pierce is already behind the large desk in his glass-walled office. His jacket is off, the sleeves of a striped, button-down shirt rolled well past the elbows. The first of many styrofoam containers of Coca-Cola sits at his elbow. Sixteen floors below, the river traffic of America's largest seaport steams noiselessly by. The Statue of Liberty rises majestically above barges, ferries, freighters, and tugs in the manner of a nautical traffic cop.

Inside, the public finance trading floor is stirring. Within an hour, the floor will hum with a vibrancy which accompanies the making of million-dollar decisions. But at this early hour, it would take an act of exceptional clairvoyance to foresee in this stilled and quiet room the forces which will cause macadam highways to arc off over the horizon, or transform backwater hospitals into modern surgical palaces, cleanse industrial waterways, revitalize decaying cities with modern malls and plazas.

A team of associates is already seated around the conference table which dominates one corner of Pierce's office. The table is littered with the tools of the working municipal finance underwriter: pocket calculators, files, computer printouts, ruled yellow legal pads. Felt tip pens of every color are arrayed like chips in a high stakes poker game. Which indeed it is.

The first scheduled order of business in Scott Pierce's day is the researching and drafting of a proposal under which E. F. Hutton might be appointed syndicate manager for the financing of revenue bonds for Salt River, a public

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utility project in Arizona. Many proposals are 99 percent boilerplate, but this one is not. It is tailored, customized, and hand-shaped to the specific requirements of the utility. Scott Pierce is taking nothing for granted. Every statement must be double checked for accuracy, every supposition re-weighed for provability, every conclusion reviewed for plausibility.

Pierce's tone is calm, measured, unassertive, but beads of perspiration are forming on the foreheads of associates fielding the questions. This proposal, Pierce makes clear, is going to be as good as E. F. Hutton can make it. He wants to be the underwriter for the Salt River project!

Outside, the trading floor is moving up to speed. It is alive with sounds.

"A million three ninety. Back out 2.03. What does that give me?"

"Dennis! Dennis! Pick up. Bache on one!"

"We'll try you again. We never give up!"

The tension is building. A \$14.2 million issue of New Haven school improvement bonds on which E. F. Hutton has bid is coming to the market.

In Scott Pierce's office, however, the drafting of the Salt River proposal goes on methodically. He thinks progress is being made, but wants to make the deal an even better one for the prospective client.

"Imagination," he says, "is an overworked word, but it's truly what separates one investment banker from another. Any firm can raise capital for a municipal client. But the payoff is how best to do it and at what cost to the client."

Pierce put this imagination to work recently and helped to save ratepayers of an Indiana subsidiary of the American Electric Power Company \$1.4 million in interest charges. Last winter, the utility planned a \$45 million pollution control issue. Based on Pierce's assessment of current and projected market conditions, the utility accelerated its issue to take advantage of a stronger market in which fewer issues would be competing for institutional funds. By anticipating the requirements for his client—and indirectly of the public—he came up with a better price, and the utility averted interest charges of \$90,000 a year over the 15-year term of the bonds.

Scott Pierce, a college history major, spent 18 years with G. H. Walker, Laird & Co., and two years at Blythe Eastman Dillon, before joining E. F. Hutton's Public Finance Group in 1975.

He is credited with helping transform E. F. Hutton into an imaginative, innovative investment banker which a competitor describes as "a new force in public finance." Among other innovations, Pierce and his associates at E. F.

Hutton originated the "Chicago plan"—a concept wedding the private and public sectors in order to bring low cost single-family mortgages to a community.

A whoop goes up on the trading floor. E. F. Hutton has won the \$14.2 million New Haven issue. The traders are elated, but it would be unprofessional to show further emotion. Besides, there is a \$67.4 million issue of New York State Housing Finance Agency construction bonds scheduled for later in the day E. F. Hutton, which would be syndicate co-manager with Merrill Lynch, Pierce, Fenner & Smith, wants it badly. The traders drift back to their telephone consoles.

Scott Pierce walks out on the floor. He's been locked in meetings all morning sandwiched around the Salt River drafting sessions. He wants to get the pulse of the market. The traders are enthusiastic and they convey this enthusiasm to Pierce. It is a good note, he thinks, on which to break for lunch.

Returning, Pierce is intercepted by his secretary. In one fist is a sheaf of telephone messages. In the other, a list of people who want to see him. Pierce ignores both. He runs an open door shop. Those with important business can always find him. The others can wait.

To Scott Pierce, municipal finance has a purity of purpose that's hard to come by in other forms of financing.

"Municipal finance means working in the public sector for the public good," he said, adding, "You are raising money for better schools, better hospitals, better transportation. I find it very satisfying to be part of that."

Another wave of noise rolls in from the trading floor. Scott Pierce knows what it is without being told. E. F. Hutton has won the New York State issue. A self-satisfied grin spreads across his face. He worked hard on structuring and pricing the issue, and now the pieces are falling into place.

With the last of the day, there is more to be done on the Salt River proposal, but it's rolling smoothly now and Pierce can afford to let up a little. When the Salt River officials arrive in New York, Pierce knows the proposal will click.

There's a 6:15 back to Rye, New York, early for Pierce, but he's thinking tonight he might make a run for it. There's a vegetable garden which could stand some attention and some rust to knock off his tennis game.

It is a long way to Salt River, Scott Pierce thinks as he snaps off the light and casts a last look down the length of the deserted trading floor, but Arizona's resources will change as a result of decisions made here today. ▲