

JULY 14, 2022



RFP 22-18 DOCKET NO. U-36350 SECURITIZATION CONSULTANT

ESTRADA • HINOJOSA
INVESTMENT BANKERS

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ESTRADA • HINOJOSA

INVESTMENT BANKERS

July 14, 2022

Ms. 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 the Request for Proposals by the Louisiana Public Service Commission (the "Commission") pursuant to RFP 22-18 – Docket No. U-36350 as an outside consultant to assist the Commission in its review of Entergy Louisiana LLC's ("ELL" or "Company"), application for recovery in rates from storm damage costs incurred from Hurricanes Laura, Delta, Zeta, and Winter Storm Uri. We are 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 across the U.S.

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 30+ years of existence. Our track record has been firmly established; hence, we believe that we would add value to the Commission.

PROVEN FINANCIAL ADVISORY EXPERTISE

Estrada Hinojosa continuously ranks among the top public finance firms in Texas and the United States, ranking 2nd in Texas for over 10 years and ranking 9th in the US in 2021 and 5th in 2020. Estrada Hinojosa completed 173 transactions as financial advisor in 2021 totaling more than \$15.8 billion. Since inception in 1992, the Firm has been privileged to serve as **financial advisor on 2,477 transactions totaling \$179.1 billion** in par value. Additionally, the Firm has served as underwriter on 4,328 transactions totaling over \$441.9 billion.

RELEVANT EXPERIENCE

Estrada Hinojosa has had significant experience with 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 **Louisiana Community Development Authority's \$3.193 billion System Restoration Electric Securitization Bonds**, Brownsville Public Utility Board and City of San Antonio – CPS Energy in Texas and the Orlando Utilities Commission in Florida. Since inception, **Estrada Hinojosa has served as financial advisor on 480 utility transactions totaling \$52.8 billion and as underwriter on 544 utility transactions totaling \$49.7 billion.** Moreover, we have served as underwriter 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. In addition, as you are aware, **Estrada Hinojosa had been recently hired by the Commission as its financial advisor and outside consultant to assist the Commission in its review of ELL's \$3.2 billion Entergy Securitization System Restoration Bonds (Louisiana Utilities Restoration Corporation Project/ELL), Series 2022A.**

While at another firm, Senior Managing Director Mark Gooding has worked on three electric securitization transactions. One securitization was for repaying the State of Connecticut's General Fund for costs incurred in that state. A fairly typical securitization, it was paid for by surcharges on consumer electric bills by that state's two largest power producers that provided electricity to about 95% of Connecticut. This financing was tax-exempt 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 taxable securitization to fund the undergrounding of major electric lines and the creation of a remote special purpose entity to issue the bonds.

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Initially, the District allocated costs away from retail customers and towards large users, including the Federal government. **Moreover (and as you know), Mr. Gooding served as the Firm's lead Financial Advisor to the Louisiana Public Service Commission for the \$3,193,505,000 System Restoration Bonds, Series 2022A which were issued this past spring.**


Senior Managing Director Paul Jack served on that 2022 LURC team that advised the Commission. Most recently, the Texas Public Finance Authority hired Mr. Jack and Estrada Hinojosa to serve as Financial Advisor on its the upcoming \$3.4 billion Texas Natural Gas Securitization Finance Corporation's Customer Rate Relief Bonds, Series 2022. This transaction, expected to price in later this summer, is unique in that it is a securitization of charges that will be levied by eight separate gas entities managed by a central servicer.

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 in every engagement for which we are hired 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
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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 28 years of experience (including 18 years at Public Resources Advisory Group) and **Paul Jack**, Head of Public Finance who has 25 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. Advisor	Supervisory Advisor	Dallas, TX	rae@ehmuni.com
Paul Jack	Sr. Managing Director	Co-Lead Advisor	Austin, TX	pjack@ehmuni.com
Mark Gooding	Sr. Managing Director	Co-Lead Advisor	New York, NY	mgooding@ehmuni.com
Tania Askins	Sr. Managing Director	Quantitative Advisor	Dallas, TX	taskins@ehmuni.com
Steven W. Eaddy	Managing Director	Credit Advisor	New York, NY	seaddy@ehmuni.com
Donald J. Gonzales	Sr. Managing Director	Resource Advisor	San Antonio, TX	dgonzales@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 882 transactions totaling \$82.5 billion. As founding partner and CEO, he has led the Firm in 30 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 ADVISOR
 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/HEAD OF PUBLIC FINANCE
 ROLE: CO-LEAD ADVISOR

Mr. Jack has over 25 years of experience in the structuring and issuance of debt obligations for political entities across 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, securitizations**, 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,
SENIOR MANAGING DIRECTOR
 ROLE: CO-LEAD ADVISOR

Mr. Gooding is a Senior Managing Director and joined Estrada Hinojosa's New York Office in 2019 with 30 years of public finance experience. Mr. Gooding was previously a shareholder 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 and the Louisiana Community Development Authority's \$3.193 billion System Restoration Electric Securitization Bonds, Series 2022A, where he advised the Louisiana Public Service Commission**, 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 plus tobacco and electric securitizations. 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 B.A. in Economics from Ohio Wesleyan University and an M.B.A. in Finance from State University of NY at Albany. Mr. Gooding holds Series 50 and 52 licenses from MSRB and FINRA.



TANIA ASKINS
SENIOR 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 the **Louisiana Community Development Authority’s \$3.193 billion System Restoration Electric Securitization Bonds**, DFW International Airport, Denver International Airport, Metropolitan Washington Airports Authority, City of Chicago Midway and O’Hare Airports, North Texas Tollway Authority, State of Connecticut Transportation, Pennsylvania Turnpike, Colorado Department of Transportation, among others.

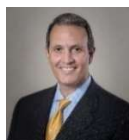
Prior to joining Estrada Hinojosa, Ms. Askins worked for the United States Department of Transportation in Washington D.C. as a lead negotiator for the TIFIA Loan Program. Prior to joining the USDOT, Ms. Askins spent the majority of her career in the Global Capital Markets Fixed Income group at Citigroup in New York. Ms. Askins is a graduate of The Johns Hopkins University (M.A., 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.



STEVEN W. EADDY
MANAGING DIRECTOR
 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 was a part of the Firm’s **Louisiana Community Development Authority’s \$3.193 billion System Restoration Electric Securitization Bonds** team this year and has worked on the Firm’s underwriting assignments for Chicago Sales Tax Securitization Corporation, Railsplitter Tobacco Settlement Authority, and Buckeye Tobacco Settlement Financing Authority.

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.



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	Role
Louisiana Local Government Environmental Facilities and Community Development Authority	System Restoration Bonds (Louisiana Utilities Restoration Corporation Project/ELL), Series 2022A (Federally Taxable)	\$3,193,505,000	Entergy, LLC Louisiana Public Service Commission	Financial Advisor
City of San Antonio (TX)	Electric and Gas Systems Revenue Refunding Bonds, New Series 2022	\$109,620,000	CPS Energy	Financial Advisor
City of San Antonio	Electric and Gas Systems Revenue Refunding Bonds, Taxable New Series 2022	\$413,720,000	CPS Energy	Financial Advisor
City of San Antonio	Electric and Gas Systems Fixed and Variable Rate Junior Lien Revenue Refunding Bonds, Series 2022	\$359,465,000	CPS Energy	Financial Advisor
City of Chicago Sales Tax Securitization Corporation	Second Lien Sales Tax Securitization Bonds, Series 2021A	\$394,155,000	City CFO's Office	Underwriter
City of Chicago Sales Tax Securitization Corporation	Second Lien Sales Tax Securitization Bonds, Taxable Series 2021B	\$609,865,000	City CFO's Office	Underwriter
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	Financial Advisor
City of San Antonio	Texas Electric and Gas Systems Flex Rate Notes, Series 2021	\$100,000,000	CPS Energy	Financial Advisor
City of San Antonio	Texas Electric and Gas Systems Flex Rate Notes, Series 2021A, B, & C	\$500,000,000	CPS Energy	Financial Advisor
City of Corpus Christi (TX)	Utility System Junior Lien Revenue Notes, Taxable New Series 2021A	\$35,000,000	Utility System	Financial Advisor
City of Brownsville (TX)	Utilities System Commercial Paper Notes, Series A (Taxable and Tax-Exempt) (Amendment)	\$100,000,000	Public Utilities Board	Financial Advisor
City of Grey Forest (TX)	Texas Gas System Revenue Bonds, Taxable Series 2021	\$26,125,000	Grey Forest Utilities	Underwriter
Buckeye Tobacco Settlement Financing Authority (OH)*	Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds	\$4,923,796,396	State Treasurer's Office	Underwriter
Buckeye Tobacco Settlement Financing Authority*	Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds (Federally Taxable)	\$428,400,000	State Treasurer's Office	Underwriter
City of Chicago Sales Tax Securitization Corporation	Second Lien Sales Tax Securitization Bonds, Series 2020A	\$521,105,000	City CFO's Office	Underwriter
City of Chicago Sales Tax Securitization Corporation	Second Lien Sales Tax Securitization Bonds, Taxable Series 2020B	\$495,810,000	City CFO's Office	Underwriter
City of Chicago Sales Tax Securitization Corporation	Sales Tax Securitization Bonds, Series 2018A	\$376,305,000	City CFO's Office	Underwriter
City of Chicago Sales Tax Securitization Corporation	Sales Tax Securitization Bonds, Taxable Series 2018B	\$303,975,000	City CFO's Office	Underwriter
Railsplitter Tobacco Settlement Authority (IL)**	Tobacco Settlement Revenue Bonds, Series 2017	\$670,965,000	State Treasurer's Office	Underwriter

* 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



LOUISIANA LOCAL GOVERNMENT ENVIRONMENTAL FACILITIES AND COMMUNITY DEVELOPMENT AUTHORITY **\$3,193,505,000 System Restoration Bonds, Series 2022A**

On Wednesday, May 11, 2022, Estrada Hinojosa participated in a \$3,193,505,000 Louisiana Local Government Environmental Facilities and Community Development Authority, System Restoration Bonds, Series 2022A deal as Financial Advisor to the Louisiana Public Service Commission. The issuance of the Series 2022A Bonds will finance the recoverable system restoration costs incurred to restore its facilities and service to customers following the damage caused by Hurricanes Laura, Delta, Zeta, and Ida and Winter Storm Uri and the re-establishment of the storm damage reserves. This deal was the largest municipal bond transaction in Louisiana history. The sale was accomplished notwithstanding very difficult and volatile financial markets. The overall weighted interest rate of 4.28% is approximately half of Entergy's Weighted Average Cost of Capital of 8.49%, which would have been the carrying charge to finance the storm costs via traditional utility financing. The total savings from securitization in nominal dollars are estimated at \$2.05 Billion.



RAILSPLITTER TOBACCO SETTLEMENT AUTHORITY **\$670,965,000 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 **\$5,352,196,396 Tobacco Settlement Asset-Backed Refunding Bonds, Series 2020 Senior Bonds**

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.



CITY OF CHICAGO – SALES TAX SECURITIZATION CORPORATION (STSC) **\$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.



Securitization Experience in Process



TEXAS NATURAL GAS SECURITIZATION FINANCE CORPORATION

\$3.4 billion (est) - Customer Rate Relief Bonds, Series 2022

On February 12, 2021, Texas Governor Greg Abbott declared a state of disaster for its counties in response to the unprecedented winter weather event that began in Texas the previous day (“Winter Storm Uri”). During Winter Storm Uri, natural gas supply could not keep up with significantly increased demand, resulting in gas utility local distribution companies (“LDCs”) incurring higher natural gas costs while continuing to provide the necessary gas to customers using the gas to heat homes and businesses. LDCs are authorized to directly pass-through gas costs to its customers without a markup.

To mitigate the effect of the extraordinarily high gas costs on customers, the Texas Legislature enacted House Bill 1520 which authorizes the securitization. The Railroad Commission of Texas (“RRC”) is the state agency with primary regulatory jurisdiction over the Texas oil and natural gas industry. Pursuant to HB 1520, the Texas Public Finance Authority (“TPFA”) and the RRC were directed to work together to issue customer rate-relief bonds, the proceeds of which would be provided to gas utilities to pay for the extraordinary cost of natural gas incurred during Winter Storm Uri. The Texas Natural Gas Securitization Finance Corporation (the “Issuer Entity” or the “Corporation”) was created as a special purpose, bankruptcy-remote issuing financing entity for the purpose of issuing Customer Rate Relief Bonds.

On February 8, 2022, the RRC adopted a Financing Order (the “Financing Order”) that requests the TPFA to direct the Corporation to issue Customer Rate Relief Bonds. Eight gas utilities pursued customer rate relief bond applications with the RRC, including Atmos Energy, Bluebonnet, CenterPoint, Corix, EPCOR, SiEnergy, TGS and UniGas (collectively the “Participating Gas Utilities” or “PGUs”). On March 30, 2022, the Commission delivered to the Authority and the Issuer a Notification of Final Regulatory Asset Amounts, setting forth the total regulatory asset amounts for each of the PGUs in an aggregate amount of approximately \$3.4 billion. The bonds are expected to price in the late summer of 2022.

Estrada Hinojosa was hired to provide Financial Advisory services to TPFA. Our role has included developing the customer rate relief charge model, reviewing and commenting on major transaction documents, managing selection of the underwriters and central servicer (via RFP and interviews) and coordinating efforts among the working group. In addition, Estrada Hinojosa is participating in the negotiations with rating agencies and makes periodic presentations to the TPFA Board.

Utility Experience

The Firm has significant experience with public power and other utilities, both as an underwriter and financial advisor. This experience includes working with 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 can 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 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**

74 electric and gas revenue bonds transactions totaling over \$19.3 billion in par value for CPS Energy (formerly City of San Antonio Public Service Board). These transactions have 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 ANTONIO WATER SYSTEM (SAWS) - VISTA RIDGE WATER PIPELINE PROJECT –

Since being selected as co-financial advisor for SAWS, Estrada Hinojosa has assisted them in 66 transactions totaling over \$7.6 billion ranging from new money issues to complex refundings such as the takeout of the District Special Project debt and assisting with the Vista Ridge project. Estrada Hinojosa recently helped SAWS 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 relies largely 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.

Map of Vista Ridge Water Project





Through a deliberative process, SAWS identified a second source of water, the Carrizo Aquifer, located north and east of Austin. Using a competitive P3 procurement, SAWS selected a private developer, the Vista Ridge Consortium (led by a U.S. base construction firm 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. SAWS recently passed a multi-year water rate increase to pay for pre-construction activities of the project, and the developer reached financial close, and water began flowing in April 2020.

Estrada Hinojosa’s efforts with SAWS during this engagement have been varied. When the process started in 2016, 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 also advised SAWS on modeling associated with rate increases and reviewing the developer’s plan of finance. The project 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, and where we think we can add value to the City.



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 Assured Guaranty.

Structuring. To achieve coverage at approximately 2.95x.

Market Conditions. The municipal bond market continued to rally with yields hovering over historic lows, with triple-A bond yields lower by 2 – 5 bps 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. The PUB 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)

Estimate of Costs

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.

Conflict of Interest

Estrada Hinojosa is not aware of any current or past employment which could possibly result in a conflict of interest.