

**MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS OF THE
TEXAS NATURAL GAS SECURITIZATION FINANCE CORPORATION**

December 2, 2021

The Board of Directors (the “Board”) of the Texas Natural Gas Securitization Finance Corporation (the “Corporation”) convened in open meeting, notice duly posted pursuant to law (a copy of which is attached hereto as Exhibit “A”) at 10:00 a.m., Thursday, December 2, 2021, in person at the William P. Clements Building, 300 W. 15th Street Suite 411, Austin, Texas.

Present were: Mr. Billy M. Atkinson, Jr., Presiding Officer; Mr. Jay A. Riskind, Member; Mr. Brendan Scher, Member.

In attendance from the staff of the Texas Public Finance Authority (the “TPFA”) were: Lee Deviney, Executive Director; John Hernandez, Deputy Director. Kevin Van Oort, General Counsel, participated via conference call.

Also in attendance were the following persons, representing the indicated entities: Paul Braden, Norton Rose Fulbright US LLP; Monty Humble; Hasan Mack and Greg Salinas, McCall Parkhurst & Horton L.L.P.; Rudy Mejia, Estrada Hinojosa & Co., Inc.

Mr. Atkinson called the meeting to order at 10:05 a.m.

1. Establishment of the Corporation

The certificate of formation of the Corporation, previously filed with the Secretary of State was presented to the Board.

ACTION: Motion by Mr. Riskind to accept filing of the corporate formation documents with the Secretary of State. Second by Mr. Scher.

The motion passed unanimously.

2. Corporate governance, including adoption of bylaws and appointment of officers

Mr. Atkinson indicated that he would entertain motions for corporate officers.

ACTION: Motion by Mr. Riskind to designate Mr. Atkinson as President, Mr. Riskind as Secretary and Mr. Scher and Vice-President. Second by Mr. Scher.

The motion passed unanimously.

Kevin Van Oort provided a summary of the proposed bylaws. Mr. Riskind asked if the proposed bylaws addressed the Board’s decision-making authority and/or process. Paul Braden explained that the Board is subject to the non-profit corporation act and that the Board has authority to make decisions not explicitly identified in the bylaws.

The Board directed staff to bring back an amended copy of the bylaws that clarified the Board's decision-making process and quorum rules.

Mr. Riskind noted that the purpose of the Corporation was not identified in the bylaws. Kevin Van Oort and Paul Braden advised the Board that the purpose of the Corporation is identified in the formation document, which governs over the bylaws.

Mr. Riskind stated the need for the Corporation to have an annual budget and for staff to prepare a sources and uses of funds for review and discussion at a future Board meeting.

Mr. Scher asked about the TPFA issuance of the proposed bond issue. Kevin Van Oort responded that HB1520 controls and Paul Braden said that the procedure for the issuance of bonds could be added to the Bylaws.

ACTION: Motion by Mr. Riskind to approve the bylaws, with the amended language as discussed. Second by Mr. Scher.

The motion passed unanimously.

3. Administration of Corporate Affairs.

Lee Deviney presented a list of functions that could be outsourced or provided by TPFA through an administrative services contract.

Mr. Atkinson indicated his desire that bookkeeping and financial reporting functions be done through the administrative services contract rather than outsourced to an accounting firm or other service provider.

ACTION: Motion by Mr. Riskind to direct staff to develop an administrative services contract for the Board to consider. Second by Mr. Scher.

The motion passed unanimously.

4. Corporation fiscal management

Mr. Deviney discussed the bond related and ongoing costs of the Corporation. Mr. Deviney indicated that staff could work with the financial advisor to prepare a flow of funds.

Mr. Deviney advised the Board that the Railroad Commission financing order would be submitted to the TPFA and TPFA would direct the Special Purpose Entity (SPE) to issue the bonds.

5. Appointment of certain service providers.

Mr. Deviney described the need for specific service providers to prepare for the bond transaction contemplated by H.B. 1520 and provided recommended the appointment of Norton Rose Fulbright as bond counsel, McCall Parkhurst & Horton as disclosure counsel and Estrada Hinojosa to serve as financial advisor for the transaction.

ACTION: Motion by Mr. Scher to appoint Norton Rose Fulbright as bond counsel. Second by Mr. Riskind.

The motion passed unanimously.

ACTION: Motion by Mr. Scher to appoint McCall Parkhurst & Horton as disclosure counsel. Second by Mr. Riskind.

The motion passed unanimously.

ACTION: Motion by Mr. Riskind to appoint Estrada Hinojosa as financial advisor. Second by Mr. Scher.

The motion passed unanimously.

ACTION: Motion by Mr. Riskind directing staff to negotiate the three aforementioned contracts with Mr. Riskind as Board designee, to review and negotiate the major terms of each of the above contracts to be brought back to the Board for consideration and approval. Second by Mr. Scher.

The motion passed unanimously.

6. Issuance of an RFP for Underwriting services.

Mr. Deviney said that staff recommends that the Board direct the financial advisor to issue requests for proposals (RFP's) for underwriting, trustee, paying agent and any other services after the Railroad Commission submits a financing order to the TPFA.

Discussion ensued relating to the potential appointment of corporate counsel and the role appropriate role of such counsel. Mr. Riskind expressed his desire that corporate counsel be separate from the bond counsel role. Mr. Riskind indicated that the Board, rather than staff, should initiate the selection of corporate counsel. Mr. Scher expressed his desire for staff to obtain a list of service providers from other states like Oklahoma.

ACTION: Motion by Mr. Riskind to have him work with staff on major contract negotiations, seconded by Mr. Sher.

The motion passed unanimously.

Mr. Atkinson directed staff to be mindful of costs when negotiating contracts.

Mr. Riskind asked that request for proposals respondents identify the scope of services firms propose in an engagement and asked for a list of current service providers.

Mr. Van Oort advised the Board that a bond resolution authorizing the issuance of the bonds would typically include the appointment of a bond trustee and a paying agent.

7. Status report on Railroad Commission actions relating to HB 1520

Mr. Van Oort indicate that the Railroad Commission had issued it phase-I order, relating to establishing the amounts of the regulatory assets and that TPFA staff have not seen a draft of the financing order. No action was taken on this item.

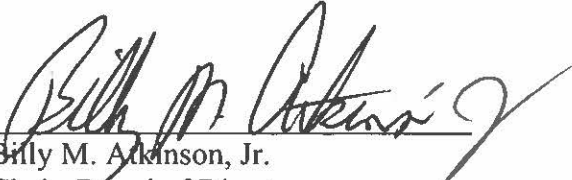
8. Preliminary matters related to the securitization bond transaction authorized by HB 1520, 87th Legislature, RS (2021)

Matters preliminary to the issuance of bonds as authorized by HB 1520 were discussed as indicated above in agenda items 5 and 6. No further action was taken on this item.

Mr. Deviney suggested that the Board meet again around the time as the next TPFA board meeting tentatively set for January 13, 2022.

Mr. Atkinson adjourned the meeting at 12:07 PM.

The foregoing minutes were approved and adopted by the Board of Directors on this 13th day of January 2022.



Billy M. Atkinson, Jr.
Chair, Board of Directors
Texas Natural Gas Securitization
Finance Corporation

ATTACHMENT: Posting Notice