

TEXAS MUNICIPAL GAS ACQUISITION AND SUPPLY CORPORATION II

Board of Directors' Minutes of Meeting Dated December 3, 2019

A meeting of the Board of Directors of Texas Municipal Gas Acquisition and Supply Corporation II ("*TexGas II*") was held at Celebrations by Bistro 108 in La Grange, Texas (the "*City*"), on Tuesday, December 3, 2019, at 5:00 p.m. The following Directors of TexGas II, constituting a quorum, were present and participated throughout the meeting:

Mary Voss, President
Glen Pape, Vice President & Assistant Secretary
Janet Moerbe, Secretary
Monette Taylor, Assistant Secretary

Also in attendance was Robert D. Murphy, Jr., Executive Director of TexGas II and President of Municipal Energy Resources Corporation ("*MERC*"). Additional MERC attendees included Rebecca Elmore, Michael Pinion, William deJong, Jim Smith, and Frank Wang. Rick Weber and Bryon Farnsworth from Norton Rose Fulbright were in attendance as well.

- 1. Call to Order.** The President declared that a quorum of the TexGas II Board of Directors was present and called the meeting to order.
- 2. Review and Approve Minutes.** Proposed minutes of the meeting of the Board of Directors held on December 5, 2018, of which copies had been delivered to all members of the Board of Directors prior to the meeting, were presented for approval.

Upon motion duly made, seconded, and unanimously carried, the Board of Directors resolved to **APPROVE** such minutes as presented.

- 3. Report of Executive Director.** Mr. Murphy began his presentation by discussing several Program update handouts related to: (1) sponsor fees benefiting the City of LaGrange; (2) the Program's unblemished collections record; (3) historic discounts provided to municipal buyers in the Program; and (4) MERC's ongoing activities relating to the protection, maintenance, and growth of the Program. He mentioned the Program has billed and collected in excess of \$3.7 billion from municipal utilities (with no late payments), and that the Program has provided savings to participating municipal utilities in excess of \$250 million. MERC continues its focus on compliance and regulations, municipal utilities' credits, and counterparty credits, and the Program continues to work as planned.
- 4. Notice of Board Member Reappointment.** Mr. Weber notified the Board that on November 12, 2019, City Council reappointed Janet Moerbe as director, with a term expiring August 15, 2026.

Upon motion duly made, seconded, and unanimously carried, the Board of Directors resolved to **ACKNOWLEDGE** the reappointment of Janet Moerbe.

5. Election of Officers. Mr. Weber explained that the bylaws state that, while the City Council appoints the Board members, the Board must elect officers at least every two years.

Upon motion duly made, seconded and unanimously carried, the Board of Directors resolved to **APPROVE** the reelection of each officer in his/her current position for another two years.

6. Approval of Audit. Mr. Murphy reviewed the high points of the 2018 audit, a copy of which had been previously delivered to the Board of Directors. He noted that TexGas II continued to maintain an unqualified opinion from Deloitte and Touche LLP (“Deloitte”).

Upon motion duly made, seconded and unanimously carried, the Board of Directors resolved to **APPROVE** the audit report as presented.

7. Engagement of Auditor. Mr. Murphy noted that Deloitte has conducted preliminary audit fieldwork for 2019 through August, and they will return in March to finalize the audit for the year ending December 31, 2019. He highlighted that Deloitte’s proposed fees for the 2019 audit are approximately 2% higher than the fees incurred for the 2018 audit. Absent contrary views, Mr. Weber asked that the Board ratify their engagement.

Upon motion duly made, seconded, and unanimously carried, the Board of Directors resolved to **AUTHORIZE** the engagement of audit duties by Deloitte and Touche LLP for the calendar year ending December 31, 2019, including the comparative analysis from the calendar year ending December 31, 2018.

THERE BEING NO FURTHER BUSINESS, upon motion duly made, seconded, and unanimously carried, the meeting was adjourned.

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Secretary