

**PROPOSAL TO PROVIDE
SECURITIZATION CONSULTANT SERVICES
TO
LOUISIANA PUBLIC SERVICE COMMISSION**



RFP 21-14 – Docket No. U-35991

- June 11, 2021 -

By

ESTRADA • HINOJOSA
INVESTMENT BANKERS

June 11, 2021

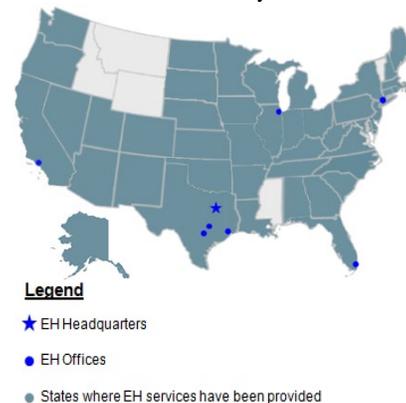
Kathryn H. Bowman, Executive Counsel
Louisiana Public Service Commission
602 North Fifth Street (Galvez Building)
Baton Rouge, LA 70821-9154

Dear Ms. Bowman,

Estrada Hinojosa & Company, Inc. ("Estrada Hinojosa" or the "Firm") is responding to a Request for Proposals by the Louisiana Public Service Commission (the "Commission") pursuant to RFP 21-14 – Docket No. U-35991 as an outside securitization consultant for recovery in rates of costs related to Hurricanes Laura, Delta, Zeta and Winter Storm Uri and for related relief. The Firm is a minority-owned investment banking and financial advisory firm that specializes in public finance and are proud of the opportunities we have had to provide such services to a variety of issuers.

COMPANY HISTORY

Noé Hinojosa, Jr. and Robert Estrada founded the Firm in January of 1992. **We specialize in public finance; 100% of the Firm's resources are dedicated to the execution and origination of taxable and tax-exempt municipal securities.** The City of Dallas serves as the location of our Firm's headquarters, and we maintain offices in Austin, Houston, San Antonio, Chicago, New York City, Miami, and Los Angeles. Since inception, we have provided municipal financial advisory or underwriting services in 44 states and the District of Columbia. The Firm is a member of the Securities Investor Protection Corporation, is a Registered Municipal Advisor with the Securities and Exchange Commission and is fully registered as a broker/dealer with the Financial Industry Regulatory Authority.



FIRM AND LEGAL ORGANIZATION

Estrada Hinojosa is a privately held corporation and 100% employee-owned; we have no outside investors and no outstanding corporate debt. Over the past several years, the Firm has added professional and support staff to better serve our clients' needs and capital funding initiatives. While some competitor firms suffered huge losses from the financial crisis a decade or so ago and have altered their business model, changed ownership structure, or exited the industry, Estrada Hinojosa has sustained consecutive profits in all its 29 years of existence. Our track record has been firmly established; hence, we believe that we would add value to the Commission.

OVERALL ACTIVITY

The Firm consistently ranks among the top financial advisory and bond underwriting firms in the country. We completed **370 transactions (financial advisory and underwriting) in 2020 totaling more than \$45 billion.** The Firm was ranked as the number five financial advisor nationally in 2020. Since inception, the Firm has provided **financial advisory services on 2,288 financings totaling more than \$160 billion** and has served as underwriter on 3,964 financings totaling \$417.2 billion. The Firm has been engaged by many of its Texas-based clients to finance costs associated with the February 2021 winter storm.

RELEVANT EXPERIENCE

Estrada Hinojosa has had significant experience for a variety of utility and securitization issuers. Our electric utility clients include power generation, transmission, and distribution systems; we have advised on financing new generation systems, contracted party transactions, and public/private partnerships for the energy sector. These include a variety of issuers such as the Brownsville Public Utility Board and San Antonio City Public System in Texas and the Orlando Utilities Commission in Florida. Since inception, Estrada Hinojosa has served as financial advisor on 441 utility transactions totaling \$46.2 billion and as underwriter on 507 utility transactions totaling \$48.3 billion. Moreover, we have advised on securitizations backed by other revenues such as sales and tobacco taxes for the City of Chicago Sales Tax Securitization Corporation, Buckeye Settlement Financing Authority in Ohio, and Railsplitter Tobacco Settlement Authority in Illinois.

Mark Gooding, while employed by a prior firm, has worked on two electric securitization transactions. One securitization was for repaying the State of Connecticut's General Fund for costs in Connecticut. This was a typical securitization paid for by surcharges on consumer electric bills by the two largest power producers in that state that provided electricity to about 95% of the state. This was a tax-exempt financing as the funds were raised for the benefit of the State instead of a private utility. In addition, Mr. Gooding has advised the District of Columbia on a securitization to fund the undergrounding of major electric lines and the creation of a remote special purpose entity to issue the bonds. The financing was paid for by surcharges on customer electric bills. Initially, the District allocated costs away from retail customers and towards large users, including the Federal government. Since this financing provided funds to the utility to pay for moving power lines underground, the bonds were taxable.

FIRM PHILOSOPHY

In today's business environment, we believe that for any business to be successful, a firm's first priority is its clients and offering said clients the highest level of value-added service. Quality of service cannot be overemphasized. Any successful business must listen to its clients, determine their needs, and strive to meet them. Therefore, our corporate philosophy has always been to consistently position ourselves to offer first-rate services to all our clients.

Estrada Hinojosa is confident that with our collective expertise in public finance we can provide the Commission with valuable financial advisory services. Mark Gooding and Paul Jack will be the Firm's primary contacts to the Commission. Please feel free to contact us at the office numbers or email addresses listed below. Thank you in advance for your consideration of this response to your request for qualifications. We look forward to hearing from you.

Respectfully submitted,



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Paul Jack
Senior Managing Director
Ph: (512) 605-2442
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PROJECT TEAM

The Firm was founded in Dallas and serves as the location of the Firm's headquarters, out of which our underwriting, sales and trading desk is located. **Noe Hinojosa Jr.** is our Firm's President and Chief Executive Officer; he provides executive supervision for all the Firm's financial advisory and underwriting engagements. **Mark Gooding**, who joined the Firm in 2019 with 33 years of experience (including 18 years at Public Resources Advisory Group) and **Paul Jack**, Head of Public Finance who has 24 years of municipal advisory experience, will serve as the Firm's principal contacts with support from our New York City, San Antonio, Austin, and Dallas offices.

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ESTRADA HINOJOSA FINANCIAL ADVISORY TEAM FOR THE AUTHORITY

<u>Name</u>	<u>Title</u>	<u>Engagement Role</u>	<u>Office Location</u>	<u>Email</u>
Noe Hinojosa, Jr.	President & CEO	Supervisory Advisor	Dallas, TX	nhinojosa@ehmuni.com
Robert A. Estrada	Sr. Managing Dir.	Supervisory Advisor	Dallas, TX	rae@ehmuni.com
Mark Gooding	Managing Director	Co-Lead Advisor	New York, NY	mgooding@ehmuni.com
Paul Jack	Sr. Managing Dir.	Co-Lead Advisor	Austin, TX	pjack@ehmuni.com
Steven W. Eaddy	Exec Vice President	Credit Advisor	New York, NY	seaddy@ehmuni.com
Donald J. Gonzales	Sr. Managing Dir.	Resource Advisor	San Antonio, TX	dgonzales@ehmuni.com
Tania Askins	Managing Director	Quantitative Advisor	Dallas, TX	taskins@ehmuni.com



NOE HINOJOSA
PRESIDENT & CEO
ROLE: EXECUTIVE SUPERVISION

Mr. Hinojosa has built a strong reputation for creative solutions to complex challenges in the public finance arena. He has broad experience as a financial advisor to many diverse types of political subdivisions and municipalities, as well as direct involvement with the Firm's municipal bond underwriting activities.

Since co-founding Estrada Hinojosa in 1992, Mr. Hinojosa has been responsible for managing the Firm's transactions and growth of the Firm. In the past two years alone, the Firm participated in 470 transactions totaling \$48 billion. As founding partner and CEO, he has led the Firm in 27 years of consecutive profits.

In 2006, Mr. Hinojosa was elected by industry peers to serve on the global board of the Securities Industry and Financial Markets Association (*SIFMA*). SIFMA is the industry's think-tank, with offices in New York, Washington, London and Hong Kong. He was appointed in 2002 by the President and confirmed by the United States Senate to serve on the Board of Directors of the Securities Industry Protection Corporation (*SIPC*), completing his second term in 2006. Most recently, he was elected to serve on Board of the Bond Dealers of America (*BDA*) headquartered in Washington, D.C.

As an active member of the community, he has participated in many civic and church related organizations. Most recently he was the recipient of the first Monarch Award by Mi Escuelita, Dallas for his many years of service and advocacy for an organization that teaches children how to read, write and speak English and basic math before entering elementary school.

Recognized as an authority in the Investment Banking industry, Mr. Hinojosa has provided expert testimony in numerous seminars in the United States, Mexico and Spain. Mr. Hinojosa holds Series 7, 50, 53, and 63 licenses from MSRB and FINRA.



ROBERT A. ESTRADA
SENIOR MANAGING DIRECTOR
ROLE: EXECUTIVE SUPERVISION

Mr. Estrada has built a national reputation as a leading expert in tax-exempt securities and investment banking through his distinguished bond law practice. He is a founding partner, chairman, legal counsel, and head of regulatory compliance for Estrada Hinojosa. Over the course of his career, he has participated in numerous municipal bond financing projects across the United States.

Mr. Estrada's extensive experience has been tapped by many prestigious institutions and organizations. He was previously on the Board of Directors of the Federal Reserve Bank of Dallas, and was also a member of the Board of Regents for the University of Texas System. As a respected leader, his industry peers elected him to the Board of Directors of the Municipal Securities Rulemaking Board where he served as Chairman. Mr. Estrada also served as Chairman of the Municipal Advisory Council of Texas and a member of the Board of Directors for the Student Loan Marketing Association (Sallie Mae) in Washington, D.C.

He is an active member of the Texas Bar Association and has been recognized for his volunteer work with numerous civic, cultural arts, and community-based organizations. In recognition of his accomplishments and his significant contributions to the community, Mr. Estrada has been named one of the "100 Most Influential Hispanics in America" two times by Hispanic Business Magazine. Mr. Estrada holds Series 50, 52, 53, 63 and 99 licenses from MSRB and FINRA.



PAUL JACK
SENIOR MANAGING DIRECTOR
ROLE: CO-LEAD ADVISOR

Mr. Jack has over 24 years of experience in the structuring and issuance of debt obligations for political entities in Texas and the U.S. While serving as financial advisor or underwriter, Mr. Jack has managed or supported the bond issuance process for over \$35 billion in debt obligations.

Prior to Estrada Hinojosa, Mr. Jack worked for J.P. Morgan, Public Financial Management and Citigroup. His public finance experience includes a wide spectrum of public projects including general city infrastructure, water and sewer systems, convention centers, stadiums and arenas, public utility systems, school districts, universities, airports, hospitals, and economic development projects. He also served as an adjunct professor at The University of Texas LBJ School of Public Affairs, teaching Public Financial Management.

Clients have depended on Mr. Jack's expertise for a wide range of services, such as developing complex analytical spreadsheets for financial modeling, structuring of derivative products, cash flow analyses, project finance debt/revenue models and new money, as well as refunding bond issue sizings. He also served on Transaction Review Committees, which provide guidance and quality control review on all aspects of the structuring of tax-exempt and taxable municipal bond issues and derivative products for clients. In addition, Mr. Jack managed the execution of the bond issuance process, including work with the Texas Bond Review Board, Texas Municipal Advisory Council, Issuer Bond Counsels, Tax Counsels, Underwriters' Counsels, Financial Advisors, and Trustees. Mr. Jack holds Series 7, 50, 53, 54, and 63 licenses from MSRB and FINRA.



MARK GOODING,
MANAGING DIRECTOR
ROLE: CO-LEAD ADVISOR AND QUANTITATIVE LEAD

Mr. Gooding is a Managing Director and joined Estrada Hinojosa's New York Office in 2019 with 33 years of public finance experience. Mr. Gooding was previously a partner and Senior Managing Director of Public Resources Advisory Group (PRAG), where he worked for 18 years.

He served as Financial Advisor/Project Manager for a number of large clients in the Northeast and Southeast, including Anne Arundel County Maryland, State of Connecticut, District of Columbia, where he worked on the undergrounding electric securitization, **State of Louisiana, where he advised the State on tobacco revenue securitization**, Commonwealth of Massachusetts, State of New Jersey, Piedmont Power (located in South Carolina), and the City of Atlanta, where he served as FA to Hartsfield-Jackson International Airport. Mr. Gooding is experienced with airport financings, including airport terminal expansions, new runways, parking garages and consolidated rental car facilities, general obligation, power, transportation, and water and sewer financings. He assisted clients in structuring and pricing tax exempt and taxable new money and refunding issues and with LOC backed variable rate financings and direct placements. Prior to joining Estrada Hinojosa, Mr. Gooding worked at an FA-only firm and has already experienced the advantages exposing our active Trading Desk to his financial advisory clients. Mr. Gooding received a BA in Economics from Ohio Wesleyan University and an MBA in Finance from State University of NY at Albany. Mr. Gooding holds Series 50, and 52 licenses from MSRB and FINRA.



STEVEN W. EADDY
EXECUTIVE VICE PRESIDENT
ROLE: CREDIT/RESOURCE ADVISOR

Mr. Eaddy serves as an Executive Vice President for Estrada Hinojosa. He joined Estrada Hinojosa and opened the Firm's New York City office in midtown Manhattan in December 2010. He brings 35-plus years of banking valuation, rating agency, insurer, and legal municipal finance expertise, which has included a diversity of airport, toll road, water and sewer, stormwater, housing, general obligation, school district, student loan, higher education, public/private partnership, taxable municipal, municipal lease and short-term note transaction experience.

Mr. Eaddy received his B.A. degree from The Johns Hopkins University. After graduating from the Northwestern University School of Law, he began his public finance career as an associate with Hawkins, Delafield & Wood in New York City. His career includes a combined nine years as a senior analyst at MBIA, Standard & Poor's, and Fitch Ratings. Mr. Eaddy headed the Public Finance department at LaSalle Financial Services in Chicago 2006 – 2007 and reopened M.R. Beal's Chicago office in 2005. He has worked at Cabrera Capital Markets, Siebert Brandford Shank, and Prudential-Bache Capital Funding as well. Mr. Eaddy holds Series 7, 50, 53, and 63 licenses from MSRB and FINRA.



DONALD J. GONZALES
SENIOR MANAGING DIRECTOR
ROLE: RESOURCE ADVISOR

Mr. Gonzales is Senior Managing Director and Manager of the San Antonio office of Estrada Hinojosa & Company, Inc., and also serves on its Board of Directors. He is a Certified Public Accountant with over thirty years of financial consulting and investment banking experience serving governmental entities. He has been the Lead Banker in financings throughout Texas for cities, counties, housing finance corporations, schools (both higher education and public education), enterprise fund supported entities such as water, sewer, electric, gas and airport facilities, hospital districts, and mobility projects. Mr. Gonzales has represented and assisted numerous entities in the preparation of rating agency and insurance company presentations. He represents numerous governmental entities throughout Texas and is prepared to assist in financings from revenue supported to tax-backed credit issues.

His financial advisory and underwriting experience includes Alamo RMA, Donna International Toll Bridge, San Antonio International Airport, VIA Metropolitan Transit Authority, Bexar County Rail District, Central Texas Regional Mobility Authority, Brazoria County Toll Road Authority, CPS Energy, where he has been working to find the costs of the 2021 winter storm, Hidalgo County Regional Mobility Authority, and Fort Bend Grand Parkway Toll Road Authority.

Mr. Gonzales has testified before Congress as an expert witness as well as the predecessor agency of the Texas Commission on Environmental Quality (TCEQ) regarding utility system finance. He has completed more than \$300 million of projects through the Texas Water Development Board, numerous single-family housing transactions and completed the first North American Development Bank (NADBank) bond transaction. In the last five years, he has completed municipal bond financings totaling more than \$5 billion.

Prior to his investment banking career, Mr. Gonzales worked in public accounting and was the Staff Director for the Texas School Performance Review for Texas State Comptroller John Sharp. While working in public accounting, he has performed tax and management consultant services for various accounting firms. Mr. Gonzales' 18+ years of public accounting experience with a concentration in taxation will be of significant value in assisting in the review and analysis of various types of financial and tax-related issues that may be contemplated. Mr. Gonzales holds Series 50, 51, 52, 54 and 63 licenses.



TANIA ASKINS
MANAGING DIRECTOR
ROLE: QUANTITATIVE ADVISOR

Ms. Askins is a Managing Director in Estrada Hinojosa's Dallas office. As a member of the quantitative team, she is responsible for developing comprehensive project finance models, structuring pro forma cash flows, optimizing borrowing capacity and identifying restructuring opportunities for transportation entities across the US. Issuers have included DFW International Airport, Denver International Airport, Metropolitan Washington Airport Authority, the City of Chicago Midway and O'Hare Airports, North Texas Tollway Authority, State of Connecticut Transportation, Pennsylvania Turnpike, Colorado Department of Transportation, among others.

Prior to joining Estrada Hinojosa, Ms. Askins worked for the United States Department of Transportation in Washington D.C. as a lead negotiator for the TIFIA Loan Program. Prior to joining the USDOT, Ms. Askins spent the majority of her career in the Global Capital Markets Fixed Income group at Citigroup in New York. Ms. Askins is a graduate of The Johns Hopkins University (MA, Economics) and Southern Methodist University (BBA, Finance). She is a Registered Representative of FINRA and holds the following registrations: Series 7, 50, 52, 54, and 63.



UTILITY/SECURITIZATION EXPERIENCE

Estrada Hinojosa has had significant utility/securitization experience for a variety of issuers. Our electric utility clients include power generation, transmission, and distribution systems; we have advised on financing new generation systems, contracted party transactions, and public/private partnerships for the energy sector. These include a variety of issuers such as the Brownsville Public Utility Board and San Antonio City Public System in Texas and the Orlando Utilities Commission in Florida. Moreover, the Firm has advised issuers on securitizations backed by other revenues such as sales and tobacco taxes for the City of Chicago Sales Tax Securitization Corporation, Buckeye Settlement Financing Authority in Ohio and Railsplitter Tobacco Settlement Authority in Illinois.

Issuer	Issue	Amount	Agency Worked With
City of San Antonio (TX)	Texas Electric and Gas Systems Commercial Paper Notes, Series 2021A, B, & C (Taxable and Tax-Exempt) (Amendment)	\$700,000,000	CPS Energy
City of San Antonio	Texas Electric and Gas Systems Flex Rate Notes, Series 2021	\$100,000,000	CPS Energy
City of San Antonio	Texas Electric and Gas Systems Flex Rate Notes, Series 2021A, B, & C	\$500,000,000	CPS Energy
City of Corpus Christi (TX)	Utility System Junior Lien Revenue Notes, Taxable New Series 2021A	\$35,000,000	Utility System
City of Brownsville (TX)	Utilities System Commercial Paper Notes, Series A (Taxable and Tax-Exempt) (Amendment)	\$100,000,000	Public Utilities Board
City of Grey Forest (TX)	Texas Gas System Revenue Bonds, Taxable Series 2021	\$26,125,000	Grey Forest Utilities
Buckeye Tobacco Settlement Financing Authority (OH)*	Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds	\$4,923,796,396	State Treasurer's Office
Buckeye Tobacco Settlement Financing Authority*	Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds (Federally Taxable)	\$428,400,000	State Treasurer's Office
City of Chicago Sales Tax Securitization Corporation	Second Lien Sales Tax Securitization Bonds, Series 2020A	\$521,105,000	City CFO's Office
City of Chicago Sales Tax Securitization Corporation	Second Lien Sales Tax Securitization Bonds, Taxable Series 2020B	\$495,810,000	City CFO's Office
City of Chicago Sales Tax Securitization Corporation	Sales Tax Securitization Bonds, Series 2018A	\$376,305,000	City CFO's Office
City of Chicago Sales Tax Securitization Corporation	Sales Tax Securitization Bonds, Taxable Series 2018B	\$303,975,000	City CFO's Office
Railsplitter Tobacco Settlement Authority (IL)**	Tobacco Settlement Revenue Bonds, Series 2017	\$670,965,000	State Treasurer's Office

* Buckeye Tobacco Settlement Financing Authority - a body, both corporate and politic, constituting a public body, agency and instrumentality of the State of Ohio.

** Railsplitter Tobacco Settlement Authority, Illinois - a special purpose corporation and a body corporate and politic of, but having a legal existence independent and separate from, the State of Illinois.



Securitization Experience



\$670,965,000

Railsplitter Tobacco Settlement Authority Tobacco Settlement Revenue Bonds, Series 2017

In 2017, Estrada Hinojosa served as underwriter on the Railsplitter Tobacco Settlement Authority's \$670.9 million Tobacco Settlement Revenue Bonds, Series 2017. This transaction priced in December of 2017, days before the elimination of advance refundings. The Bonds were issued to refund a portion equal to the aggregate principal amount of the Authority's Tobacco Settlement Revenue Bonds, Series 2010. The 2017 Bonds were issued on a tax-exempt basis and are a subject to optional redemption and optional clean-up redemption. The Pledged Settlement Payments consist of all tobacco settlement payments payable to the State (Tobacco Assets) less the State's Unsold Assets which include payments made under the MSA for calendar years prior to 2010. Moreover, the Bonds had a \$140 million debt service fund. Debt service coverage ranged from 2.28x to 3.02x. IHS Global provided a consumption forecast which estimated an approximate 3% decline in consumption – year-over-year – through 2028.

Standard & Poor's rated the Bonds A (maturities 2022-2027) / A- (2028 Maturity) and priced on December 20, 2017. The bonds were structured with 5% coupons from 2022 – 2028. As of pricing, the 10-year MMD rose to 2.378%. The Bonds were offered at 90 – 110bp over MMD. Repricing subsequently lowered yields by 5 – 7bps. Estrada Hinojosa underwrote 2% of the transaction, providing over \$12 million in orders.



Buckeye Tobacco Settlement Financing Authority

On Tuesday, February 25, 2020, Estrada Hinojosa participated in the \$5,352,196,396 Buckeye Tobacco Settlement Financing Authority Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds issue as underwriter. The issue was met with robust demand as buyers were looking for higher-yielding issues in the current low interest rate environments. The issue was able to attract a variety of buyers since portions of the deal were taxable and tax-exempt, different call features, maturities all across the yield curve and including serial bonds, term bonds and capital appreciation bonds. The ample order book led the underwriters to lower yields between 15 – 28 basis points.



\$680,280,000

Sales Tax Securitization Bonds, Series 2018A (\$376,305,000)

Sales Tax Securitization Bonds, Taxable Series 2018B (\$303,975,000)

In July 2017, the Illinois legislature passed legislation to allow home rule municipalities such as the City of Chicago to securitize some types of future tax receipts – including Sales Tax Revenues – to a special purpose entity that can issue bonds, secured by these same Sales Tax Revenues for the benefit of the municipality. As a result, the City created the Sales Tax Securitization Corporation (STSC). Chicago sold its rights to Sales Tax Revenues to the Corporation. In exchange, the Corporation issued Bonds secured by the future Sales Tax Revenues and transferred the Bond proceeds back to the City.

In 2018, Estrada Hinojosa served as a co-managing underwriter on the seminal STSC's issue. Series 2018A and 2018B bond proceeds refunded City of Chicago general obligation bonds and provide debt relief; in essence, BBB-level bonds were essentially upgraded to AAA-level credits. Prior to the issue, Estrada Hinojosa had met with the City to discuss financing options for the City's debt. As a part of our presentation, we identified candidates that the STSC could refund on a current basis.

Utility Experience

The Firm has significant experience with public power and other utilities, both as an underwriter and financial advisor. This experience includes a number of cities and public power entities across the United States including Florida Municipal Power Agency, Orlando Utilities Commission, Austin Energy, City of Brownsville Public Utility Board, and City of San Antonio City Public Service (CPS Energy).

The Firm has served as financial advisor on 441 utility financings totaling \$46.2 billion in par value. Because we provide financial advisory as well as underwriting services, we are able to execute a financing both from a banking and marketing standpoint and from start to finish. Our participation in numerous financings, either as financial advisor or as underwriter, exposes all of our professionals to the latest financing techniques, which we regularly utilize for the benefit of our issuer-clients.



City of San Antonio – CPS Energy

Estrada Hinojosa has served as co-financial advisor for the City of San Antonio since the firm began offering financial advisory services in 1992. Since that time, the firm has assisted the City in completing 72 electric and gas revenue bonds transactions totaling over \$18 billion in par value for CPS Energy (formerly City of San Antonio Public Service Board). These transactions ranged in size from \$25.2 million to \$787.5 million. CPS Energy is the nation's largest municipally owned energy company providing both natural gas and electric service. CPS Energy serves more than 600,000 electric customers, and more than 300,000 natural gas customers in and around San Antonio. CPS is currently the exclusive provider of electric service within this service area, including the provision of electric service to some Federal military installations located within the service area that own their own distribution



facilities. In 2001, the City Council passed a resolution stating that the City did not intend to opt-in to the deregulated electric market once Texas Electric Choice became effective. We advised CPS Energy on a series of 2021 financings where costs related to the 2021 winter storm were funded.

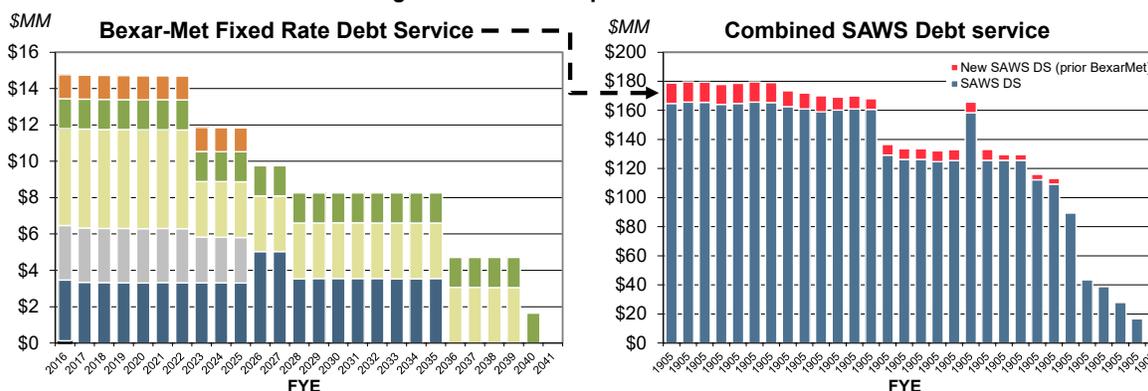
SAN ANTONINO WATER SYSTEM (SAWS)



Estrada Hinojosa currently serves as co-financial advisor to the San Antonio Water System (SAWS). Officially formed in 1991, SAWS serves 1.6 million people in the Greater San Antonio/Bexar County Metropolitan (BexarMet) area. SAWS administers water and wastewater services for the City of San Antonio and its surrounding communities. In 2011, following passage of bills in the Texas Legislature, voters from BexarMet approved the dissolution of their utility and merged into SAWS. This process was finally completed in 2012 when BexarMet's assets and customers officially became part of SAWS.

Before merging with SAWS, BexarMet had six series of fixed rate bonds with an outstanding par amount of \$156 million with call dates extending from 2016 – 2020 and \$89 million of revolving notes. Through a combination of current and advanced refundings and taxable and tax-exempt bonds, we developed a bond structure that would take out all BexarMet debt and fold it into the existing SAWS' junior lien, as shown in the debt service charts below:

Diagram of SAWS Acquisition Debt Service



As part of this merger, BexarMet's outstanding debt was to be transferred over to SAWS as well. Given the improved rating of SAWS (SR. Aa1/AA+/AA+, JR Aa2/AA/AA) over BexarMet (A2/A/A+), upcoming call dates on BexarMet debt, and low relative interest rates, SAWS asked Estrada Hinojosa to develop a plan of finance to refund the outstanding BexarMet bonds into the SAWS junior lien. This plan was developed several years ago and SAWS recently informed the co-financial advisors that it was ready to refund the debt.



SAWS Vista Ridge Pipeline: Estrada Hinojosa is working with SAWS to develop a 142-mile, 50,000 acre-foot pipeline project to create a new source of water for the San Antonio area. Unique among large American cities, San Antonio largely relies on groundwater to meet its water needs, mainly from the Edwards Aquifer watershed, a prolific artesian aquifer located in Central and South Texas. As Texas's recent drought and increasing population demands (20,000 new residents are added to the San Antonio Metropolitan area each year) force more stress on existing water sources, SAWS began to look elsewhere for long-term and sustainable sources of water.

Through a deliberative process, SAWS identified a second source of water, the Carrizo Aquifer, located north and east of Austin, the State capital. Using a competitive P3 procurement, SAWS selected a private developer, the Vista Ridge Consortium (led by a Spanish water company and association of water owners), to develop the well field, construct a 142-mile pipeline, and bring new water sources to Bexar County and SAWS customers, as shown in the map to the right. This project is estimated to cost approximately \$3 billion, with \$100 million of SAWS related expenses (for interconnection), and the balance financed privately by the developer. SAWS has agreed with Vista Ridge on a 30-year "take and pay" contract for 50,000 acre feet, thereby adding 20% more water to current sources. This project will alleviate future concerns with climate change and possible return to drought, mitigate over-reliance on the sensitive Edwards Aquifer watershed, and provide sustainable water resources to the growing population and economic engine of San Antonio.

Estrada Hinojosa has had many assignments with SAWS during this engagement. When the process started in 2011, we worked closely with the co-financial advisor on preliminary modeling on the cost of this project, whether to pursue it as a P3 or traditional design-build project, and its possible impact on current water rates. We later assisted SAWS on the development of a term sheet with Vista Ridge, an elaborate multi-party process that included significant public participation and an emphasis on transparency by the Department. We are now advising SAWS on modeling associated with rate increases, and reviewing the developer's plan of finance. The project is projected to go online in the latter part of the decade, and will ensure San Antonio's water sources for the long-term. This project fully enlists Estrada Hinojosa's expertise in planning and quantitative analysis and P3 procurements – it is these kinds of activities that separate Estrada Hinojosa from other financial advisors.



Since being selected as a co-financial advisor for SAWS, Estrada Hinojosa has assisted in 30 SAWS new issues and refundings. We have assisted SAWS by finding solutions for taking out District Special Project (DSP) obligations with Flex Rate Revolving Notes (FRRNs) and assisting with negotiating pricing and increasing capacity from liquidity providers for SAWS commercial paper program. Most recently, Estrada Hinojosa advised SAWS on a \$100 million 3rd Lien Revolving Credit Agreement. The Bank was Wells Fargo Bank (AA+/F1+) credit rating, and not the recently downgraded Wells Fargo Corporate rating. The term was from November 1, 2018 to January 15, 2021. The Fee Rate was 40bps for Fee Rate as long as SAWS long-term credit rating remains at or above Aa/AA/AA.



Brownsville Public Utilities Board
\$62,320,000 Utility System Revenue Refunding Bonds, Series 2020A

Purpose. The Series 2020A (Taxable) Bonds were issued August 26, 2020 to refund \$54.480 million of Series 2013A Bonds for debt service savings.

Credit Ratings. The Bonds were assigned an underlying rating of “A+” by both Fitch and S&P (unenhanced) and “AA” by S&P by virtue of bond insurance issued by AGM.

Structuring. To achieve coverage at approximately 2.95x.

Market Conditions. The municipal bond market continued to rally with yields hovering over historic lows, AAA bond yields were lower 2-5 basis points across the curve. Congress continued to debate aid for state and local governments and money from infrastructure projects. Liquidity remained hefty in the municipal market with nearly \$2.1 billion in inflows from the previous week.

Marketing and Pricing Strategy. Insurance, Broker/Dealer and Bond Fund accounts, which accounted for over 70% of total orders.

Pricing Results. Syndicate generated over \$480 million in priority orders, 7.7x oversubscribed. Brownsville Public Utilities Board saw over \$4.9 million in PV savings (9.13% of refunding bonds) and achieved a TIC of 1.77% on the refunding (average life of 8.59 years)

Fees

The proposed fees are summarized below:

President/Senior Managing Director	\$350/hour
Managing Director	\$325/hour
Executive Vice President/Senior Vice President	\$300/hour
Vice President/Assistant Vice President	\$250/hour
Associate	\$200/hour
Clerical	\$75/hour
Travel	At cost

We will cap the above hourly fees at \$275,000. We will cap our expenses at \$15,000 which assumes 15 person trips to Louisiana. The travel costs include coach airfare, three-star level hotel, taxi or standard rental car and meals while traveling.