

Navarro County Electric Cooperative, Inc.

**Adoption and Approval of Winter Storm Uri Securitization Financing Order and
a Securitized Charge Recovery Factor Tariff
and
Authorization and Approval of Related Transaction Agreements and Actions**

August 29, 2022

WHEREAS, in May 2021, the Texas legislature enacted S.B. 1580, effective as of June 18, 2021 (the “**Financing Act**”), which authorizes electric cooperatives to recover certain extraordinary costs and expenses and other qualified costs incurred as a result of the abnormal weather events that occurred in Texas in the period beginning 12:00 am on February 12, 2021 and ending at 11:59 pm on February 20, 2021 (“**Winter Storm Uri**”) through the issuance of securitized bonds pursuant to a financing order adopted and issued by the board of directors of the electric cooperative;

WHEREAS, the Financing Act authorizes a group of electric cooperatives to act together to issue securitized bonds through a combined securitization transaction;

WHEREAS, Navarro County Electric Cooperative, Inc. (the “**Cooperative**”) is a member of Brazos Electric Power Cooperative, Inc. (“**Brazos**”), and certain staff of the Cooperative have recommended to the Board of Directors of the Cooperative that the Cooperative enter into a combined securitization transaction as described in the financing order attached to these resolutions as Attachment A (the “**Financing Order**”) with the other members of Brazos identified in the Financing Order (the “**Other Participating Members**”);

WHEREAS, as more particularly described in the Financing Order, under the combined securitization transaction, upon the effectiveness of the Financing Order:

(i) the Cooperative will create securitized property, which includes the right to impose the irrevocable, nonbypassable securitized charges on retail electric customers within the Cooperative’s certificated service area for payment of the securitized bonds, as set forth in the form of the Cooperative’s Securitized Charge Cost Recovery Factor tariff included as part of Exhibit F to the Financing Order (the “**SCRFF Tariff**”);

(ii) prior to the issuance of the securitized bonds, the Cooperative and each of the Other Participating Members will form and become members of the Holdco LLC (as defined in the Financing Order), enter into the Limited Liability Company Agreement of the Holdco LLC (the “**Holdco LLC Agreement**”) and make an equity contribution to the Holdco LLC in the amount set forth in the Holdco LLC Agreement;

(iii) the Holdco LLC will form and become the sole member of the Issuer (as defined in the Financing Order) and the Holdco LLC will make an equity contribution to the Issuer in the aggregate amount of equity contributions made by the Cooperative and the Other Participating Members in the Holdco LLC, and the Issuer will deposit such equity contribution with the indenture trustee for the securitized bonds as security for the securitized bonds;

(iv) the Cooperative will sell to the Issuer, pursuant to a Securitized Property Purchase and Sale Agreement with the Issuer (the “**Sale Agreement**”), the securitized property it created through the Financing Order in consideration of receiving a portion of the proceeds of the securitized bonds;

(v) the Cooperative, as the Issuer’s agent and servicer, pursuant to the terms of a Securitized Property Servicing Agreement with the Issuer (the “**Servicing Agreement**”), will bill and collect the nonbypassable securitized charges in accordance with the SCRF Tariff, the collections from which will be used by the Issuer to pay debt service on the securitized bonds and other expenses incurred by the Issuer in connection with the securitized bonds;

(vi) pursuant to the terms of the Financing Order and in accordance with the SCRF Tariff, based on information provided by the Cooperative regarding energy usage, delinquency, write-off and other factors used by the Cooperative to calculate its own charges, the nonbypassable securitized charges will be set and adjusted from time to time in accordance with calculations made by Brazos, acting as Master Servicer of the securitized property, on behalf of the Issuer, under the terms of a Master Servicing Agreement between the Issuer and Brazos (the “**Master Servicing Agreement**”); and

(vii) the securitized bonds will be sold to and marketed by one or more Initial Purchaser(s) (as defined in the Financing Order), pursuant to a Bond Purchase Agreement by and among the Issuer, the Cooperative, the Other Participating Members and the Initial Purchaser(s) (the “**Bond Purchase Agreement**”).

WHEREAS, upon receipt of proceeds from the sale of the securitized property, the Cooperative will use the proceeds to pay, pursuant to the terms of the Financing Act and the Financing Order, extraordinary costs and expenses associated with Winter Storm Uri, including without limitation amounts owed to Brazos in respect of certain charges resulting from Winter Storm Uri from the Electric Reliability Council of Texas to Brazos that Brazos passed on to the Cooperative, to fund other qualified costs, including without limitation costs related to the bond issuance, and to reimburse payments of extraordinary costs and expenses previously paid, all as more particularly set forth on Exhibit B to the Financing Order;

WHEREAS, the Board of Directors of the Cooperative, pursuant to Section 41.055 of the Texas Utilities Code, has jurisdiction over and acts as the regulatory authority in connection with the Cooperative’s business and operations;

NOW THEREFORE BE IT RESOLVED, that the Board of Directors of the Cooperative has determined in its judgment that it is desirable and in the best interests of the Cooperative and its members to adopt and approve the Financing Order, the SCRF Tariff, and all transactions related thereto; and

FURTHER RESOLVED, that the Board of Directors of the Cooperative hereby (i) adopts and approves the Financing Order, including without limitation the SCRF Tariff, to become effective in accordance with its terms, (ii) authorizes the General Manager and Chief Executive Officer of the Cooperative (the “**Authorized Officer**”) or such officer’s designee, to approve the final terms of, execute and deliver, for and on behalf of the Cooperative, the Holdco LLC Agreement, a Sale Agreement, a Servicing Agreement and the Bond Purchase Agreement, in accordance with the terms of the Financing Order, and (iii) authorizes the Cooperative to perform its obligations under the Holdco LLC Agreement, Sale Agreement, Servicing Agreement and Bond Purchase Agreement as so executed and delivered by the Authorized Officer or such officer’s designee, including without limitation the imposition of the nonbypassable securitized charges as set and adjusted from time to time by Brazos under the Master Servicing Agreement, and to take any and all additional actions as the Authorized Officer or such officer’s designee may determine are necessary or appropriate to accomplish the purposes of the Financing Order and the Financing Act as applicable to the Financing Order without the necessity of any further action by the Board of Directors of the Cooperative; and

FURTHER RESOLVED, that the Authorized Officer, or such officer’s designee, is hereby authorized to take any and all further action for and on behalf of the Cooperative, including without limitation approving disclosures made regarding the Cooperative in connection with the marketing of the securitized bonds and the timing of the marketing of the securitized bonds, executing and delivering any and all further agreements, instruments and documents, and making any necessary changes thereto, and causing the Cooperative to perform under all agreements and to pay all costs, expenses and fees on behalf of the Cooperative, that the Authorized Officer, or such officer’s designee, may deem necessary or appropriate in order to carry out fully the intent and accomplish the transactions contemplated by the foregoing resolutions, and that any and all such actions previously taken by such officer is hereby ratified, confirmed and approved; and

FURTHER RESOLVED, that notice of the adoption of the Financing Order be provided to the Cooperative’s members.

CERTIFICATE OF RESOLUTION

The undersigned hereby certifies as of the date set forth below that (i) the undersigned is the Secretary of Navarro Country Electric Cooperative, Inc. (“the Cooperative”), (ii) the foregoing is a full, true and correct copy of resolutions duly adopted by the Board of the Cooperative, at a meeting duly called, noticed and held, (iii) such resolutions have not been rescinded and remain in full force and effect, (iv) the Financing Order attached hereto as Attachment A is a full, true and

correct copy of the Financing Order adopted by the Board of the Cooperative, and (v) the Cooperative is validly existing and in good standing under the laws of the State of Texas.

IN WITNESS WHEREOF, the undersigned has executed this certificate and affixed the seal of the Cooperative as of August 29, 2022.



Name: George Smith

Title: Secretary

seal

ATTACHMENT A

Financing Order

See attached.