

**MINUTES OF THE
MEETING OF THE BOARD OF DIRECTORS OF THE
TEXAS NATURAL GAS SECURITIZATION FINANCE CORPORATION
May 26, 2022**

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, May 26, 2022, at the William P. Clements, Jr. Building, 300 W. 15th Street, Room 411, Austin, Texas.

Present were Mr. Jay Riskind, Board Member; Lee Deviney, Executive Director; Kevin Van Oort, General Counsel; John Hernandez, Deputy Director; Pamela Scivicque, Director of Business Administration; John Barton, Senior Financial Analyst; Kelly Tappendorf, Financial Analyst; Monty Humble; and Mark Evert, Texas Railroad Commission.

Participating remotely were Mr. Billy M. Atkinson, Jr., Board Chair; Mr. Larry Holt, Board Member; Paul Jack, Estrada Hinojosa; Natalie Dubiel, Texas Railroad Commission; Hasan Mack, McCall, Parkhurst and Horton; Paul Braden, Norton Rose Fulbright; and Kevin Twining, Locke Lord.

Mr. Riskind called the meeting to order at 10:05 a.m. and noted the presence of a quorum.

Item 1. Corporate Governance

a. Approval of the minutes of May 6, 2022 (revised) and May 19, 2022

Mr. Riskind presented the revised minutes of the May 6, 2022 board meeting and the minutes of the May 19, 2022 board meeting.

Action: Motion by Mr. Atkinson to adopt the revised minutes of May 6, 2022, second by Mr. Holt. The motion passed unanimously.

Action: Motion by Mr. Atkinson to adopt the minutes of May 19, 2022, second by Mr. Holt. The motion passed unanimously.

b. Administrative Services Agreement

Mr. Twining advised the board that he is reviewing the Administrative Services Agreement and will provide for staff review before presenting it at a future meeting.

No Board action was taken on this item.

c. Administrative Services Agreement Estimated Budget

Mr. Deviney presented the updated budget to the Administrative Services Agreement and described the assumptions used to create the draft budget. The Board discussed the draft

assumptions and Mr. Deviney stated that revisions are anticipated as additional information becomes available.

No Board action was taken on this item.

d. Status of Bylaws

Mr. Atkinson asked Mr. Twining to review the Bylaws. Mr. Twining indicated that he was not aware of any required changes but asked board members to contact him regarding any proposed changes. Mr. Riskind requested the Bylaws be redistributed to board members for review. Mr. Humble mentioned that rating agencies may have comments to the Bylaws and that the board may consider waiting to adopt any Bylaw revisions pending rating agency review.

No Board action was taken on this item.

e. Secretary of State filings

Mr. Twining advised the Board that he would file a certificate of correction to the initial filing of the Certificate of Formation by providing the Secretary of State with a full-text signed copy of the Certificate. Mr. Twining noted that the additional filing would relate back to the original filing date and would not constitute an amendment to the original Certificate of Formation.

No Board action was taken on this item.

Item 2. Preliminary matters related to the securitization bond transaction authorized by HB 1520

a. Consideration and Selection of Verification Agent

Mr. Paul Jack provided an overview of the proposals received to provide verification agent services. Five firms were contacted and two responded. Mr. Deviney added that TPFAs staff has had previous experience with both firms who have provided verification agents on its refunding bonds. Based on experience, size, and being a CPA firm, Causey Demgen & Moore was recommended.

Mr. Mark Evarts was introduced to the Board representing the Texas Railroad Commission.

Mr. Riskind asked whether the verification agent would build their own financial model or whether they would use the model created by the working group. Mr. Jack mentioned that it is his understanding that the verification agent will develop their own true up calculation model to confirm the central servicer true up calculation. Mr. Jack described the central servicer duties and flow of data.

Mr. Braden stated that the verification agent duties would be added to the bond documents and the documents will outline the flow of information between the contracted parties and the Railroad Commission.

In response to a question from Mr. Riskind, Mr. Jack suggested that verification reports be provided to both the Central Servicer and to the Corporation.

Action: Motion by Mr. Riskind to appoint Causey Demgen & Moore as verification agent. Second by Larry Holt.

The motion passed unanimously.

b. Moody's Rating Application

Mr. Jack provided an update regarding Moody's engagement letter and stated that it is under review by Mr. Twining and Mr. Van Oort. When the engagement is executed, he anticipates the rating fees will be paid at or after closing.

No action was taken by the Board on this item.

c. Jefferies/Fitch term sheet

Mr. Jack provided an update regarding the Fitch rating process. He mentioned the filter process whereby Fitch will review the transaction to see if it fits in their evaluation criteria for rating the bonds, which is a pre-engagement process.

Mr. Deviney stated that Jefferies has prepared a term sheet for Fitch consideration, outside advisors have reviewed the term sheet and that TPFA staff would consult with Mr. Jack regarding TPFA staff questions and comments.

The board agreed to staff and financial advisor's plans to seek and execute credit rating engagements.

No action was taken by the Board on this item.

d. 17g-5 document room

Mr. Deviney conveyed the decision points regarding the 17g-5 data room. Mr. Van Oort described the requirements under the SEC rule and confirmed the responsibility to update the data belongs to the Corporation. Mr. Braden concurred.

The Board was advised that Jefferies has proposed a 17g-5 service provider which can be considered whether Jefferies engages the service provider with the Corporation being a third-party beneficiary or whether the Corporation contracts directly with a service provider. If the Jefferies recommended service provider is selected, one-time payment would be due at bond closing.

No action was taken by the Board on this item.

e. Railroad Commission approval of Central Servicer

Mr. Evart stated that he expects the Railroad Commission to provide the Corporation with written communication regarding the central servicer next week.

Ms. Dubiel said that the Railroad Commission was considering whether the selection of the central servicer would be material to the rating agency evaluation of the proposed bond sale. Mr. Jack responded that rating agencies will be interested in the structure of the central servicing function rather than the specific identity of the central servicer.

Mr. Riskind asked whether the central servicer will develop their own model or use the model created by the finance team and confirmed with Mr. Evart that the Railroad Commission would like to see the model. Mr. Jack said it was his impression that the finance team would work with the central servicer to edit the current finance model as needed.

No action was taken by the Board on this item.

f. PGU data collection for rating agencies

Mr. Jack mentioned that he and the rest of the financing team have been working on a consolidated list of data to request of the PGU's while first concentrating on high priority items. Mr. Mack mentioned that he anticipates receiving a response from the PGU's by June 9th. Mr. Deviney acknowledged the request for information.

Mr. Riskind asked Mr. Jack if the financial advisor would conduct stress tests independent of the stress tests conducted by the underwriters or rating agencies. Mr. Riskind expressed his interest in seeing the stress test and that it also be provided to the other Board members and added to the calendar for submission to the Board members.

Mr. Riskind asked if the model will be an attachment to the central servicer agreement and requested Railroad Commission sign-off on the model. Mr. Braden indicated that that could be accomplished in the bond documents.

No action was taken by the Board on this item.

g. Bond Document development

Mr. Braden mentioned that the central servicer and verification agent roles will need to be folded into the documents. Mr. Deviney commented that confirmation of the central servicer by the Railroad Commission is needed in order to continue development of the bond documents. Mr. Riskind requested access to the working copies of the bond documents. The Board was directed to the bond documents that are available for review on the Norton Rose Fulbright's SharePoint site.

No action was taken by the Board on this item.

h. Timeline of events

Mr. Deviney directed the Board to the Norton Rose Fulbright transaction timeline dated 5/9/22 and the Jefferies transaction timeline dated 5/25/22. Mr. Braden confirmed that Jefferies has taken over the task of updating the timeline and added the timeline for the rating process is aggressive as it assumes the shorter end of the projected rating agency timeline. It was agreed that the Jefferies timeline should be expanded to include issuer responsibility deliverables and details and that Estrada Hinojosa would take over responsibility for updating the calendar.

Mr. Atkinson reiterated that staff, counsel, and financial advisor have full authority to engage the rating agencies to pursue obtaining ratings on the SPE bonds.

No action was taken by the Board on this item.

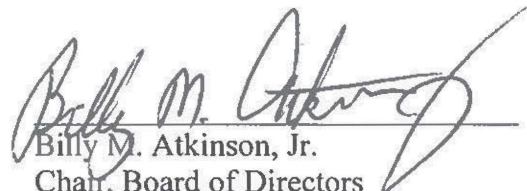
Item 3. Corporation fiscal management

No discussion or Board action taken was taken on this item.

The board decided that no meeting was necessary the week beginning May 30. Mr. Deviney stated that staff would prepare a written update report for the Board by Thursday June 2. The next Corporation meeting is expected to be held on June 8, 2022 at 2:00 p.m.

Mr. Riskind adjourned the meeting at 11:51 a.m.

The foregoing minutes were approved and adopted by the Board of Directors on this 8th day of June 2022.


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

ATTACHMENT: Posting Notice