



Presentation for School Finance Council– April 9, 2021

ESTRADA • HINOJOSA  
INVESTMENT BANKERS

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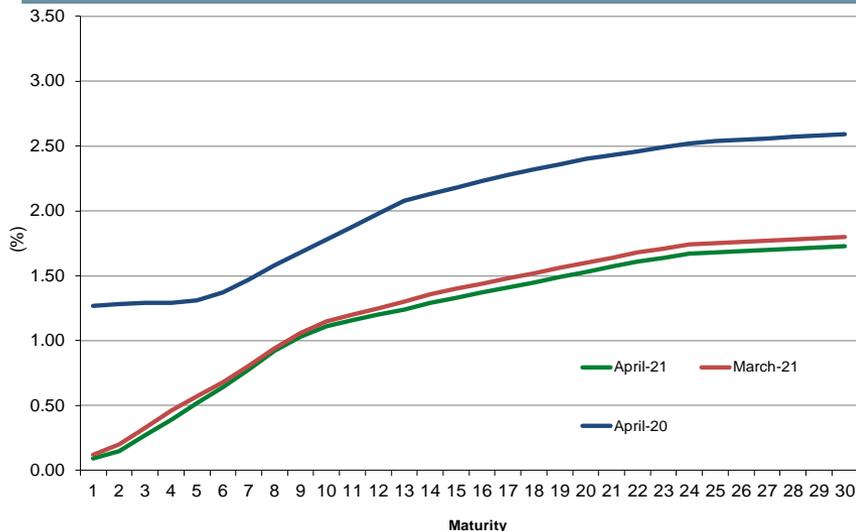
Member: FINRA & SIPC.

# Market Update

## • Commentary for the week of April 5<sup>th</sup>

- The Municipal bond market held firm last week, as AAA MMD yields remained little changed. Primary market issuance continues to be robust, volume is up year-over-year. Refinitiv Lipper reported \$161 million of inflows into muni bond funds. As of last Friday, the 10-year and 30-year AAA MMD yields stood at 1.11% and 1.73%, respectively.
- U.S. equities are rallying due to the ongoing optimism on the economic outlook. Recent economic data has been strong, such as the last week's better-than-expected U.S. jobs report. Last week, President Biden unveiled his \$2.3 trillion infrastructure package that is expected to be funded by raising the corporate tax rate to 28%. U.S. Treasury yields are lower on the shorter-end and a bit higher on the longer-end.
- The primary calendar is estimated to be \$10.0 billion and is comprised of \$7.2 billion in negotiated deals and \$2.8 billion in competitive sales. Texas municipal issuance is estimated to be \$1.17 billion this week. The Texas primary calendar is comprised of \$1.0 billion in negotiated financings and \$174.5 million in competitive sales.
- Estrada Hinojosa will participate in the following deals: a \$161.9 million Dallas Independent School District Unlimited Tax Refunding Bonds, Series 2021A issue and a \$440.4 million Dallas Independent School District Unlimited Tax Refunding Bonds, Taxable Series 2021B issue, both as Financial Advisor. A \$400.0 million Board of Regents of the University of Texas System Revenue Financing System Bonds, Series 2021A issue as Co-Managing Underwriter.

Municipal Market Data Yield Curve



Year	Maturity	MMD (%) 4/2/2021	Change Over Week	Change Over Month	Change Over Year
1	2022	0.09	0.00	-0.03	-1.18
2	2023	0.15	+0.01	-0.05	-1.13
3	2024	0.27	+0.01	-0.06	-1.02
4	2025	0.39	0.00	-0.07	-0.90
5	2026	0.52	+0.02	-0.05	-0.79
6	2027	0.64	+0.02	-0.04	-0.73
7	2028	0.78	+0.02	-0.03	-0.69
8	2029	0.92	+0.02	-0.02	-0.66
9	2030	1.03	0.00	-0.03	-0.65
10	2031	1.11	0.00	-0.04	-0.67
11	2032	1.16	0.00	-0.04	-0.72
12	2033	1.20	0.00	-0.05	-0.78
13	2034	1.24	-0.01	-0.06	-0.84
14	2035	1.29	-0.01	-0.07	-0.84
15	2036	1.33	-0.01	-0.07	-0.85
16	2037	1.37	-0.01	-0.07	-0.86
17	2038	1.41	-0.01	-0.07	-0.87
18	2039	1.45	-0.01	-0.07	-0.87
19	2040	1.49	-0.01	-0.07	-0.87
20	2041	1.53	-0.01	-0.07	-0.87
21	2042	1.57	-0.01	-0.07	-0.86
22	2043	1.61	-0.01	-0.07	-0.85
23	2044	1.64	-0.01	-0.07	-0.85
24	2045	1.67	-0.01	-0.07	-0.85
25	2046	1.68	-0.01	-0.07	-0.86
26	2047	1.69	-0.01	-0.07	-0.86
27	2048	1.70	-0.01	-0.07	-0.86
28	2049	1.71	-0.01	-0.07	-0.86
29	2050	1.72	-0.01	-0.07	-0.86
30	2051	1.73	-0.01	-0.07	-0.86

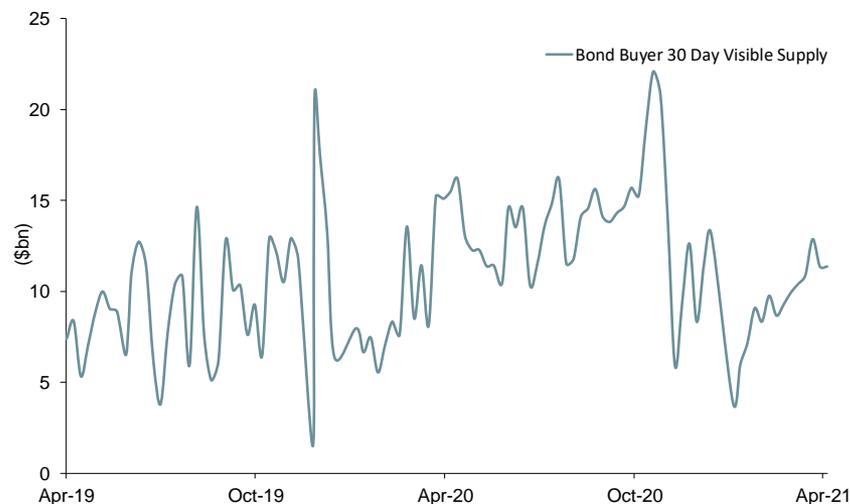
Source: \* Bond Buyer  
Municipal Market Data  
Thomson Reuters

# Market Supply

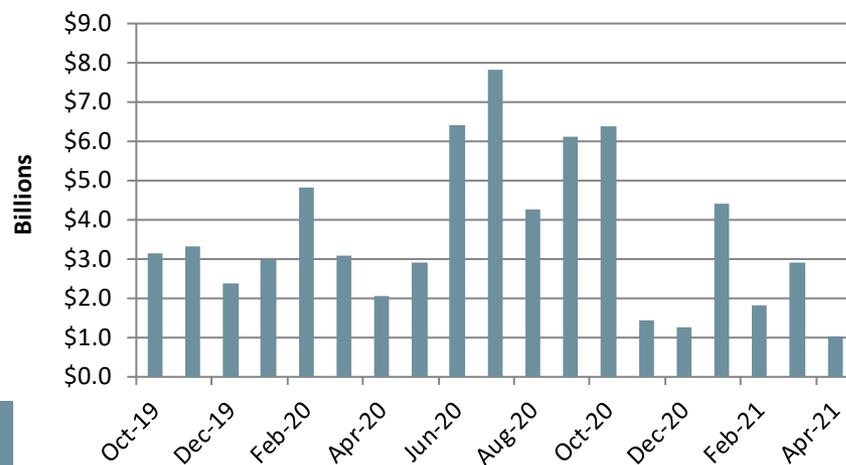
## Calendar Week of April 5<sup>th</sup>

Issue Description	Par Amount (\$000)	Ratings*			
		Moody's	S&P	Fitch	Insurance
Dallas Independent School District, TX - U/L Tax Ref Bds, Ser. 2021B Taxable	\$ 440,425	Aaa	AAA	AAA	PSF
Board of Regents of the University of Texas System, TX - Rev Ref Finance System Bds, Ser. 2021A	\$ 400,000	Aaa	AAA	AAA	-
Arlington Higher Education Finance Corp, TX - Education Rev Bds (Responsive Education Solutions), Ser. 2021A & Taxable Ser. 2021B	\$ 156,895	NR	AAA	NR	-
Midway Independent School District, TX - U/L Tax Ref Bds, Ser. 2021	\$ 12,550	Aaa	NR	NR	PSF
Kingsville Independent School District, TX - U/L Tax Ref Bds, Taxable Ser. 2021	\$ 9,570	Aaa	NR	NR	-
Tolar Independent School District, TX - U/L Tax Ref Bds, Taxable Ser. 2021	\$ 8,127	NR	AAA	NR	PSF
Crandall Independent School District, TX - U/L Tax Ref Bds, Ser. 2021A & Ser. 2021B	\$ 6,575	NR	AAA	NR	-
City of Keene, TX - GO Ref Bds, Ser. 2021B	\$ 1,645	NR	AA	NR	-
<b>Texas Top 8 Total Negotiated Supply</b>	<b>\$ 1,035,787</b>				
<b>Texas Total Negotiated Weekly Supply</b>	<b>\$ 1,035,787</b>				

## Bond Buyer 30-Day Visible Supply\*\*



## Texas Monthly Negotiated Issuance \*\*\*



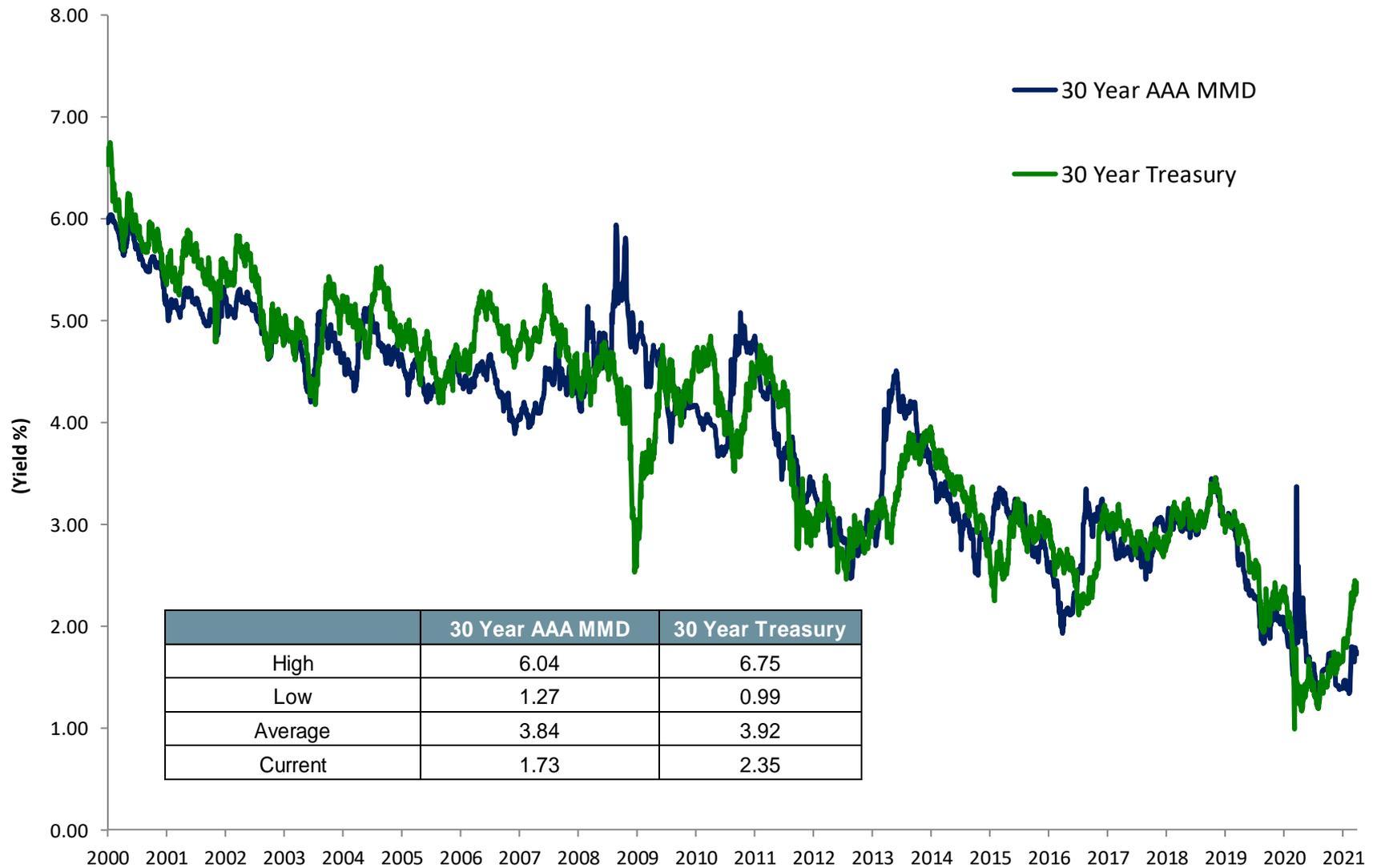
	2021	2020	2019
<b>Total Texas Issuance YTD (000s)</b>	<b>\$ 10,177,660</b>	<b>\$ 11,595,946</b>	<b>\$ 6,198,630</b>

\*Rating reflects underlying or insured rating, as appropriate

\*\*Source: The Bond Buyer

\*\*\*Source: Bloomberg

# 30 Year AAA MMD vs. 30 Year Treasury: Since 2000



Source: Thomson Reuters & Bloomberg

# Credit Ratings – S&P, Fitch & Moody's

	S&P	Fitch	Moody's	
High Grade	AAA	AAA	Aaa	
	AA+	AA+	Aa1	
	AA	AA	Aa2	
	AA-	AA-	Aa3	
Upper Medium Grade	A+	A+	A1	
	A	A	A2	
	A-	A-	A3	
Lower Medium Grade	BBB+	BBB+	Baa1	
	BBB	BBB	Baa2	
	BBB-	BBB-	Baa2	
				Investment Grade



## Top 25 TX Independent School District

2019 - 2020

### Comparable List by Average Daily Attendance\*

	Total Direct and Overlapping Debt	As % of T.A.V	19-20 M & O	19-20 I & S	Total Tax Rate	General Fund Actual Revenue	General Fund Balance	Fund Balance As % of Revenue	State Assistance	State Assistance as a % General Fund Revenue
Houston ISD	\$ 7,034,478,235	3.79%	0.9700	0.1667	1.1367	\$ 1,981,814,081	\$ 967,900,148	48.84%	218,933,263	11%
Dallas ISD	5,556,177,282	4.33%	1.0683	0.2420	1.3103	1,601,060,301	869,400,034	54.30%	185,828,936	12%
Cypress-Fairbanks ISD	5,626,896,801	9.71%	0.9555	0.4000	1.3555	964,231,670	517,854,311	53.71%	404,841,099	42%
Northside ISD	4,032,254,369	6.92%	0.9700	0.3355	1.3055	968,861,674	509,857,389	52.62%	361,259,221	37%
Katy ISD	4,236,617,932	10.18%	1.0531	0.3900	1.4431	823,863,325	295,443,119	35.86%	370,816,001	45%
Fort Bend ISD	4,144,440,344	9.81%	0.9900	0.2800	1.2700	710,578,779	241,210,762	33.95%	278,845,262	39%
Fort Worth ISD	1,469,794,282	3.63%	0.9900	0.2920	1.2820	783,396,986	205,978,944	26.29%	355,685,814	45%
Austin ISD	3,260,282,533	2.62%	1.0090	0.1130	1.1220	1,422,180,082	268,475,735	18.88%	58,076,608	4%
Frisco ISD	3,409,086,998	7.84%	1.0683	0.2700	1.3383	607,137,042	235,131,243	38.73%	123,619,347	20%
Conroe ISD	2,822,826,985	7.41%	0.9525	0.2600	1.2125	564,157,269	163,944,773	29.06%	181,583,895	32%
North East ISD	2,676,554,070	6.14%	0.9700	0.3200	1.2900	550,064,507	127,592,077	23.20%	129,098,820	23%
Aldine ISD	1,652,573,997	7.49%	1.0446	0.3025	1.3471	656,025,543	253,039,798	38.57%	420,737,974	64%
Arlington ISD	1,763,728,704	5.67%	0.9700	0.3287	1.2987	532,811,829	222,384,766	41.74%	213,820,485	40%
Garland ISD	855,869,401	4.01%	0.9700	0.4200	1.3900	508,711,667	267,485,471	52.58%	291,561,436	57%
Klein ISD	2,090,737,663	9.16%	0.9573	0.3800	1.3373	449,668,217	230,870,479	51.34%	220,691,394	49%
Plano ISD	1,743,756,545	2.98%	1.0684	0.2690	1.3374	663,848,916	266,663,598	40.17%	45,994,820	7%
Lewisville ISD	2,020,180,667	5.18%	0.9700	0.3675	1.3375	500,903,551	181,154,061	36.17%	66,818,828	13%
Round Rock ISD	2,007,956,961	5.15%	0.9700	0.2648	1.2348	437,920,024	217,216,403	49.60%	56,055,448	13%
El Paso ISD	1,845,135,418	11.00%	1.0684	0.2000	1.2684	543,161,622	163,113,208	30.03%	344,977,633	64%
Pasadena ISD	1,188,811,965	8.01%	1.0984	0.2800	1.3784	516,703,149	185,810,894	35.96%	329,778,635	64%
Socorro ISD	1,483,167,656	13.56%	0.9700	0.3990	1.3690	422,317,781	116,106,607	27.49%	310,163,273	73%
Humble ISD	1,518,087,684	8.91%	1.0341	0.3500	1.3841	441,586,362	72,145,623	16.34%	245,743,595	56%
San Antonio ISD	1,814,311,897	8.65%	1.0684	0.4626	1.5310	492,567,107	99,899,702	20.28%	266,871,363	54%
Killeen ISD	681,670,094	8.52%	0.9700	0.1911	1.1611	438,375,377	146,533,037	33.43%	294,872,497	67%
Leander ISD	1,900,601,776	7.05%	0.9700	0.4675	1.4375	357,984,122	190,473,477	53.21%	89,330,839	25%

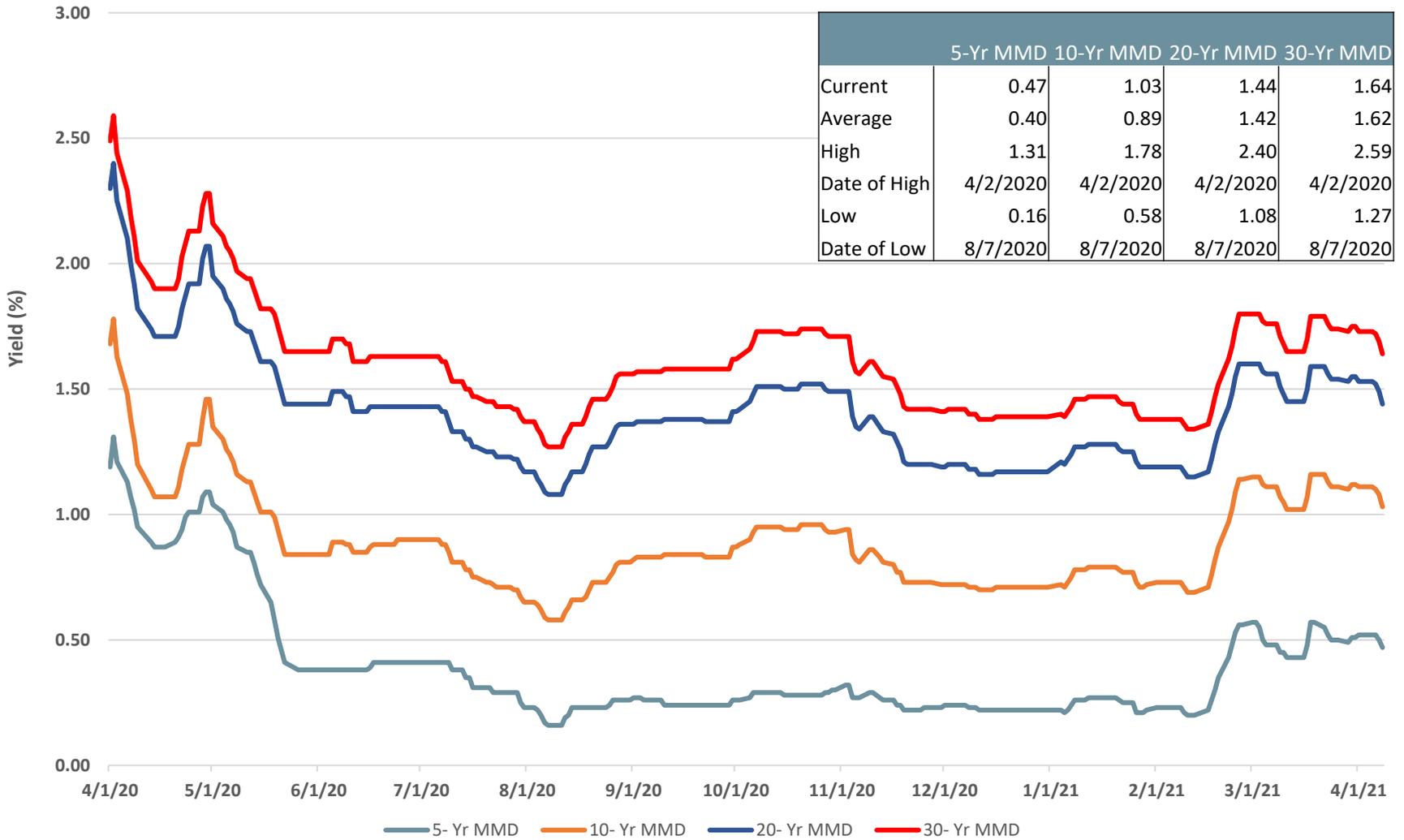
Ranking: 25 4 4 2 2 1 1 8 15 23

Source: Municipal Advisory Council - TMR Reports and Issuer's CAFR

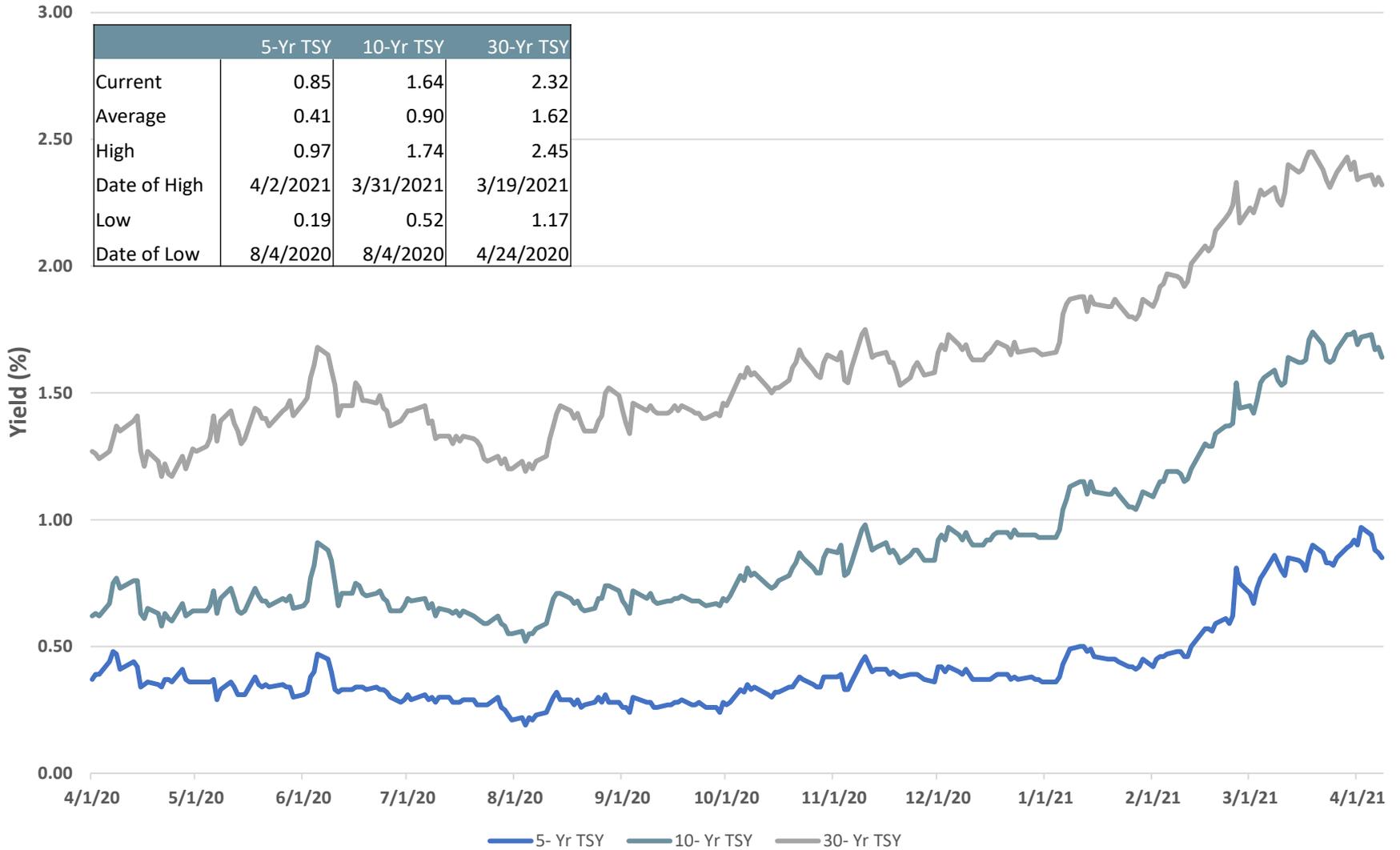
Texas Education Agency Report

\*Listed in descending order

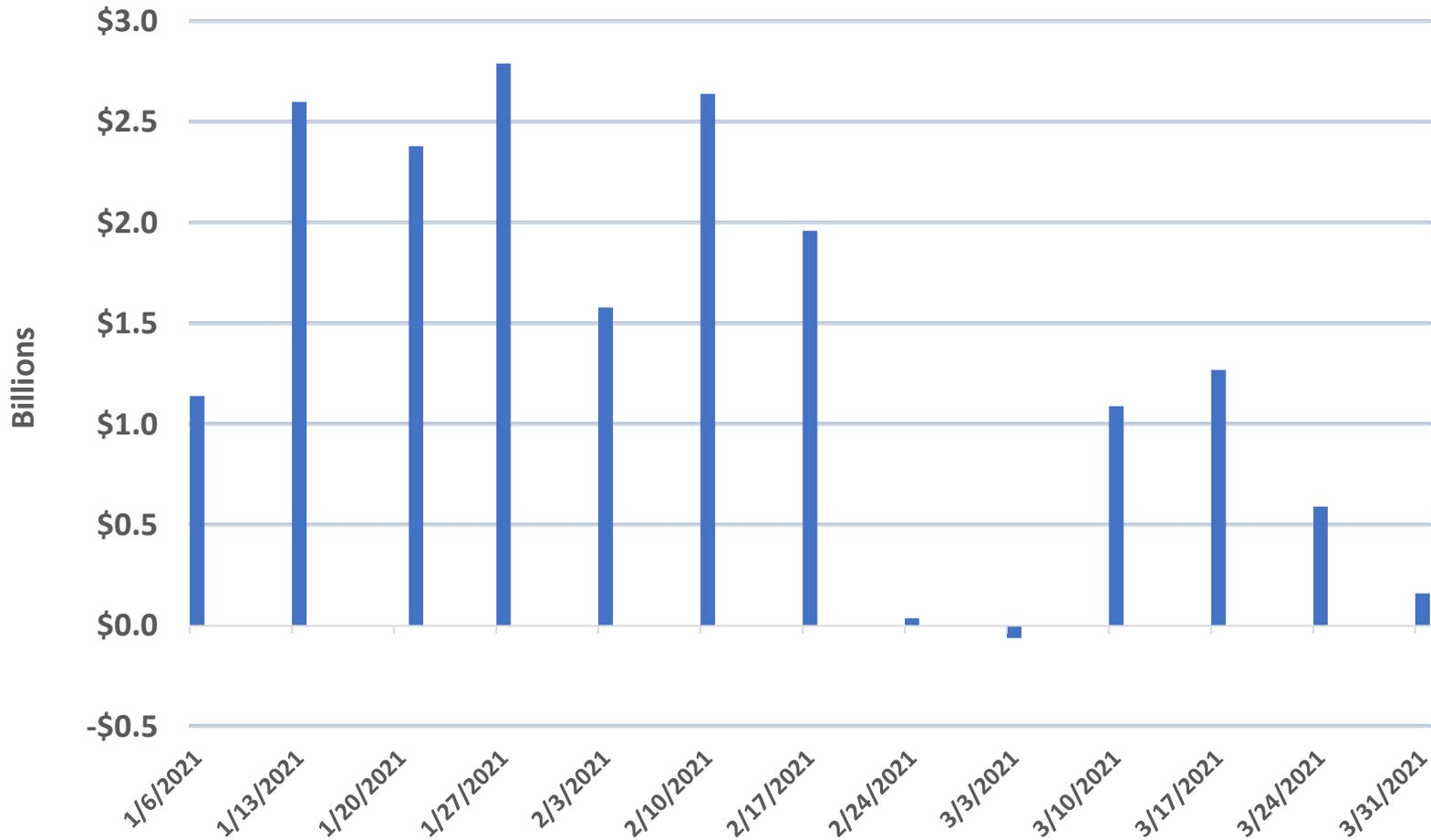
## 5-, 10-, 20- and 30-Yr AAA MMD April 1, 2020 - Present



## 5-, 10-, 30-Yr Treasury April 1, 2020 - Present



# Municipal Bond Fund Flows Year-to-Date



# Recent Final Pricing Results for Comparable ISD Transactions

Issuer: Issue: Par: Ratings (M/S/F): Call Date: Sale Date: Underwriter:	Willis Independent School District Unlimited Tax School Building Bonds, Series 2021 \$97,180,000 PSF/Aa3/NR/NR 2/15/2031 2/24/2021 Baird					Clear Creek Independent School District Unlimited Tax School Building Bonds, Series 2021 \$107,490,000 PSF/Aa2/NR/AA+ 2/15/2031 2/24/2021 Piper Sandler & Co.					Carrollton-Farmers Branch Independent School District Unlimited Tax School Building Bonds, Series 2021 \$213,465,000 PSF/Aa1/AA+/NR 2/15/2030 3/25/2021 Sieber Williams Shank & Co.						
Maturity (Feb. 15)	Par Amount (\$)	MMD	Coupon	Yield	Spread	Maturity (Feb. 15)	Par Amount (\$)	MMD	Coupon	Yield	Spread	Maturity (Feb. 15)	Par Amount (\$)	MMD	Coupon	Yield	Spread
2021						2021						2021					
2022						2022	1,370,000	0.10%	5.00%	0.13%	0.03%	2022	18,775,000	0.09%	5.00%	0.10%	0.01%
2023	650,000	0.16%	2.00%	0.26%	0.10%	2023	3,045,000	0.16%	4.00%	0.21%	0.05%	2023	25,405,000	0.14%	5.00%	0.16%	0.02%
2024	1,815,000	0.26%	2.00%	0.38%	0.12%	2024	3,185,000	0.26%	5.00%	0.33%	0.07%	2024	3,350,000	0.26%	2.00%	0.27%	0.01%
2025	1,905,000	0.38%	4.00%	0.53%	0.15%	2025	3,350,000	0.38%	5.00%	0.48%	0.10%	2025	3,470,000	0.39%	5.00%	0.44%	0.05%
2026	2,680,000	0.48%	4.00%	0.65%	0.17%	2026	3,525,000	0.48%	5.00%	0.60%	0.12%	2026	3,645,000	0.49%	5.00%	0.55%	0.06%
2027	2,740,000	0.58%	4.00%	0.76%	0.18%	2027	2,625,000	0.58%	5.00%	0.72%	0.14%	2027	3,835,000	0.61%	5.00%	0.71%	0.10%
2028	2,855,000	0.70%	4.00%	0.89%	0.19%	2028	2,750,000	0.70%	5.00%	0.88%	0.18%	2028	4,030,000	0.75%	5.00%	0.83%	0.08%
2029	2,700,000	0.82%	4.00%	1.02%	0.20%	2029	3,980,000	0.82%	5.00%	1.01%	0.19%	2029	4,235,000	0.89%	5.00%	1.01%	0.12%
2030	2,810,000	0.94%	4.00%	1.16%	0.22%	2030	4,185,000	0.94%	5.00%	1.14%	0.20%	2030	4,455,000	1.02%	5.00%	1.14%	0.12%
2031	2,625,000	1.02%	4.00%	1.26%	0.24%	2031	4,400,000	1.02%	5.00%	1.22%	0.20%	2031	4,685,000	1.10%	5.00%	1.22%	0.12%
2032	3,020,000	1.07%	3.00%	1.40%	0.33%	2032	4,600,000	1.07%	4.00%	1.29%	0.22%	2032	4,900,000	1.16%	4.00%	1.29%	0.13%
2033	3,110,000	1.12%	3.00%	1.47%	0.35%	2033	4,785,000	1.12%	4.00%	1.36%	0.24%	2033	5,100,000	1.20%	4.00%	1.33%	0.13%
2034	3,205,000	1.18%	3.00%	1.55%	0.37%	2034	7,355,000	1.18%	4.00%	1.43%	0.25%	2034	5,305,000	1.25%	4.00%	1.38%	0.13%
2035	3,300,000	1.24%	3.00%	1.61%	0.37%	2035	7,540,000	1.24%	3.00%	1.59%	0.35%	2035	5,525,000	1.30%	4.00%	1.44%	0.14%
2036	3,385,000	1.28%	2.00%	1.98%	0.70%	2036	7,730,000	1.28%	3.00%	1.63%	0.35%	2036	5,720,000	1.34%	3.00%	1.56%	0.22%
2037	3,455,000	1.32%	2.00%	2.02%	0.70%	2037	8,030,000	1.32%	3.00%	1.67%	0.35%	2037	5,895,000	1.38%	3.00%	1.63%	0.25%
2038	3,525,000	1.36%	2.00%	2.06%	0.70%	2038	8,230,000	1.36%	3.00%	1.71%	0.35%	2038	6,075,000	1.42%	3.00%	1.67%	0.25%
2039	3,595,000	1.40%	2.00%	2.10%	0.70%	2039	8,590,000	1.40%	3.00%	1.75%	0.35%	2039	6,260,000	1.46%	3.00%	1.70%	0.24%
2040	3,670,000	1.44%	2.00%	2.14%	0.70%	2040	8,935,000	1.44%	3.00%	1.79%	0.35%	2040	6,450,000	1.50%	3.00%	1.74%	0.24%
2041	3,740,000	1.48%	2.00%	2.18%	0.70%	2041	9,280,000	1.48%	3.00%	1.83%	0.35%	2041	6,645,000	1.54%	3.00%	1.77%	0.23%
2042						2042						2042	6,885,000	1.58%	4.00%	1.71%	0.13%
2043						2043						2043	7,165,000	1.62%	4.00%	1.75%	0.13%
2044						2044						2044	7,455,000	1.65%	4.00%	1.78%	0.13%
2045						2045						2045					
2046	20,010,000	1.62%	2.25%	2.32%	0.70%	2046						2046	15,555,000	1.69%	2.25%	2.29%	0.60%
2047						2047						2047					
2048						2048						2048					
2049						2049						2049					
2050						2050						2050					
2051	22,385,000	1.67%	2.25%	2.37%	0.70%	2051						2051	42,100,000	1.74%	2.25%	2.34%	0.60%

# Municipal Market Tracking – Laredo College Example

*Limited Tax Refunding Bonds, Taxable Series 2021 - \$56,171,802.30*

Estrada Hinojosa had been monitoring the market for a taxable refunding of outstanding bond issues for their client, Laredo College. The graphic below illustrates the recent market volatility between January-March 2021. The bond parameters order passed by the College’s Board of Trustees allowed for Estrada Hinojosa to execute the bond sale on March 10<sup>th</sup>.

## Market Monitoring History - Laredo College LTD Tax Refunding Bonds, Taxable Ser 2021

	1/7/2021	2/18/2021	3/5/2021	3/10/2021
NPV Savings (\$)	\$2,379,418	\$5,514,072	\$3,963,373	\$4,660,762
NPV Savings %	4.24%	9.82%	7.06%	8.30%
Gross Savings	\$2,790,169	\$6,268,688	\$4,230,378	\$5,654,963
True Interest Cost (TIC) %	2.44%	1.86%	2.22%	2.10%
Average Annual Savings	\$199,298	\$447,763	\$302,170	\$403,926

**FINAL- Sale Date**

# Municipal Market Tracking – Harlingen CISD Example

*Unlimited Tax Refunding Bonds, Series 2021 - \$6,120,000\* (Tax-Exempt)*

Estrada Hinojosa has been monitoring the market for a refunding of an outstanding series of bonds for another client, Harlingen CISD. The graphic below illustrates the recent market volatility since last September. This transaction will price later this month.

## Market Monitoring History - Harlingen CISD UL Tax Refunding Bonds, Ser 2021

	9/23/2020	1/4/2021	3/1/2021	3/10/2021
NPV Savings (\$)	\$894,393	\$938,106	\$762,774	\$917,631
NPV Savings %	14.61%	15.33%	12.46%	14.99%
Gross Savings	\$933,407	\$972,748	\$809,040	\$956,111
True Interest Cost (TIC) %	1.02%	0.91%	1.34%	0.95%
Average Annual	\$84,855	\$88,432	\$73,549	\$86,919

*\*Par amount preliminary, subject to change after pricing.*

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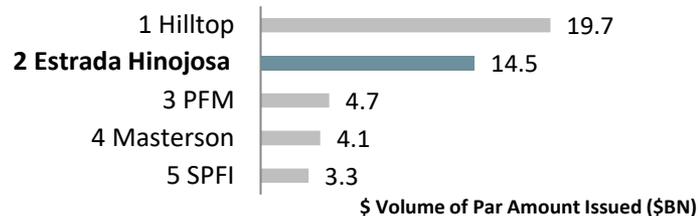
## Current Market

- Primary issuance in 2020 was \$474.05 billion, shattering the previous record of \$448.61 billion in 2017. Taxable deals, primarily advanced refundings, were a defining factor in the record issuance.
- Municipal market dynamics continue to be favorable for issuers, consistent weeks of inflows into muni bond funds and the ongoing supply/demand imbalance have helped the market stay firm.
- \$350 billion of President Biden's \$1.9 trillion American Rescue Plan is to be allocated to state and local governments which will benefit the municipal market.
- Credit spreads on both taxable and tax-exempt issues have tightened significantly over the past few months.
- Upward pressure on interest rates is expected as the U.S. economy continues to improve

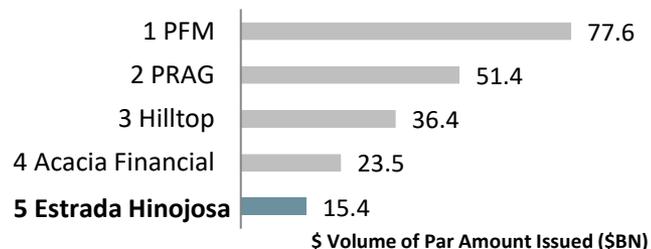
# Estrada Hinojosa is a Leader with a Growing National Footprint...

- **In 29 years, the Firm has completed:**
  - ✓ 6,147 transactions totaling \$564 billion.
  - ✓ #2 FA Firm in TX and #5 in the Nation.
- **In calendar year 2020, OUR BEST EVER the Firm completed:**
  - ✓ Financial Advisory 145 financings totaling \$17.9 billion
  - ✓ Negotiated Underwriting 97 financings totaling \$16.5 billion
  - ✓ Competitive Underwriting 124 financings totaling \$10.4 billion
  - ✓ 366 transactions totaling \$44.8 billion

## 2020 Texas Financial Advisory Rankings (Par Amount)



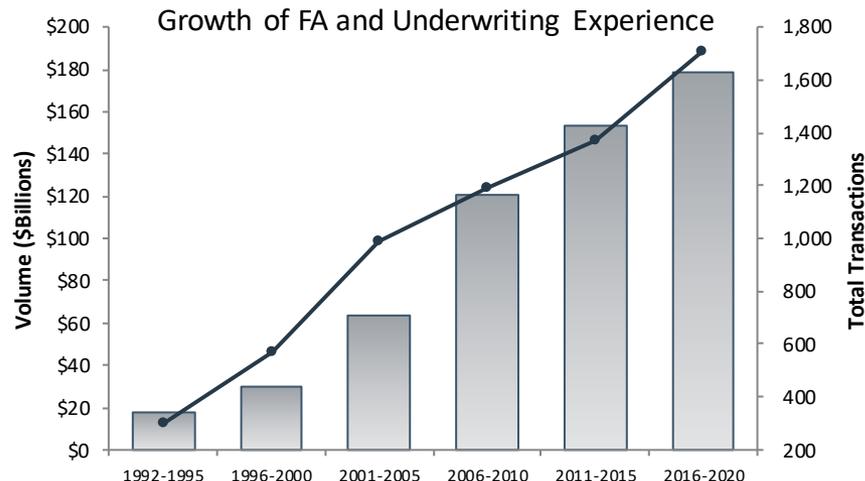
## 2020 U.S. Financial Advisory Rankings (Par Amount)



Map of Estrada Hinojosa Offices



## Estrada Hinojosa



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