Board of Directors Meeting Agenda

Date: March 17, 2022

Time: 9:00 a.m.

Location: Virtual Meeting (online)

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AGENDA

SACRAMENTO MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS MEETING

Pursuant to Government Code section 54953(e) and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are currently conducted solely via virtual (online/teleconference) meeting to align with state, local, and federal guidelines for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:
http://smud.granicus.com/ViewPublisher.php?view_id=16

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by e-mailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. **Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.**

Members of the public may provide written public comments on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via e-mail. Comments may be submitted to PublicComment@smud.org and will be placed into the record of the meeting.

Members of the public that are listening to or watching the live stream of a Board meeting and wish to submit written comments on a specific agenda item as it is being heard may submit their comments, limited to 250 words or less, to PublicComment@smud.org, noting the agenda item number in the subject line. The Board President may read comments for items on the agenda into the record, in his discretion, based upon such factors as the length of the agenda or the number of e-mail comments received. General public comment for items not on the agenda will not be read into the record but will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

March 17, 2022 – 9:00 a.m.

Zoom Webinar Link: Join SMUD Board of Directors Meeting Here
Webinar/Meeting ID: 161 647 8203
Passcode: 252806
Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Call to Order.
a. Roll Call.

1. Approval of the Agenda.

2. Committee Chair Reports.

   a. Committee Chair report of March 8, 2022, Strategic Development Committee
   b. Committee Chair report of March 9, 2022, Policy Committee
   c. Committee Chair report of March 15, 2022, Finance and Audit Committee
   d. Committee Chair report of March 16, 2022, Energy Resources & Customer Services Committee

Item 6 was reviewed by the March 8, 2022, Strategic Development Committee. Item 7 was reviewed by the March 9, 2022, Policy Committee. Items 8 through 11 were reviewed by the March 15, 2022, Finance and Audit Committee. Item 12 was reviewed by the March 16, 2022, Energy Resources & Customer Services Committee.

Comments from the public are welcome when these agenda items are called.

Consent Calendar:

3. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of February 16, 2022, through March 15, 2022.

4. Approval of the minutes of the regular meeting of February 17, 2022.

5. Approval of the minutes of the special meeting of March 8, 2022.

6. Make findings pursuant to Government Code section 54953(e) to continue holding meetings virtually during proclaimed state of emergency (recurring item, every 30 days). **Strategic Development Committee 3/8. (Laura Lewis)**

7. Accept the monitoring report for **Strategic Direction SD-6, Safety Leadership**. **Policy Committee 3/9. (Frankie McDermott)**

8. Approve an increase to the aggregate contract not-to-exceed amount for civil construction services in downtown and other areas of Sacramento by $5 million, from $41.5 million to $46.5 million, for Contract No. 4600001313 with **Arrow Construction** and Contract No. 4600001312 with **Clark Bros., Inc.** **Finance and Audit Committee 3/15. (Frankie McDermott)**

9. Approve an increase to the aggregate contract not-to-exceed amount for civil construction services by $5 million, from $25.6 million to $30.6 million, for Contract No. 4600001250 with **Arrow Construction**, Contract No. 4600001251 with **Sierra National Construction, Inc.**, and Contract No. 4600001252 **Pacific Gold Marketing, Inc.** **Finance and Audit Committee 3/15. (Frankie McDermott)**

10. Approve Contract Change No. 3 to Contract No. CW2224258 with **Wilson Utility Construction Company** to increase the contract not-to-exceed amount by $869,551, from $17,021,365 to $17,890,916, to accelerate the construction schedule and add scope for **Station G Substation Project Phase II Electrical**. **Finance and Audit Committee 3/15. (Frankie McDermott)**

11. Authorize the Chief Executive Officer and General Manager to award contracts to **IEC Corporation**, **Black & Veatch Corporation**, and **Worley Group, Inc.** to provide Thermal Power Plant Engineering Services for the 10-year period from April 1, 2022, to March 30, 2032, for a total aggregate contract not-to-exceed amount of $10 million. **Finance and Audit Committee 3/15. (Lora Anguay)**

12. a. Authorize the Chief Executive Officer and General Manager (CEO/GM) to negotiate and execute a 10-year **Power Purchase Agreement (PPA)** consisting of two confirmations with **Geysers Power Company, LLC**, for 100 MW of geothermal energy, substantially in the form attached.

    b. Approve the **California Energy Commission (CEC) Emission Performance Standard (EPS)** compliance filing and authorize the CEO/GM to sign the compliance filing attestation.

    Energy Resources & Customer Services Committee 3/16. (Lora Anguay)

* * * * * * *

Public Comment:

13. Items not on the agenda.

Board and CEO Reports:

14. Directors' Reports.

15. President's Report.

16. CEO's Report.
    a. Board Video

Summary of Board Direction

* * * * * * *

Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In accordance with findings made by the Board pursuant to Government Code section 54953(e), these meetings will be held virtually (online).

March 15, 2022	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
March 16, 2022	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.

April 12, 2022	Strategic Development Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
April 13, 2022	Policy Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
April 19, 2022	Finance and Audit Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.
April 20, 2022	Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting	Virtual Meeting (online)	5:30 p.m.

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Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In accordance with findings made by the Board pursuant to Government Code section 54953(e), these meetings will be held virtually (online).

April 21, 2022	Virtual Meeting (online)	5:30 p.m.

Pursuant to Resolution No. 20-06-08 adopted on June 18, 2020, Emergency Board Meeting Procedures are in effect:

Members of the public may make either a general public comment or comment on a specific agenda item by submitting comments via email. Comments may be submitted to PublicComment@smud.org. Comments will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

Members of the public that are listening or watching the live stream of a Board meeting and wish to comment on a specific agenda item as it is being heard, may submit their comments, limited to 250 words or less, to PublicComment@smud.org. The Board President may read the comments into the record, in his discretion, based upon such factors as the length of the agenda, the number of email comments received, and whether the Board is in danger of losing a quorum. Comments will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this virtual meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.

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DRAFT

RESOLUTION NO. _____

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of February 16, 2022, through March 15, 2022.

DRAFT

Sacramento, California

February 17, 2022

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:31 p.m.

Roll Call:

Presiding: President Rose

Present: Directors Bui-Thompson, Fishman, Herber, Kerth, Tamayo, and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Vice President Sanborn shared the environmental tip.

President Rose called for approval of the agenda. Director Herber moved for approval of the agenda, Director Fishman seconded, and the agenda was unanimously approved.

Director Tamayo, Chair, presented the report on the Policy Committee meeting held on February 9, 2022.

Director Herber, Chair, presented the report on the Finance and Audit Committee meeting held on February 15, 2022.

Director Fishman, Chair, presented the report on the Energy Resources & Customer Services Committee meeting held on February 16, 2022.

Director Bui-Thompson, Chair, presented the report on the Strategic Development Committee meeting held on February 8, 2022.

President Rose then called for public comment for items on the agenda, but none were forthcoming.

President Rose then addressed the consent calendar consisting of Items 3 through 7. Director Tamayo moved for approval of the consent calendar, Vice President Sanborn seconded, and Resolution Nos. 22-02-01 and 22-02-04 were unanimously approved.

RESOLUTION NO. 22-02-01

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of January 16, 2022, through February 15, 2022.

Approved: February 17, 2022

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

RESOLUTION NO. 22-02-02

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-2, Competitive Rates**, substantially in the form set forth in **Attachment A** hereto and made a part hereof.

Approved: February 17, 2022

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

Attachment A
to Resolution No. 22-02-02

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** February 1, 2022

FROM: Claire Rogers CR 2/1/22

SUBJECT: **Audit Report No. 28007420**
Board Monitoring Report; SD-02: Competitive Rates

Audit and Quality Services (AQS) received the SD-02 Competitive Rates 2021 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2021
SD-2, Competitive Rates

1. Background

Strategic Direction 2, Competitive Rates states that:

Maintaining competitive rates is a core value of SMUD.

Therefore:

a) The Board establishes a rate target of 18 percent below Pacific Gas & Electric Company's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10 percent below PG&E's published rates for each customer class.

b) SMUD's rates shall be competitive with other local utilities on a system average basis.

c) In addition, SMUD's rates shall be designed to balance and achieve the following goals:

- i) Reflect the cost of energy when it is used or exported to the SMUD grid;
- ii) Reduce consumption during periods of high system demand;
- iii) Encourage energy efficiency, conservation and carbon reduction;
- iv) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications);
- v) Minimize the rate of change in the transition from one rate design to another;
- vi) Provide customers flexibility and choices;
- vii) Be as simple and easy to understand as possible;
- viii) Address the needs of people with low incomes and severe medical conditions; and
- ix) Equitably allocate costs across and within customer classes.

2. Executive summary

a) SMUD is in compliance with SD-2, Competitive Rates.

As of December 31, 2021, SMUD's rates remain among the lowest in the state and on a system average rate basis are 37.0% below Pacific Gas & Electric (PG&E) Company's, which is better than the SD-2 target of at least 18% below on a system average rate basis. Residential average rates are at least 34.0% below PG&E's residential average rates. See Figure 1 for details.

There were two rate increases to SMUD's rates in 2021. Rates for all customers were increased by 2.5% on January 1, 2021 and 2% on October 1, 2021, as adopted by the Board on June 24, 2019. The overall rate advantage between SMUD and PG&E remains well above the SD-2 target of at least 18% on a system average basis.

Metric	2021 performance	2020 performance	5 year average
System average rates 18% below PG&E rates	37.0% below PG&E on a system average rate basis	35.7% below PG&E on a system average rate basis	34.9% below PG&E on a system average rate basis

2021 included several rate developments that balance the SD-2 requirements and help SMUD meet it's 2030 Zero Carbon Goals, including Board approval of the new Solar and Storage Rate (SSR), commercial rate restructure implementation and an optional residential Critical Peak Pricing (CPP) rate. In addition, SMUD will implement storage incentives, a Virtual Power Plant program, and a Virtual Solar program for underserved communities.

The COVID-19 pandemic continued to impact the overall residential and commercial energy use for SMUD customers, with many residential customers continuing to work from home at least part time. Some commercial customers continue to have reduced consumption, while others have returned to pre-Covid levels. SMUD continues to support customers and provide options for managing bills, including securing $41 million to be applied to unpaid bills.

The Time-of-Day (TOD) rate continues to encourage customers to shift load out of the 5 p.m. to 8 p.m. Peak time period and offers lower rates during the morning for those customers that are using more power during the day due to working from home. The commercial rate restructure approved by the Board in 2019 began implementation in October 2021, with the transition expected to be complete in the first quarter of 2022.

3) Additional supporting information

a) The Board establishes a rate target of 18% below PG&E's published rates on a system average basis. In addition, the Board establishes a rate target of at least 10% below PG&E's published rates for each customer class.

SMUD continues to maintain average rates that are lower than PG&E's, both at a system level and by rate class. Figure 1 provides a detailed picture of the difference between SMUD's and PG&E's projected average rates by rate class in 2021 as well as the difference between rates in 2020.

Figure 1 – Summary of SMUD and PG&E Rate Comparison in $/kWh

Customer		Rate Categories		Average Annual Rate		Difference	Difference
				PG&E	SMUD	Below PG&E*	Below PG&E*
Class	Description	PG&E	SMUD	2021	2021	2021	2020
Residential	Standard	E-1	R-TOD	$0.2859	$0.1700	-40.5%	-37.5%
	Low Income	CARE***	EAPR & EAPRMED**	$0.1792	$0.1183	-34.0%	-28.8%
All Residential				**$0.2483**	***$0.1605***	*-35.4%*	-31.0%
Small Commercial****	<= 20 kW	B-1	GFN/GSN_T	$0.2804	$0.1659	-40.8%	-41.8%
	21 - 299 kW	B-6	GSS_T	$0.2614	$0.1534	-41.3%	-43.3%
Medium Commercial****	300 - 499 kW	B-10	TOU-3	$0.2439	$0.1421	-41.7%	-43.6%
	500 - 999 kW	B-19	TOU-2	$0.2102	$0.1328	-36.8%	-39.4%
Large Commercial****	=> 1 MW	B-20	TOU-1	$0.1602	$0.1097	-31.5%	-35.8%
Lighting	Traffic Signals	TC-1	TS	$0.2643	$0.1312	-50.4%	-51.9%
	Street Lighting	various	SLS,NLGT	$0.3031	$0.1590	-47.5%	-51.2%
Agriculture	Ag & Pumping	AG	ASN/D,AON/D	$0.2521	$0.1463	-41.9%	-44.8%
System Average				***$0.2336***	***$0.1472***	*-37.0%*	-35.7%

Notes:

* Projected 2021 average prices for SMUD with rates effective 01-01-21 and 10-01-21. PG&E average prices in 2021 reflect rates effective 12/01/21, per Advice Letter 6415-E. The rate difference in year 2020 reflects PG&E average rates as of 10/1/20, per Advice Letter 5958-E dated 9/21/20, and SMUD rates effective 01-01-20 and 10-01-20.

** CARE vs EAPR includes EAPR & EAPRMED customers.

*** There is no indication from PG&E that their CARE rates include customers who have a medical allowance only.

**** Commercial rates include WAPA credits.

As seen in Figure 1, the rate competitiveness by class varies for the different customer classes and is at least 31.5% below comparable PG&E class average rates. Since the creation of this annual monitoring report in 2007, SMUD has consistently maintained rates that were more than 18% below PG&E. See Appendix A for more details.

b) SMUD's rates shall be competitive with other local utilities on a system average basis.

SMUD's system average rate is competitive with other local utilities as shown in detail in Appendix B.

c) Reflect the cost of energy when it is used or exported to the SMUD grid

SMUD's TOD and restructured commercial rates are designed to more closely reflect the cost of energy when it is used, with prices highest during the Peak time periods when the cost of energy is highest. In September 2021, the Board approved the new Solar and Storage Rate (SSR), which will go into effect March 1, 2022. SSR compensates energy sent to SMUD's grid at the value of solar rate of 7.4 cents per kWh, as supported in the 2020 value of solar + storage study.

d) Reduce consumption during periods of high system demand

Both the residential and commercial TOD rates send signals to customers to reduce their on-peak usage. The Peak time for residential customers is 5 p.m. to 8 p.m. while the Peak time for commercial customers under the restructured rates is 4 p.m. to 9 p.m. These Peak time periods reflect the highest $/kWh to encourage customers to shift their energy usage outside of the Peak time period to reduce system load and help with carbon reduction goals.

In September 2021, the Board approved an optional residential CPP rate, which charges a premium on energy delivered during those few critical times during the summer with highest demand, which is expected to reduce energy consumption and carbon emissions when the grid is most stressed. Additionally, customers on the CPP rate will receive a discount on energy delivered during the summer Off-Peak and Mid-Peak time periods, encouraging them to shift their energy use to times when the grid is less stressed and clean energy is abundant.

e) Encourage energy efficiency, conservation, and carbon reduction

SMUD continues to encourage energy efficiency, conservation and carbon reduction through the residential and non-residential TOD rates and a variety of programs, such as incentives to install storage, and offering rebates for energy-efficient appliances and heating and cooling systems and energy-efficient LED lighting. TOD rates encourage customers to shift energy use from peak times when energy is more costly and is produced by a larger portion of carbon-emitting generation plants to off-peak times, when there is often excess carbon-free solar generation on our system. By shifting usage to times when non-carbon emitting resources are plentiful, customers not only save money, they also contribute to reducing carbon emissions and help SMUD achieve our carbon reduction goals. The residential and restructured commercial TOD rates were designed to be revenue neutral, so customers can save money if they shift or reduce their usage from peak hours. More detailed information about rebates and savings tips can be found on smud.org.

f) Encourage cost effective and environmentally beneficial Distributed Energy Resources (DERs) (examples of DERs include but are not limited to rooftop solar, battery storage, and energy reduction applications)

SSR was designed to work with a series of programs and incentives to help SMUD reach it's 2030 Zero Carbon Plan. SMUD will be offering storage incentives to encourage customers to invest in storage, which could enable the customer to gain additional value from their investment. In addition to the storage incentives, the CPP rate will provide customers with solar and storage even more of an opportunity to increase the value of their system, by providing a significantly larger incentive to send power to the grid during critical events. The CPP rate will also encourage customers to adopt smart

thermostats, as they may be able to save money on the CPP rate if they use the thermostats to adjust their energy usage.

Customers that live in multi-family housing in historically underserved communities will be able to receive the benefits of solar through the Virtual Solar program**.** In the Virtual Solar program, the building owner may install solar and the benefits of that solar will be allocated to the residents, providing an avenue for customers to adopt solar even though they do not own their own home.

g) Minimize the rate of change in the transition from one rate design to another

SMUD follows this principle through gradualism and balance between rate implementation and customer satisfaction when making rate structure changes in combination with rate increases. For example, the commercial rate restructure will be phased in over an 8-year period in order to mitigate bill impacts. Likewise, the approved rate transition to the EAPR program was phased in over three years to minimize bill impacts to our low-income customers. Additionally, the implementation of the SSR rate was shifted from January to March 2022 to allow customers more time to adjust to the new rate. SSR was designed to minimize future transitions if the compensation rate adjusts – it will be adjusted every 4 years, and the adjustment is capped.

h) Provide customers flexibility and choices

SMUD provides flexibility and rate options to its customers. Residential customers may select custom due dates, budget billing, and net energy metering customers can choose between monthly or annual settlement options. Residential customers are placed on TOD, but they may select the fixed rate or the CPP rate, which will be available June 2022. All customers may make online payments and set up billing alerts. In addition, qualified commercial customers moving to SMUD's service area may choose between two different Economic Development Rate discount structures, selecting the option that best suits their needs. In the summer of 2022, SMUD will be testing a pilot commercial electric vehicle (EV) rate; the intent is to learn from the pilot and eventually develop a permanent optional EV rate to encourage EV adoption to support the 2030 Zero Carbon Plan goals.

Starting in 2022, SMUD will be offering three levels of incentives for customers to install storage. The amount of the incentives increase depending on which programs the customers decide to participate in. The smallest incentive is for customers that do not wish to participate in a program, the next highest for customers that want to participate in the CPP rate, and the highest incentive for customers that want to participate in the Virtual Power Plant program.

In an effort to better serve our customers during the COVID-19 pandemic, SMUD temporarily suspended disconnections and late fees for nonpayment. SMUD staff is working with customers to make arrangements to pay their bills through a variety of payment options and assistance programs.

i) Be as simple and easy to understand as possible

SMUD works to make sure its many programs and rates are simple and easy to understand. For example, staff designed the TOD rate and restructured commercial rates to balance simplicity while still reflecting the cost of energy when it is used. Significant ongoing customer outreach will assist customers in understanding the new rate designs. Another example is the approach staff used to develop the new Virtual Solar Program for underserved communities. The program is very simple and easy to manage compared to the very complex billing mechanics from the prior Virtual Net Energy Metering programs.

j) Address the needs of people with low incomes and severe medical conditions

SMUD continues to address the needs of people with low incomes and severe medical conditions. The restructured EAPR program has improved the assistance that we offer to our customers most in need by basing assistance on federal poverty level.

In an effort to better serve our customers during the COVID-19 pandemic, SMUD temporarily suspended disconnections and late fees for nonpayment. Late fees are expected to resume February 2022 and disconnections are expected to resume March 2022. SMUD staff is working with customers to make arrangements to pay their bills through a variety of payment options and assistance programs. SMUD secured $41M in California Arrearage Payment Program (CAPP) funding that was applied to customers' unpaid bills in November, to support customers amid the ongoing challenges of COVID-19 pandemic. Additionally, and as described earlier, SMUD will be offering a new Virtual Solar Program for underserved communities.

k) Equitably allocate costs across and within customer classes

To ensure costs are equitably allocated across and within customer classes, staff updates SMUD's marginal cost study and performs rate costing studies and value of solar studies prior to recommending rate structure changes, such as with TOD, the commercial rate restructure and the Solar and Storage Rate (SSR).

4) Challenges

Rate Pressures

While SMUD has been able to keep rates low, SMUD does face cost pressures going forward from both known and unknown drivers. Despite these cost pressures, SMUD's goal is to keep rate increases at or below the rate of inflation through 2030. Examples of known cost drivers include:

1. Wildfire mitigation, including the increased cost of wildfire insurance and additional vegetation management,
2. Increased costs for SMUD labor and benefits, as well as costs for materials, goods and services,
3. New and enhanced technology solutions to support cyber security, customer experience, and distributed energy resources

SMUD also must be prepared to weather unknown cost drivers. Examples of these drivers include the costs related to the COVID-19 pandemic, additional requirements stemming from new legislation in response to the wildfires in recent years, or potentially new mandates to achieve California environmental goals.

5) Recommendation

It is recommended that the Board accept the Monitoring Report for SD 2, Competitive Rates.

Appendices

Appendix A: Historical Rate Comparison with PG&E

Figure 2 compares SMUD and PG&E's system average rates for the past 10 years. SMUD's system average rates have averaged 31.3% below PG&E's since 2012.

Figure 2 – SMUD and PG&E Historical System Average Rate Comparison

Appendix B: Local Utility Rates

- Modesto Irrigation District (MID): MID has not had a rate increase since 2012. Their Environmental Energy Adjustment is currently $0.0079/kWh. MID recently adopted a pilot residential TOU rate for Electric Vehicle customers which has a fixed charge of $30.00 per month as well as three time periods summer and two for winter that differ in price by season. MID also instituted a grid access charge for NEM customers who install above 1 MW of solar capacity.

  MID is currently in rate litigation. A class action lawsuit challenging MID's electric rates, Hobbs v. Modesto Irrigation District filed in March 2016, alleges that MID uses funds collected from electric customers to subsidize its water operations and, as a result, amounts collected and applied for electric service exceed the costs to MID of providing that service and constitute a tax on its electric customers requiring voter approval under Proposition 26, and seeks refunds of the alleged illegal taxes. MID disagrees with the plaintiffs' contention that costs of its water operations are funded from electric rates and is vigorously defending the Hobbs action.

- Turlock Irrigation District (TID): TID has not had a rate increase since 2015 and there is no plan to modify rates in 2021. TID does have a pass-through charge that adjusts with costs, outside of any rate increases.

- Roseville Electric: Roseville Electric approved a 2.6% rate increase effective January 1, 2022 and another 2.8% rate increase effective January 1, 2023. Roseville has pass-through charges that adjusts with costs, outside of any rate increases. Their Hydroelectric Adjustment charge will be in effect from September 2021 through June 2022 at a rate of $0.00507/kWh.

- Lodi Electric: Lodi did not change their base rates in 2021 and they do not have any changes forecasted for 2022. Lodi has a monthly energy cost adjustment that adjusts as power costs increase or decrease. The range of the energy cost adjustment for 2021 was -$0.0158/kWh to $0.0503/kWh.

- Los Angeles Department of Water and Power (LADWP). LADWP did not have a rate increase in fiscal year 2020-2021 or 2021-2022. LADWP does have a pass-through charge that adjusts with costs, outside of any rate increases.

While may of SMUD's neighboring utilities have not raised rates recently, SMUD's system average rate is still competitive, as shown in Figure 3. Figure 3 uses data from the U.S. Energy Information Administration and 2020 is the most recent data available.

Figure 3 – 2020 Utility System Average Rate Comparison

Including pass-through mechanisms in rates is a common utility practice, allowing utilities to collect enough revenue to cover their costs without having to increase rates in a formal rate proceeding. SMUD has the Hydro Generation Adjustment, which allows for a small additional charge on customer bills in the event of less than median precipitation. Figure 4 details the pass-through mechanisms some of SMUD's neighboring utilities have as part of their rate structures.

Figure 4 – Utility Pass-through Mechanisms

Utility	Pass through
SMUD	Hydroelectric Generation Adjustment
Modesto Irrigation District	Capital Infrastructure Adjustment
	Environmental Energy Adjustment
Turlock Irrigation District	Power Supply Adjustment
	Environmental Charge
	Public Benefits Surcharge
Roseville Electric	Renewable Energy Surcharge
	Greenhouse Gas Surcharge
	Hydroelectric Adjustment
Lodi Electric	Energy Cost Adjustment
LADWP*	Energy Cost Adjustment
	Electric Subsidy Adjustment
	Reliability Cost Adjustment

* LADWP has other adjustments to reflect approved rate increase

Including a fixed charge amount on residential customers bills is also a common utility practice. The fixed charge allows for revenue collection for fixed assets that do not vary with electricity consumption. Figure 5 below outlines the fixed charge amount of SMUD's neighboring utilities.

Figure 5 – Monthly Fixed Charge Amount

* Roseville Electric's customer charge will increase to $28 in 2022 and $30 in 2023.

** LADWP's Tier 1 fixed charge is $2.30 and Tier 2 fixed charge is $7.90 but they have a minimum bill of $10 per month.

Appendix C: PG&E Updates

Overview of PG&E's recent rate proceedings

In 2021 PG&E had four rate changes, increasing the system average rate in $/kWh from $0.2155 in 2020 to $0.2336 in 2021 as shown in Figure 6.

Figure 6 – PG&E 2020-2021 Rate Changes

	PG&E Rate Changes in 2020(1)				Annual	PG&E Rate Changes in 2021(1)				Annual
	January	March	May	October	2020	January	March	August	December	2021
Rate Change (%)	2.10%	0.05%	3.43%	0.26%	5.9%	0.10%	2.80%	0.30%	0.50%	3.73%
System Rate ($/kWh)	$0.2155	$0.2156	$0.2217	$0.2223		$0.2255	$0.2319	$0.2325	$0.2336	

(1) Includes California Climate Credit

PG&E Rate Increase Process

Every three to four years PG&E files a request with California Public Utilities Commission (CPUC) with their proposed rate increases. The CPUC will then either accept or modify the rate increases for those years. 50% of the requested revenue increases for 2023 through 2026 is for wildfire reduction work, including vegetation management programs. The following rate increases have been approved or proposed:

- 2022 – 4.85% (approved)
- 2023 – 9.6% (proposed)
- 2024 – 2.4% (proposed)
- 2025 – 1.9% (proposed)
- 2026 – 1.5% (proposed)

Additionally, PG&E does a “true-up” at the end of each year to adjust their revenue to match their costs. For instance, if their costs for the year exceeded their projected revenue, they will increase their rates to compensate. For their 2022 true-up, PG&E raised rates 7.5 percent on average for bundled customers (customers receiving full electric service from PG&E), and 10.3 percent on average for Community Choice Aggregation (CCA) customers. These rate increases did not include costs associated with the increase in generation costs, which will go into effect later in 2022.

PG&E Residential Time-of-Use Rate Transition

PG&E began transitioning residential customers to a default time-of-use rate (E-TOU-C) in 2020 and will continue transitioning customers in waves through April 2022. The standard E-TOU-C rate has a peak time period from 4 to 9 p.m. every day. Customers may choose from a selection of alternative rates, including an optional E-TOU-D (5-8 p.m.) rate which has a shorter 3-hour Peak time period during weekdays only.

Appendix D: Historical Rate Increases

Figure 7 shows that SMUD’s historical rate increases have tracked the Consumer Price Index (CPI) over the past 20 years. Figure 8 shows SMUD’s rate increases by year since 2000.

Figure 7 – Annual Rate Increase vs CPI

Figure 8 –Residential vs. Non-Residential Rate Increase and Energy Surcharge by Year

Year	Rate Increase		Energy Surcharge
	Residential	Non-Residential	
2000	0.00%	0.00%	N/A
2001	13.00%	21.00%*	N/A
2002	0.00%	0.00%	-2.60%
2003	0.00%	0.00%	N/A
2004	0.00%	0.00%	-2.70%
2005	6.00%	6.00%	N/A
2006	0.00%	0.00%	N/A
2007	0.00%	0.00%	N/A
2008	7.00%	7.00%	N/A
2009	5.50%	5.50%	N/A
2010	5.50%	5.50%	N/A
2011	2.25%	2.25%	N/A
2012	0.00%	0.00%	N/A
2013	0.00%	0.00%	N/A
2014	2.50%	2.50%	N/A
2015	2.50%	2.50%	N/A
2016	2.50%	2.50%	N/A
2017	2.50%	2.50%	N/A
2018	1.50%	1.00%	N/A
2019	0.00%	1.00%	N/A
1/1/2020	3.75%	3.75%	N/A
10/1/2020	3.00%	3.00%	N/A
1/1/2021	2.50%	2.50%	N/A
10/1/2021	2.00%	2.00%	N/A
3/1/2022	1.50%	1.50%	N/A
1/1/2023	2.00%	2.00%	N/A

* Medium Commercial, Agricultural and Lighting rates increased by 16%

RESOLUTION NO. 22-02-03

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-3, Access to Credit Markets**, substantially in the form set forth in **Attachment B** hereto and made a part hereof.

Approved: February 17, 2022

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

Attachment B
to Resolution No. 22-02-03

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** February 1, 2022

FROM: Claire Rogers CR 2/1/22

SUBJECT: **Audit Report No. 28007421**
Board Monitoring Report; SD-03: Access to Credit Markets

Audit and Quality Services (AQS) received the SD-03 *Access to Credit Markets* 2021 Annual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report 2021
SD-3 Board Strategic Direction on Access to Credit Markets

1. Background

Strategic Direction 3 on Access to Credit Markets states that:

Maintaining access to credit is a core value of SMUD.

Therefore:

a. For SMUD's annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.50 times.

b. When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility.

c. SMUD's goal is to maintain at least an "A" rating with credit rating agencies.

2. Executive summary

SMUD relies on the use of borrowed funds to pay for a portion of its capital needs on an ongoing basis. The Board adopted SD-3, Access to Credit Markets, to help ensure that SMUD maintains the ability to raise new money at competitive rates in the credit markets as needed. Making prudent use of borrowed funds to finance capital improvements can help SMUD to mitigate major rate adjustments in periods of intensive capital expansion, and allows SMUD to allocate the costs of those improvements over their useful lives to the customers who benefit from them. Maintaining access to credit markets supports our objective to be financially flexible to make necessary and timely investment and take advantage of opportunities while remaining competitive.

One of the most important indicators of an organization's ability to access credit markets is the independent assessment made by credit rating agencies. SMUD is rated by the three major rating agencies: Standard & Poor's (S&P), Moody's, and Fitch, which review SMUD's credit on approximately an annual basis. The credit ratings assigned are intended to give investors the rating agency's view of the likelihood that SMUD will pay principal and interest on bonds when due. They utilize financial metrics in assessing creditworthiness such as the Fixed Charge Ratio that measures revenue sufficiency to meet obligations, and Days Cash on Hand, a measure of liquidity. They also measure leverage, such as our debt outstanding per customer, and the rate capacity to finance future capital projects without placing undue burden on customers. SMUD's overall governance and risk management

practices are also important to the agencies, along with the ability and willingness to raise rates when necessary while maintaining competitive low-cost energy for our customers.

As referenced in the attached ratings agency reports, SMUD has very strong metrics and due to well managed cash flow, has the ability to plan to a more modest fixed charge ratio relative to some other AA rated peers. The most recent SMUD credit reports from both S&P and Fitch also specifically cite the Board's demonstrated willingness to raise rates to support financial performance.

Credit ratings heavily impact an organization's ability to borrow money in the municipal markets, as well as the interest rates they will be required to pay. Higher credit ratings translate into lower borrowing costs. For example, if SMUD's credit ratings were to fall into a lower category, from AA to A, the impact at today's rates would be approximately $200k/year for every $100 million borrowed. During a period of financial turmoil, as experienced in early 2020, higher credit ratings allowed SMUD to access credit markets sooner than lower rated utilities.

Credit ratings also impact an organization's ability to conduct general business transactions. Trading partners utilize credit ratings as a factor in assessing their willingness to transact with SMUD, and to determine commercial terms. Stronger credit ratings enable SMUD to negotiate better terms and conditions for contracts, including power purchase agreements. For example, SMUD's healthy credit ratings minimize the amount of collateral posting required under many of its commodity contracts to hedge natural gas and power. Likewise, if SMUD's ratings were to drop from current levels, collateral posting requirements would increase accordingly. In some cases, a reduction in SMUD's credit ratings below a certain threshold gives our counterparty the right to terminate the contract.

In support of maintaining its financial strength and as a financial risk mitigator SMUD procures insurance. SMUD maintains a comprehensive property and casualty insurance program, with coverage in excess of various self-insured retentions ranging from $5,000 to $5,000,000, designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of insurance market cycles. SMUD budgets reserves to meet potential insurance deductibles and self-insured liability claims and has had no claims that have exceeded coverage limits.

SMUD has remained in compliance with SD-3 as evidenced by the following:

a. Maintained key financial metrics, including a fixed charge ratio above the minimum policy target of 1.50 times.

    1. 2.17 times in 2020
    2. 2.42 times in 2021 (draft figure as of January 19, 2022)
    3. 1.93 times in 2022 (projected in 2022 Budget)

b. Credit ratings were affirmed at 'AA' from S&P and Fitch, and Aa3 from Moody's, which is equivalent to AA-.

c. Successful refunding of the remaining 2011 series X bonds with the issuance of $107 million of 2021 Series I Electric Revenue Bonds. This refunding transaction took advantage of lower interest rates and SMUD's strong credit ratings to lock in $3 million in savings per year from 2022 to 2028, for a total net present value savings of $23 million. This transaction highlights our ability to access credit markets as a result of managing SMUD in a manner that invokes confidence from investors.

d. Successfully renewed and restructured SMUD's $400 million commercial paper program into a $300 million commercial paper capacity with a $100 million emergency line of credit. This process which is in its final stages will ensure SMUD's continued financial strength by providing quick access to financial resources and the ability to access the funding without having the markets open. In 2020 during the early days of COVID-19, commercial paper markets for all issuers froze temporarily. The line of credit will allow access to capital if that were to occur again. The RFP results provide for lower rates than the previous facilities and when finalized, will save SMUD about $0.5 million annually.

e. Made $101 million in additional supplemental contributions to CalPERS as part of a 10-year pension funding strategy to eliminate our unfunded pension liability—an obligation rating agencies are increasingly focusing on in their reviews. Addressing the unfunded liability sooner will help control rate increases. These costs would continue to grow into the future since paying only the required minimum payments may not fully mitigate the compounding nature of the outstanding liability adequately. Prior to these additional contributions, SMUD's Other Post-Employment Benefits (OPEB) and Pension were of 113% and 79% funded, respectively.

f. Successfully renewed property and casualty insurance coverage programs at or below market rates and expanded coverage for the cyber insurance program. Despite the continued constrained insurance market and record-setting wildfire losses in the Western United States, SMUD was able to maintain its $250 million wildfire liability insurance program within which SMUD's self-insured retentions decreased from an aggregate of $77 million to $74 million. SMUD also successfully increased cyber coverage limits from $40 million to $60 million.

3. Additional supporting information

Details on ratings variables, SMUD specific credit strengths, factors that could lead to an upgrade, and insurance are listed below

Financial Strengths:
Maintaining SMUD's financial strength is a key component to continually accessing credit markets. Below isa list of SMUD specific financial strengths mentioned in recent rating agency reports:

a. Strong financial operations management
b. Strong financial performance with fixed charge ratio over 1.8x during the last 5 years
c. Robust liquidity
d. Low operating costs
e. Competitive rates
f. Diverse resource portfolio
g. Favorable debt and liabilities profile
h. Proactive planning and hedging practices
i. Timely rate setting record
j. Strong wildfire mitigation toolkit

Ratings Variables:
The rating agencies evaluate a number of factors in deriving municipal power ratings. These include:

k. Financial ratios and metrics
l. Governance Structure and Management
m. Rate Competitiveness
n. Cost of production/purchased power (particularly with respect to higher cost renewables)
o. Risk Management Practices
p. Service area demographics
q. Regulatory factors

4. **Challenges:**

Below are comments from recent rating's agency reports regarding challenges to SMUD's financial strength that could affect SMUD's ability to access credit markets:

a. Wildfire liability and inverse condemnation exposure
b. More significant capital spending affecting rate competitiveness and key financial metrics
c. Substantially weakened competitive position or impaired ability to maintain liquidity and achieve fixed charge ratios commensurate with recent years' levels
d. Prioritizing environmental goals or rate affordability over preservation of the financial profile

5. **Recommendation:**

It is recommended that the Board accept the Monitoring Report for SD-3 Board Strategic Direction on Access to Credit Market.

RESOLUTION NO. 22-02-04

WHEREAS, the **Meeting Procedures of the SMUD Board of Directors**, Rule 1.0(a) sets the time of days and times of the Board meetings; and

WHEREAS, pursuant to Government Code section 54953(e) and the **Emergency Board Meetings Procedures** adopted by the Board on June 18, 2020, by Resolution No. 20-06-08, regular Board meetings and other public meetings are currently conducted solely via virtual (online/teleconference) meeting to align with state, local, and federal guidelines for the containment of the coronavirus and are scheduled to begin at 5:30 p.m.; and

WHEREAS, a number of Board members are scheduled to attend a policymakers conference that conflicts with the regular March Board meeting; and

WHEREAS, a morning meeting would allow for greater participation by the Board to ensure a quorum and the Board wishes to change the start time of the Board meeting to be held on March 17, 2022, from 5:30 p.m. to 9:00 a.m.;

NOW, THEREFORE,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

The March 17, 2022, Board meeting will be rescheduled to begin at 9:00 a.m. rather than 5:30 p.m.

Approved: February 17, 2022

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

President Rose then turned to Discussion Calendar Item 8, to authorize the Chief Executive Officer and General Manager to negotiate and execute: a. A three-and-one-half-year contract renewal and expansion to $150 million with Barclays Bank for a Letter of Credit that supports the outstanding Commercial Paper Series L, with terms substantially similar to the attached term sheet; b. A three-year contract renewal and expansion to $150 million with Bank of America, N.A. for a Letter of Credit that supports the outstanding Commercial Paper Series M, with terms substantially similar to the attached term sheet; and c. A four-year contract with Wells Fargo Bank, N.A. for a new Line of Credit that supports a new $100 million Line of Credit Series N, with terms substantially similar to the attached term sheet.

Russell Mills, Director of Risk Management & Treasurer, gave a presentation regarding Discussion Calendar Item 8. A copy of the slides used in his presentation is attached hereto.

No public comment was forthcoming on Discussion Calendar Item 8.

After some discussion, Director Herber moved to approve Discussion Calendar Item 8, Vice President Sanborn seconded, and Resolution Nos. 22-02-05 through 22-02-07 were unanimously approved.

RESOLUTION NO. 22-02-05

SECOND SUPPLEMENTAL RESOLUTION (SUPPLEMENTAL TO RESOLUTION NO. 11-12-05, ADOPTED DECEMBER 1, 2011, AS SUPPLEMENTED AND AMENDED BY RESOLUTION NO. 18-05-12, ADOPTED MAY 17, 2018) AUTHORIZING THE INCREASE OF THE AGGREGATE PRINCIPAL AMOUNT OF COMMERCIAL PAPER NOTES, SERIES L THAT MAY BE OUTSTANDING FROM TIME TO TIME

WHEREAS, the Board of Directors of SMUD adopted Resolution No. 11-12-05 (the "Original Resolution") authorizing the issuance of SMUD's Commercial Paper Notes, Series K in two subseries (collectively, the "Series K Notes") in an amount not to exceed $100,000,000 outstanding at any one time and SMUD's Commercial Paper Notes, Series L in two subseries (collectively, the "Series L Notes") in a principal amount not to exceed $100,000,000 outstanding at any one time under (a) Articles 6a and 6b of Chapter 6 of the Municipal Utility District Act (California Public Utilities Code Section 12850 et seq.), (b) Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 et seq.) and (c) Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 et seq.);

WHEREAS, the Board of Directors of SMUD adopted Resolution No. 18-05-12 (the "First Supplemental Resolution" and, together with the Original Resolution, the "Amended Resolution") authorizing the increase of the aggregate principal amount of the Series K Notes that may be outstanding at any one time under the Original Resolution to $188,750,000;

WHEREAS, SMUD has determined that it is in its best interests to authorize the increase of the aggregate principal amount of the Series L Notes that may be outstanding at any one time under the Amended Resolution to $150,000,000;

WHEREAS, subject to the terms of the Reimbursement Agreements (as defined in the Original Resolution), Section 7.01 of the Original Resolution permits the modification or amendment of the Original Resolution to increase the principal amount of Notes (as defined in the Original Resolution) that may be issued thereunder without notice to or the consent of any Noteholder (as defined in the Original Resolution);

WHEREAS, SMUD has determined to modify and amend the Amended Resolution as set forth in this Second Supplemental Resolution to provide for the increase in the principal amount of the Series L Notes that may be issued under the Amended Resolution;

WHEREAS, no Notes are currently outstanding under the Amended Resolution and SMUD has determined to make certain additional modifications and amendments to the Amended Resolution as set forth in this Second Supplemental Resolution, subject to the terms of the Reimbursement Agreements;

WHEREAS, upon the termination of the current Letter of Credit for the Series K Notes, SMUD has determined that it will no longer issue Series K Notes under the Amended Resolution;

WHEREAS, the amendments set forth in this Second Supplemental Resolution will not go into effect until any conditions precedent to the effectiveness of such amendments set forth in the Reimbursement Agreements have been satisfied;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

DEFINITIONS

Definitions. Unless the context otherwise requires, all capitalized terms used in this Second Supplemental Resolution and not otherwise defined shall have the meanings given thereto in the Original Resolution.

AMENDMENTS TO AMENDED RESOLUTION

Authorization. The increase of the aggregate principal amount of the Series L Notes that may be outstanding under the Amended Resolution to $150,000,000 is hereby authorized. Section 2.01 of the Original Resolution, as previously amended by the First Supplemental Resolution, is hereby amended to read in full as follows:

> "Section 2.01. Authorization. The Series K Notes (consisting, collectively, of the Subseries K-1 Notes and the Subseries K-2 Notes) may be issued in an unlimited aggregate principal amount so long as the aggregate principal amount of the Series K Notes outstanding at any one time plus the interest on such outstanding Series K Notes payable at the maturity thereof does not exceed the Stated Amount (as defined in the Series K Letter of Credit), as reduced and reinstated from time to time as provided in the Series K Letter of Credit, and the outstanding aggregate principal amount of the Series K Notes does not exceed $188,750,000. Subject to the immediately preceding sentence and the other conditions set forth in this Resolution, the Series K Notes may be issued as either Subseries K-1 Notes or Subseries K-2 Notes as determined by the Authorized Officer authorizing the issuance of Series K Notes pursuant to Section 2.02 hereof.
>
> The Series L Notes (consisting, collectively, of the Subseries L-1 Notes and the Subseries L-2 Notes) may be issued in an unlimited aggregate principal amount so long as the aggregate principal amount of the Series L Notes outstanding at any one time plus the interest on such outstanding Series L Notes payable at the maturity thereof does not exceed the Stated Amount (as defined in the Series L Letter of Credit), as reduced and reinstated from time to time as provided in the Series L Letter of Credit, and the outstanding aggregate principal amount of the Series L Notes does not exceed $150,000,000. Subject to the immediately preceding sentence and the other conditions set forth in this Resolution, the Series L Notes may be issued as either Subseries L-1 Notes or Subseries L-2 Notes as determined by the Authorized Officer authorizing the issuance of Series L Notes pursuant to Section 2.02 hereof."

Amendment of Section 1.01 of the Original Resolution. The definition of "Parity Notes Reimbursement Agreement" set forth in Section 1.01 of the Original Resolution is hereby amended to read in full as follows:

> '"Parity Notes Reimbursement Agreement" means any credit enhancement agreement or similar agreement or any credit agreement or other arrangement which may be entered into by SMUD with respect to a series of Parity Notes issued by SMUD and designated by SMUD as such in connection with the issuance of such series of Parity Notes.'

MISCELLANEOUS

Additional Actions. The Chief Executive Officer and General Manager, any Member of the Executive Committee, the Treasurer, the Secretary or the Chief Financial Officer and the other officers of SMUD are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents (including but not limited to reimbursement agreements, fee letters, depositary agreements, tax certificates, dealer agreements, commercial paper memoranda and/or amendments to

any of the foregoing) which they may deem necessary or advisable in order to effectuate the purposes of this Second Supplemental Resolution.

Series K Notes. Upon the termination of the current Letter of Credit for the Series K Notes, SMUD agrees that no Series K Notes will thereafter be issued under the Amended Resolution.

Effect of Second Supplemental Resolution. The amendments to the Amended Resolution set forth in this Second Supplemental Resolution will not go into effect until any conditions precedent to the effectiveness of such amendments set forth in the Reimbursement Agreements have been satisfied. The Amended Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as modified and amended by this Second Supplemental Resolution.

Approved: February 17, 2022

INTRODUCED: DIRECTOR HERBER				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

Attachment C
to Resolution No. 22-02-05

AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

dated as of February 1, 2022,

between

SACRAMENTO MUNICIPAL UTILITY DISTRICT

and

BARCLAYS BANK PLC

relating to:

$150,000,000
SACRAMENTO MUNICIPAL UTILITY DISTRICT,
COMMERCIAL PAPER NOTES,
SERIES L

AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

(This Table of Contents is not a part of this
Amended and Restated Reimbursement Agreement and is only
for convenience of reference)

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AMENDED AND RESTATED REIMBURSEMENT AGREEMENT

THIS AMENDED AND RESTATED REIMBURSEMENT AGREEMENT dated as of February 1, 2022 (together with all amendments, supplements and other modifications hereto, this *"Agreement"*), between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (together with its successors and assigns, *"SMUD"*) and BARCLAYS BANK PLC, a national banking association (together with its successors and assigns, the *"Bank"*).

WITNESSETH:

WHEREAS, pursuant to the authority granted by the laws of the State of California, particularly Articles 6a and 6b of Chapter 6 of the Municipal Utility Act (California Public Utilities Code Section 12850 et seq.), Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 et seq.) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53.80 et seq.), and Resolution No. 11-12-05 adopted by the Board of Directors of SMUD, on December 1, 2011, as amended by Resolution No. 18-05-12 adopted by the Board of Directors of SMUD, on May 17, 2018 and by Resolution No. 22-02-[__] adopted by the Board of Directors of SMUD, on February **[__]**, 2022 (collectively, the *"Note Resolution"*) SMUD has established a commercial paper program providing for the issuance of up to $150,000,000 in aggregate principal amount of its Commercial Paper Notes, Series L, comprised of Subseries L-1 and L-2 (the *"Notes"*); and

WHEREAS, SMUD requested the Bank to issue the Letter of Credit (as hereinafter defined) to the Depositary, as beneficiary, in order to assure timely payment of the principal of and interest on the Notes on their respective maturity dates; and

WHEREAS, the Bank issued its Irrevocable Letter of Credit No. SB-01690 (the *"Original Letter of Credit"*) pursuant to and upon the conditions and the terms stated in the Reimbursement Agreement dated as of January 1, 2012, as amended by the First Amendment to Reimbursement Agreement dated November 21, 2014, and by the Second Amendment to Reimbursement Agreement dated October 22, 2018 (collectively, the *"Original Agreement"*), between SMUD and the Bank, in support of the Notes;

WHEREAS, pursuant to Section 7.1 of the Original Agreement, the Original Agreement may be amended in writing by SMUD and the Bank, and the parties have agreed to amend and restate the Original Agreement in its entirety pursuant to the terms of this Agreement, and the Bank has agreed to issue the Letter of Credit (as defined herein) as a replacement for the Original Letter of Credit pursuant to the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the mutual promises contained herein and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Bank and SMUD agree as follows:

ARTICLE ONE
"ARTICLE ONE DEFINITIONS" \L 1 DEFINITIONS

Section 1.1. Definitions "Section 1.1. Definitions" \l 2 . As used in this Agreement:

"Act" means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.

"Advance" has the meaning set forth in Section 2.3(a) hereof.

"Affiliate" means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be *"controlled by"* any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agreement" has the meaning set forth in the introductory paragraph hereof.

"Alternate Letter of Credit" has the meaning set forth in the Note Resolution.

"Amortization End Date" means, with respect to any Advance, the earliest to occur of: (i) the fifth (5th) anniversary of the date on which the related Advance was made, (ii) the date on which an Alternate Letter of Credit becomes effective in substitution of the Letter of Credit with respect to the Notes, and (iii) the date on which the Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated prior to the Stated Expiration Date, including as a result of the occurrence of an Event of Default (*provided, however*, that the occurrence of a Rating Event at any time after the Stated Expiration Date shall not result in an Amortization End Date).

"Amortization Payment Date" means, with respect to each Advance, (a) the first Business Day to occur on or after the six (6) month anniversary of the date the related Advance is made and the first Business Day of each sixth (6th) calendar month occurring thereafter prior to the related Amortization End Date and (b) the related Amortization End Date.

"Authorized SMUD Representative" means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD and/or the Secretary of SMUD.

"Available Revenues" has the meaning set forth in the Note Resolution.

"*Bank*" has the meaning set forth in the introductory paragraph hereof.

"*Bank Agreement*" means any credit agreement, bond purchase agreement, liquidity agreement, direct purchase agreement, standby bond purchase agreement, reimbursement agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by SMUD with any Person, directly or indirectly, or otherwise consented to by SMUD, under which any Person or Persons undertakes to make loans, extend credit or liquidity to SMUD in connection with, or to directly purchase, any of SMUD's Debt payable from or secured by a lien on Net Revenues senior to or on a parity with the Obligations.

"*Bank Rate*" means the rate of interest per annum with respect to any Advance (i) for any day commencing on the date such Advance is made to and including the sixtieth (60th) day next succeeding the date such Advance is made, equal to the Base Rate from time to time in effect, (ii) for any day commencing on the sixty-first (61st) day next succeeding the date such Advance is made to and including the one hundred eightieth (180th) day next succeeding the date such Advance is made, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.00%) (*provided* that component (iii) of the Base Rate shall not be subject to the one percent (1.00%) increase), (iii) for any day commencing on the one hundred eighty-first (181st) day next succeeding the date such Advance is made and at all times thereafter, equal to the sum of the Base Rate from time to time in effect *plus* two percent (2.00%) (*provided* that component (iii) of the Base Rate shall not be subject to the two percent (2.00%) increase); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, "*Bank Rate*" shall mean the Default Rate; and *provided further* that, at no time shall the Bank Rate be less than the applicable rate of interest on any outstanding Notes.

"*Bank-Related Persons*" means the Bank, its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of the Bank and Affiliates.

"*Base Rate*" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the sum of the Prime Rate in effect at such time plus two and one-half of one percent (2.50%), (ii) the sum of the Federal Funds Rate in effect at such time plus two and one-half of one percent (2.50%), (iii) one hundred fifty percent (150%) of the yield on the 30-Year United States Treasury bond, and (iv) eight percent (8.00%). Each determination of the Base Rate by the Bank shall be conclusive and binding on SMUD absent manifest error.

"*Bonds*" has the meaning set forth in the Master Bond Resolution.

"*Business Day*" has the meaning set forth in the Letter of Credit.

"*Change in Law*" means the occurrence, after the Effective Date, of any of the following: (a) the adoption or taking effect of any law, (b) any change in any law or in

the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the promulgation, adoption or issuance of any request, rule, ruling, guideline (including, without limitation, Risk-Based Capital Guidelines), regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, ruling, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, and the regulations promulgated thereunder.

"*Credit Default*" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become a Credit Event of Default.

"*Credit Event of Default*" means any of those Events of Default set forth in Sections 6.1(a), 6.1(d), 6.1(e), 6.1(f), 6.1(g), 6.1(h), 6.1(i), 6.1(j), 6.1(k), 6.1(l), 6.1(m), 6.1(n), 6.1(o) and 6.1(p) hereof.

"*Dealer*" means Barclays Capital Inc., in its capacity as dealer under the Dealer Agreement, together with any successors or assigns, or such other entity or entities as may be selected by SMUD with the prior written consent of the Bank to act as a dealer or co-dealer with respect to the Notes.

"*Dealer Agreement*" means that certain Dealer Agreement, dated January 5, 2012, between SMUD and the Dealer, as the same may be amended, supplemented or extended from time to time pursuant to the terms thereof and hereof, and (ii) any other dealer agreement entered into from time to time in connection with the Notes and approved by the Bank.

"*Debt*" means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such obligations (other than collateralized commodity swaps the obligations under which are either (a) not secured by a Lien on Net Revenues or (b) secured by a Lien on Net Revenues subordinate to the Obligations), (iv) all obligations of such Person as lessee under leases (as determined under Governmental Accounting Standards Board Statement No. 87 *Leases*, or any successor guidance) shown on the liabilities side of the balance sheet of such Person, (v) all obligations of such Person on or with respect to

letters of credit, banker's acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, (vi) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (vii) all Debt of any other Person of the kind referred to in clauses (i) through (vi) above which is guaranteed (regardless of form) directly or indirectly in any manner by such Person.

"*Default*" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"*Default Rate*" means a per annum rate of interest equal to the sum of the Base Rate from time to time in effect plus four percent (4.00%).

"*Depositary*" means U.S. Bank National Association and its permitted successors and assigns.

"*Depositary Agreement*" means that certain Depositary Agreement dated as of January 5, 2012, between SMUD and the Depositary, as the same may be supplemented or amended from time to time pursuant to the terms thereof and hereof.

"*Dollars*" and the sign "*$*" means lawful money of the United States of America.

"*Drawing*" has the meaning set forth in Section 2.4 hereof.

"*Effective Date*" means February **[__]**, 2022, which is the date on which the Letter of Credit shall be issued (subject to the satisfaction (or waiver by the Bank) of the conditions precedent set forth in Section 3.1 hereof).

"*Electric System*" has the meaning set forth in the Note Resolution.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

"*Event of Default*" has the meaning set forth in Section 6.1 hereof.

"*Excess Interest*" has the meaning set forth in Section 2.16 hereof.

"*Federal Funds Rate*" means, for any day, the rate per annum equal to the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that (a) if such day is not a Business Day, the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business

Day, and (b) if no such rate is so published on such next succeeding Business Day, the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of 1/100 of 1%) charged to the Bank on such day on such transactions as determined by the Bank.

"*Fee Letter*" means that certain Third Amended and Restated Fee Letter, dated the Effective Date, between SMUD and the Bank, as the same may be amended, modified or supplemented from time to time by written instrument executed by the Bank and SMUD, the terms of which are incorporated herein by reference.

"*Final Drawing Notice*" has the meaning set forth in the Letter of Credit.

"*Fiscal Year*" means the twelve month period commencing on January 1 of each year and ending on December 31 of the same calendar year or such other twelve month period as SMUD may from time to time determine as it Fiscal Year.

"*Fitch*" means Fitch Ratings, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

"*Government Acts*" means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

"*Governmental Authority*" means any national, supranational, state or local government (whether domestic or foreign), any political subdivision thereof or any other governmental, quasigovernmental, judicial, administrative, public or statutory instrumentality, authority, body, agency, department, commission, bureau, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government, or any arbitrator, mediator or other Person with authority to bind a party at law.

"*Letter of Credit*" means that certain irrevocable transferable direct-pay letter of credit issued by the Bank for the account of SMUD in favor of the Depositary supporting the Notes, in the form of Appendix I hereto, with appropriate insertions, as amended and supplemented.

"*Letter of Credit Fee*" has the meaning set forth in the Fee Letter.

"*Letter of Credit Fee Rate*" has the meaning set forth in the Fee Letter.

"*Lien*" means, with respect to any property, tangible or intangible, real or personal, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property.

"*Master Bond Resolution*" means Resolution No. 6649 of SMUD, adopted on January 7, 1971, and amended and supplemented from time to time in accordance with the terms thereof.

"*Material Adverse Effect*" or "*Material Adverse Change*" means (a) with respect to SMUD, a material adverse effect upon SMUD's business, assets, liabilities, financial condition, results of operations or business prospects, and (b) with respect to SMUD's obligations under this Agreement, the Fee Letter or any other SMUD Program Document, a material adverse effect upon (i) the binding nature, validity or enforceability of SMUD's obligations hereunder or thereunder, (ii) SMUD's ability to perform its obligations hereunder or thereunder or (iii) the rights, security or interests of the Bank.

"*Maximum Interest Rate*" means the maximum interest rate on the Notes as provided in the Note Resolution, which initially shall be 12% per annum.

"*Maximum Rate*" means the maximum non-usurious lawful rate of interest permitted by applicable law.

"*Moody's*" means Moody's Investors Service and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

"*Net Revenues*" has the meaning set forth in the Master Bond Resolution.

"*Net Subordinated Revenues*" has the meaning set forth in the Subordinated Bond Resolution.

"*No-Issuance Notice*" has the meaning set forth in Section 2.18(b) hereof.

"*Non-Credit Event of Default*" means those Events of Default set forth in Sections 6.1(b) and 6.1(c) hereof.

"*Note Resolution*" has the meaning set forth in the recitals hereof.

"*Notes*" has the meaning set forth in the recitals hereof.

"*Obligations*" means the Reimbursement Obligations (which includes amounts owing to the Bank evidenced by the Revolving Note), the Letter of Credit Fees and all other obligations of SMUD to the Bank arising under or in relation to this Agreement, the Fee Letter or any of the other Program Documents.

"*Offering Memorandum*" means (i) the Commercial Paper Memorandum dated February [__], 2022, relating to the Notes, and (ii) each other document used by SMUD in offering the Notes.

"*Optional Termination Event*" means (i) a consolidation or merger of SMUD or the Electric System into another entity whereby either (a) as a result of such consolidation or merger, SMUD or the Electric System is not the surviving entity or (b) such consolidation or merger could reasonably be expected to result in a Material Adverse Effect, or (ii) the failure of SMUD to comply with generally accepted accounting principles applicable to governmental entities and such failure shall continue for a period of forty-five (45) consecutive days after SMUD has actual knowledge of such failure.

"*Original Agreement*" has the meaning set forth in the recitals hereof.

"*Original Letter of Credit*" has the meaning set forth in the recitals hereof.

"*Original Stated Amount*" has the meaning set forth in Section 2.1 hereof.

"*Parent*" means any Person controlling the Bank.

"*Parity Bonds*" has the meaning set forth in the Note Resolution.

"*Parity Notes*" has the meaning set forth in the Note Resolution.

"*Parity Notes Reimbursement Agreement*" has the meaning set forth in the Note Resolution.

"*Parity Subordinated Debt*" has the meaning set forth in the Note Resolution.

"*Participant*" has the meaning set forth in Section 7.3(b) hereof.

"*Participation*" has the meaning set forth in Section 7.3(b) hereof.

"*Payment Account*" means Barclays Bank PLC, For the Account of Sacramento Municipal Utility District, ABA #: 026002574, Credit to CLAD A/C Number 050019104, Ref: Letter of Credit No [_____], or such other office as the Bank may designate from time to time.

"*Person*" means an individual, a corporation, a partnership, an association, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"*Plan*" means a pension plan providing benefits for employees of any Person.

"*Prime Rate*" means, for any day, the rate of interest in effect for such day as publicly announced from time to time by the Bank as its "prime rate." The "prime rate" is a rate set by the Bank based upon various factors including the Bank's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate. Any

change in such rate announced by the Bank shall take effect at the opening of business on the day specified in the public announcement of such change.

"*Program Documents*" means this Agreement, the Revolving Note, the Letter of Credit, the Fee Letter, the Depositary Agreement, the Notes, the Dealer Agreement, the Note Resolution and any documents related thereto.

"*Property*" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"*Rating*" means, with respect to any Rating Agency, the lowest rating assigned by such Rating Agency to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD.

"*Rating Agency*" and "*Rating Agencies*" means, individually or collectively, as applicable, Moody's, S&P and Fitch.

"*Rating Event*" means the occurrence of a downgrade by any Rating Agency of its long-term rating with respect to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD to a level below "Baa1" (or its equivalent) in the case of Moody's, "BBB+" (or its equivalent) in the case of S&P or "BBB+" (or its equivalent) in the case of Fitch and such downgrade shall continue for a period of one hundred sixty (160) days.

"*Reimbursement Obligations*" means any and all obligations of SMUD to reimburse the Bank for Drawings under the Letter of Credit and all obligations to repay the Bank for any Advance, including, in each instance, all interest accrued thereon, which obligations are evidenced and secured by the Revolving Note.

"*Revenues*" has the meaning set forth in the Note Resolution.

"*Revolving Note*" has the meaning set forth in Section 2.6 hereof.

"*S&P*" means S&P Global Ratings, and its successors, and if such division shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

"*SMUD*" has the meaning set forth in the introductory paragraph hereof.

"*SMUD Board*" means the board of directors of SMUD.

"*SMUD Program Documents*" means the Program Documents to which SMUD is a party (including, without limitation, the Note Resolution).

"*State*" means the State of California.

"*Stated Amount*" has the meaning set forth in the Letter of Credit.

"*Stated Expiration Date*" has the meaning set forth in the Letter of Credit.

"*Subordinated Bond Resolution*" has the meaning set forth in the Note Resolution.

"*Subordinated Bonds*" has the meaning set forth in the Note Resolution.

"*Swap Contract*" means any and all interest rate swap transactions or any other similar interest rate hedging transactions that hedge the interest rate on securities or other obligations issued by or on behalf of SMUD (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement.

"*Taxes*" has the meaning set forth in Section 2.13 hereof.

"*Termination Date*" has the meaning set forth in the Letter of Credit.

"*2020 Financial Statements*" means the audited financial statements of SMUD for the Fiscal Year ended December 31, 2020.

"*Unpaid Drawing*" has the meaning set forth in Section 2.4 hereof.

Section 1.2. Incorporation of Certain Definitions by Reference. Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Note Resolution and, if not defined therein, in the Master Bond Resolution or the Subordinated Bond Resolution, as applicable.

Section 1.3. Accounting Terms and Determinations. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

Section 1.4. Interpretation. The following rules shall apply to the construction of this Agreement and the Fee Letter unless the context requires otherwise: (a) the singular includes the plural, and the plural the singular; (b) words importing any gender include the other gender and the neuter gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (d) references to "writing" include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; (f) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the

terms of this Agreement; (h) article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; and (i) unless otherwise indicated, references to Persons include their respective permitted successors and assigns.

ARTICLE TWO
"ARTICLE TWO LETTER OF CREDIT" \L 1 LETTER OF CREDIT

Section 2.1. Issuance of Letter of Credit "Section 2.1. Issuance of Letter of Credit" \l 2 . Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Appendix I hereto. The Letter of Credit shall be in the original stated amount of $153,698,631 (calculated as the sum of the maximum principal amount of the Notes supported by the Letter of Credit (*i.e.,* $150,000,000) plus interest thereon at a maximum rate of ten percent (10%) per annum for a period of ninety (90) days calculated on the basis of a year of 365 days and the actual number of days elapsed) (the *"Original Stated Amount"*).

Section 2.2. Letter of Credit Drawings "Section 2.2. Letter of Credit Drawings" \l 2 . The Depositary is authorized to make drawings under the Letter of Credit in accordance with its terms. SMUD hereby directs the Bank to make payments under the Letter of Credit in the manner therein provided. SMUD hereby irrevocably approves reductions and reinstatements of the Stated Amount as provided therein.

Section 2.3. Drawings Converted to Advances.

(a) *Making of Advances.* The Bank agrees that if (i) the Bank shall honor any Drawing under the Letter of Credit with respect to the payment of the principal on maturing Notes, (ii) the principal portion of such Drawing shall not be reimbursed in full on the date of such Drawing, and (iii) (x) (A) no Credit Default or Credit Event of Default shall have occurred and be continuing on the date of such Drawing and (B) no event described in clause (b) of the definition of Material Adverse Change shall have occurred, the principal portion of such Drawing which is not so reimbursed by SMUD to the Bank shall automatically convert to and constitute an advance made by the Bank to SMUD on the date and in an amount equal to the principal portion of such Drawing (or a portion thereof) or (y) (A) the Bank shall not have terminated its obligation to make Advances as a result of a Non-Credit Event of Default pursuant to Section 6.2(d) hereof and (B) no event described in clause (b) of the definition of Material Adverse Change shall have occurred, the principal portion of such Drawing which is not so reimbursed by SMUD to the Bank shall automatically convert to and constitute an advance made by the Bank to SMUD on the date and in an amount equal to the principal portion of such Drawing (or portion thereof) (individually an *"Advance"* and, collectively, the *"Advances"*). Each Advance when made shall constitute reimbursement of the principal portion of the related Drawing in an amount equal to the principal amount of such Advance; and each Advance when made shall preclude, to the extent of the amount of such Advance, the related Drawing from being or constituting an Unpaid Drawing. Unless SMUD shall have otherwise previously advised the Bank in writing, the honoring by the Bank of any Drawing under the Letter of Credit

shall be deemed to constitute a representation and warranty by SMUD that on the date of such Drawing, no Default or Event of Default has occurred and is continuing and no event described in clause (b) of the definition of Material Adverse Change shall have occurred.

(b) *Payment of Principal and Interest on Advances.* Except as otherwise required or permitted by Section 2.3(c) or 2.3(d) hereof, SMUD shall repay, or cause to be repaid, the unpaid amount of each Advance on each Amortization Payment Date applicable to such Advance (each such payment of the unpaid principal amount of any Advance shall be referred to herein as a "*Principal Payment*"), with the final installment in an amount equal to the entire then outstanding principal amount of such Advance being due and payable on the related Amortization End Date (the period commencing on the date such Advance is made and ending on the related Amortization End Date is herein referred to as the *"Amortization Period"*). Each Principal Payment shall be that amount of principal which will result in equal (as nearly as possible) aggregate Principal Payments over the applicable Amortization Period. SMUD shall pay interest on the unpaid amount of each Advance from the date of such Advance until paid in full at a rate per annum equal to the Bank Rate from time to time in effect; *provided* that from and after the occurrence of an Event of Default, such Advance shall bear interest at the per annum rate equal to the Default Rate from time to time in effect. Interest on each Advance shall be payable monthly, in arrears, on the first Business Day of each calendar month for the immediately preceding calendar month (commencing with the first such date to occur after the making of the related Advance) and upon prepayment or maturity of such Advance.

(c) *Optional Prepayment.* (i) SMUD may prepay or cause to be prepaid the amount of any Advance outstanding in whole or in part in a minimum amount of $100,000 and in integral multiples of $100,000 in excess thereof with accrued interest to the date of such repayment on the amount prepaid. Any prepayment in part under this Section 2.3(c) shall be applied by the Bank against each such Advance, in the order in which each such Advance was made.

(ii) Any prepayment made under Section 2.3(c)(i) hereof shall be applied by the Bank as a reimbursement of the related Drawing (and as a prepayment of the Advance resulting from such Drawing) and SMUD irrevocably authorizes the Bank to reinstate the amount available to be drawn under the Letter of Credit by the amount of such prepayment; *provided, however,* that the Depositary shall not issue any Notes (the aggregate principal and interest of which is payable from the amount of the Letter of Credit so reinstated) for sale or otherwise until the Letter of Credit has been reinstated pursuant to the terms of the Letter of Credit.

(d) *Mandatory Prepayment*. In the event that the Depositary issues any Notes while any Advance remains unpaid, SMUD shall apply the proceeds of any such Notes to the prepayment of such outstanding Advance. Any prepayment in part under this Section 2.3(d) shall be applied against each such Advance in the order in which each such Advance was made.

Section 2.4. Reimbursement of Drawings Not Converted to Advances; Reimbursement of Interest Component of Drawings "Section 2.4. Reimbursement of Drawings Not Converted to Advances; Reimbursement of Interest Component of Drawings" \l 2 . (a) If (x) (A) a Credit Default or a Credit Event of Default shall have occurred and be continuing on the date of such Drawing or (B) an event described in clause (b) of the definition of Material Adverse Change

shall have occurred or (y) the Bank shall have terminated its obligation to make Advances as a result of a Non-Credit Event of Default pursuant to Section 6.2(d) hereof, SMUD agrees to pay, or to cause to be paid, to the Bank (i) on each date on which the Bank shall honor any demand for payment under the Letter of Credit (each such payment by the Bank being herein referred to as a *"Drawing"*) a sum equal to the amount so paid under the Letter of Credit (any amount so paid until reimbursed being herein referred to as an *"Unpaid Drawing"*), plus (ii) except as provided in the last sentence of this Section 2.4, interest on the amount of each such Unpaid Drawing from and including the date such Drawing is paid until the Bank is reimbursed in full for such Unpaid Drawing at such fluctuating interest rate per annum as shall be in effect from time to time which rate per annum for each day shall be equal to the Default Rate in effect for such day. If (x) (A) a Credit Default or a Credit Event of Default shall have occurred and be continuing on the date of any Drawing or (B) an event described in clause (b) of the definition of Material Adverse Change shall have occurred or (y) (A) the Bank shall have terminated its obligation to make Advances as a result of a Non-Credit Event of Default pursuant to Section 6.2(d) hereof on or prior to the date of any Drawing, SMUD shall be obligated, without notice or demand for reimbursement (which notice is hereby waived by SMUD), to reimburse the Bank for any Drawing on the same day as made. SMUD and the Bank agree that the reimbursement in full for each Drawing on the day such Drawing is made is intended to be a contemporaneous exchange for new value given to SMUD by the Bank.

(b) The interest component of any Drawing under the Letter of Credit shall be due and payable on the date of such Drawing.

(c) If any portion of any Drawing is reimbursed at or prior to 4:00 P.M. New York time, on the same day on which it is made, no interest shall be payable on the related portion of such Drawing.

Section 2.5. Fees. SMUD shall pay to the Bank the nonrefundable Letter of Credit Fees at the times and in the amounts set forth in the Fee Letter, the terms of such Fee Letter being incorporated herein by reference as if fully set forth herein. SMUD shall also pay to the Bank all other fees and other amounts at the times and in the amounts set forth in the Fee Letter.

Section 2.6. The Revolving Note "Section 2.6. The Revolving Note" \l 2 . All Obligations shall be made against and evidenced by SMUD's promissory note payable to the order of the Bank in the principal amount of the Original Stated Amount, such note to be executed and delivered to the Bank on the Effective Date in the form of Exhibit A attached hereto with appropriate insertions (the *"Revolving Note"*). All Obligations and all payments and prepayments on account of the principal of and interest on each Obligation shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts payable by SMUD hereunder and under the Revolving Note. The Bank may, but shall not be required to, complete the schedule attached to the Revolving Note to reflect the making and status of Drawings and Advances, *provided* that the failure to make or any error in making any such endorsement on such schedule shall not limit, extinguish or in any way modify the obligation of SMUD to repay the Drawings, Unpaid Drawings or Advances. SMUD shall pay principal and interest on the Revolving Note on the dates and at the rates provided for in Sections 2.3 and 2.4 hereof with respect to Unpaid Drawings and Advances.

Section 2.7. Substitute Letter of Credit; Reduction of Stated Amount "Section 2.7. Substitute Letter of Credit; Reduction of Stated Amount" \l 2 . (a) SMUD agrees not to replace the Letter of Credit (or to direct the Depositary to terminate the Letter of Credit without a replacement letter of credit being substituted therefor) except upon (i) the payment by SMUD to the Bank of any and all fees associated therewith as set forth in the Fee Letter, (ii) the payment to the Bank of all fees, expenses and other amounts due and owing hereunder and under the Fee Letter to and including the date of termination of the Letter of Credit, (iii) the payment to the Bank of all principal and accrued interest owing on the Revolving Note (including, without limitation any Unpaid Drawings or outstanding Advances), and (iv) providing the Bank notice of its intention to do so at least fifteen (15) days prior to the date of such termination or replacement; *provided* that all payments to the Bank referred to in clauses (i), (ii) and (iii) above shall be made with immediately available funds.

(b) *Reduction Fees*. Notwithstanding the foregoing and anything set forth herein to the contrary, SMUD agrees not to permanently reduce the Original Stated Amount of the Letter of Credit except in accordance with the terms of the Program Documents and upon the payment of any and all fees associated therewith as set forth in the Fee Letter.

Section 2.8. Computation of Interest and Fees "Section 2.8. Computation of Interest and Fees" \l 2 . Fees payable hereunder and under the Fee Letter shall be calculated on the basis of a year of 360 days and the actual number of days elapsed. Interest payable hereunder shall be calculated on the basis of a year of 365 days and the actual number of days elapsed. Interest shall accrue during each period during which interest is computed from and including the first day thereof to but excluding the last day thereof.

Section 2.9. Payment Due on Non-Business Day to Be Made on Next Business Day "Section 2.9.Payment Due on Non-Business Day to Be Made on Next Business Day" \l 2 . If any sum becomes payable pursuant to this Agreement or the Fee Letter on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.10. Late Payments "Section 2.10. Late Payments" \l 2 . If the principal amount of any Obligation is not paid when due, such Obligation shall bear interest until paid in full at a rate per annum equal to the Default Rate, payable on demand. Further, upon the occurrence and during the continuance of an Event of Default, all Obligations payable hereunder (without respect to any fees not yet due and payable) shall bear interest until paid in full at a rate per annum equal to the Default Rate payable on demand.

Section 2.11. Source of Funds "Section 2.11. Source of Funds" \l 2 . All payments made by the Bank pursuant to the Letter of Credit shall be made from funds of the Bank, and not from the funds of any other Person.

Section 2.12. Extension of Stated Expiration Date. If SMUD on any date which is not more than one hundred eighty (180) days prior to the Stated Expiration Date (as the same may be extended from time to time) submits to the Bank a written request for an extension of the Stated

Expiration Date for a period as specified in such written request, the Bank will make reasonable efforts to respond to such request within thirty (30) days after receipt of all information necessary, in the Bank's reasonable judgment, to permit the Bank to make an informed credit decision. In the event the Bank fails to definitively respond to such request within such period of time, such Bank shall be deemed to have refused to grant the extension requested. The Bank may, in its sole and absolute discretion, decide to accept or reject any such proposed extension and no extension shall become effective unless the Bank shall have consented thereto in writing. The consent of the Bank, if granted, shall be conditioned upon the preparation, execution and delivery of documentation in form and substance reasonably satisfactory to the Bank and consistent with this Agreement. If such an extension request is accepted by the Bank in its absolute discretion, the then current Stated Expiration Date for the Letter of Credit shall be extended to the date agreed to by SMUD and the Bank and the Bank shall deliver to the Issuing and Payment Agent a notice of the extension of the Stated Expiration Date in the form of Annex G to the Letter of Credit.

Section 2.13. Net of Taxes, Etc.

(a) *Taxes*. Any and all payments to the Bank by SMUD hereunder and under the Fee Letter shall be made free and clear of and without deduction for any and all present or future taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities or other charges imposed thereon, including any interest, fines, additions to tax or penalties applicable thereto, but excluding taxes imposed on or measured by the net income or capital of the Bank by any jurisdiction or any political subdivision or taxing authority thereof or therein solely as a result of a connection between the Bank and such jurisdiction or political subdivision (all such non-excluded taxes, levies, imposts, duties, deductions, assessments, fees, charges, withholdings (including backup withholding), liabilities and other charges, including any interest, fines or additions to tax or penalties applicable thereto, being hereinafter referred to as *"Taxes"*). If SMUD shall be required by law to withhold or deduct any Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or under the Fee Letter to the Bank, (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.13), the Bank receives an amount equal to the sum it would have received had no such deductions been made; (ii) SMUD shall make such deductions; and (iii) SMUD shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If SMUD shall make any payment under this Section 2.13 to or for the benefit of the Bank with respect to Taxes and if the Bank shall claim any credit or deduction for such Taxes against any other taxes payable by the Bank to any taxing jurisdiction in the United States then the Bank shall pay to SMUD an amount equal to the amount of any refund actually received by the Bank or the amount by which such other taxes are actually reduced; *provided* that the aggregate amount payable by the Bank pursuant to this sentence shall not exceed the aggregate amount previously paid by SMUD to the Bank with respect to such Taxes. In addition, SMUD agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America, the State of New York, the State or any other taxing jurisdiction from any payment made hereunder or under the Fee Letter or from the execution or delivery or otherwise with respect to this Agreement

(hereinafter referred to as *"Other Taxes"*). The Bank shall provide to SMUD within a reasonable time a copy of any written notification it receives with respect to Taxes or Other Taxes owing by SMUD to the Bank hereunder; *provided* that the Bank's failure to send such notice shall not relieve SMUD of its obligation to pay such amounts hereunder. SMUD may conduct a reasonable contest of any such Taxes with the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed.

(b) *Indemnity*. SMUD shall, to the fullest extent permitted by law and subject to the provisions hereof, indemnify and reimburse the Bank for the full amount of Taxes and Other Taxes including any Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section 2.13 paid by the Bank or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto, whether or not such Taxes or Other Taxes were correctly or legally asserted; *provided* that SMUD shall not be obligated to indemnify the Bank for any penalties, interest or expenses relating to Taxes or Other Taxes arising from the Bank's gross negligence or willful misconduct. The Bank agrees to give notice to SMUD of the assertion of any claim against the Bank relating to such Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided* that the Bank's failure to notify SMUD promptly of such assertion shall not relieve SMUD of its obligation under this Section 2.13. Payments by SMUD pursuant to this indemnification shall be made within thirty (30) days from the date the Bank makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank agrees to repay to SMUD any refund (including that portion of any interest that was included as part of such refund) with respect to Taxes or Other Taxes paid by SMUD pursuant to this Section 2.13 received by the Bank for Taxes or Other Taxes that were paid by SMUD pursuant to this Section 2.13 and to contest, with the cooperation and at the expense of SMUD, any such Taxes or Other Taxes which the Bank or SMUD reasonably believes not to have been properly assessed.

(c) *Notice*. Within thirty (30) days after the date of any payment of Taxes or Other Taxes by SMUD, SMUD shall furnish to the Bank, the original or a certified copy of a receipt evidencing payment thereof.

(d) *Cut-Off Period*. Notwithstanding anything contained in paragraphs (a) or (b) of this Section 2.13, SMUD shall have no liability to the Bank with respect to any Taxes or Other Taxes to the extent incurred or imposed on the Bank more than one hundred eighty (180) days prior the date written notification thereof is given to SMUD by the Bank (the *"Cut-Off Date"*), except where (A) the Bank had no actual knowledge of the action resulting in such Taxes or Other Taxes as of the Cut-Off Date or (B) such Taxes or Other Taxes apply to the Bank retroactively to a date prior to the Cut-Off Date.

(e) *Survival of Obligations*. The obligations of SMUD under this Section 2.13 shall survive the termination of this Agreement for a period of one hundred eighty (180) days after such termination.

Section 2.14. Increased Costs "Section 2.14. Increased Costs" \l 2 . (a) If the Bank or any Participant shall determine that a Change in Law shall have occurred that shall:

(i) change the basis of taxation of payments to the Bank or such Participant of any amounts payable hereunder (except for taxes on the overall net income of the Bank or such Participant),

(ii) impose, modify or deem applicable any reserve, capital or liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against issuing and maintaining its obligations under the Letter of Credit, issuing or honoring Drawings under the Letter of Credit or making Advances hereunder or assets held by, or deposits with or for the account of, the Bank or such Participant or

(iii) impose on the Bank or such Participant any other such condition, cost or expense regarding this Agreement or the Letter of Credit

and the result of any event referred to in clause (i), (ii) or (iii) above shall be to increase the cost to the Bank or such Participant of entering into and performing this Agreement or the Letter of Credit or to reduce the amount of any sum received or receivable by the Bank or such Participant hereunder, then, upon demand by the Bank or such Participant, SMUD shall pay to the Bank or such Participant such additional amount or amounts as will compensate the Bank or such Participant for such increased costs or reductions in amount.

(b) If the Bank or any Participant shall have determined that a Change in Law shall have occurred that, shall impose, modify or deem applicable any capital or liquidity adequacy or similar requirement (including, without limitation, a request or requirement that affects the manner in which the Bank or such Participant or any corporation controlling the Bank or such Participant allocates capital or liquidity resources to its commitments, including its obligations under agreements similar to this Agreement and the Letter of Credit) that either (i) affects or would affect the amount of capital or liquidity to be maintained by the Bank or such Participant or any corporation controlling the Bank or such Participant or (ii) reduces or would reduce the rate of return on the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's capital or liquidity to a level below that which the Bank's or such Participant's or the Bank's or such Participant's controlling corporations could have achieved but for such circumstances (taking into consideration the Bank's or such Participant's or the Bank's or such Participant's controlling corporation's policies with respect to capital or liquidity adequacy would yield prior to the imposition or modification of such requirement) hereunder, then upon demand by the Bank or such Participant, SMUD shall pay to the Bank or such Participant such additional amounts as will compensate the Bank or such Participant or any corporation controlling the Bank or such Participant for such costs of maintaining such increased capital or liquidity or such reduction in the rate of return on the Bank's or the Bank's controlling corporation's capital or liquidity or the Participant's or the Participant's controlling corporation's capital or liquidity related to the maintenance of this Agreement and the Letter of Credit.

(c) Subject to Section 7.3(b) hereof, all payments of amounts referred to in clauses (a) and (b) of this Section shall be paid by SMUD to the Bank or Participant and shall bear interest thereon if not paid to the Bank or such Participant within 30 days of such notice until payment in full thereof at an interest rate per annum equal to the Default Rate in effect, from time to time, payable on demand. A certificate as to such increased cost, increased capital or liquidity, or

reduction in return incurred by the Bank or any Participant as a result of any event mentioned in clause (a) or (b) of this Section setting forth, in reasonable detail, the basis for calculation and the amount of such calculation shall be submitted by the Bank or such Participant to SMUD and shall be conclusive as to the amount thereof. In making the determinations contemplated by the above referenced certificate, the Bank or any Participant may make such reasonable estimates, assumptions, allocations and the like that the Bank or such Participant in good faith determines to be appropriate. Notwithstanding any provision in this Section to the contrary, amounts payable to such Participant pursuant to this Section shall not exceed the amount the Bank would have been paid under this Section with respect to the interest granted to the Participant had such interest not been granted.

(d) Failure or delay on the part of the Bank to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's right to demand such compensation; *provided* that SMUD shall not be required to compensate the Bank or any Participant pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank notifies SMUD of the Change in Law giving rise to such increased costs or reductions and of the Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) The obligations of SMUD under this Section 2.14 shall survive the termination of the Letter of Credit and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination or repayment; *provided, however*, that in the event any Change in Law provides for retroactive increased costs or retroactive imposition of capital adequacy or liquidity requirements, as described in this Section 2.14, the Bank may impose such costs on SMUD in accordance with the terms of this Section 2.14; provided, further, however, that the foregoing proviso shall only apply to any Change in Law occurring not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

Section 2.15. Margin Regulations. No portion of the proceeds of any Drawings under the Letter of Credit shall be used by SMUD (or the Depositary or any other Person on behalf of SMUD) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Drawings or Advances and such use of proceeds.

Section 2.16. Maximum Rate; Payment of Fee. Anything in this Agreement to the contrary notwithstanding, if the rate of interest due hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (B) the Maximum Rate (the *"Excess Interest"*), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed

the Maximum Rate, at which time SMUD shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the termination of the Letter of Credit, in consideration for the limitation of the rate of interest otherwise payable hereunder, SMUD shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

Section 2.17. Security for Obligations. This Agreement constitutes a Reimbursement Agreement (as defined in the Note Resolution) under the Note Resolution and has all rights and benefits thereof. In order to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Fee Letter, SMUD has pledged the Available Revenues to the Bank (for the benefit of the Bank and any Affiliate of the Bank to whom any Obligation is at any time owed), pursuant to and on the terms and subject to the conditions set forth in the Note Resolution. The pledge of Available Revenues under the Note Resolution constitutes a valid pledge of and charge and lien upon the Available Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Available Revenues, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Note Resolution, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Available Revenues and without the need for any physical delivery, recordation, filing or further act.

Section 2.18. Commercial Paper Notes Operations.

(a) *Issuance Generally*. SMUD will permit Notes to be issued, and authorize the Depositary to issue Notes, only in accordance with the terms of the Note Resolution and this Agreement.

(b) *No-Issuance Notices; Final Drawing Notice*. Notes may be issued from time to time prior to the Stated Expiration Date in accordance herewith and with the Note Resolution so long as (i) the Depositary is not in receipt of instructions then in effect given pursuant to this Section 2.18(b) and in substantially the form attached hereto as Exhibit B (a *"No-Issuance Notice"*), and not rescinded, by the Bank not to issue Notes and (ii) the Depositary is not in receipt of the Final Drawing Notice. The Bank may deliver a Final Drawing Notice at any time when (A) an Event of Default shall have occurred and be continuing or (B) an Optional Termination Event shall have occurred and be continuing and the Bank may deliver a No-Issuance Notice at any time when (x) an Event of Default shall have occurred and be continuing, (y) an Optional Termination Event shall have occurred and be continuing or (z) a Rating Event shall have occurred and be continuing. A No-Issuance Notice or the Final Drawing Notice shall be effective when received by the Depositary; *provided, however,* that a No-Issuance Notice or the Final Drawing Notice received by the Depositary after 11:00 A.M. New York time, on any day on which Notes are being issued shall be effective on the next succeeding day. A No-Issuance Notice or the Final Drawing Notice may be given by facsimile or electronic mail transmission, confirmed in writing within twenty-four (24) hours, but the

failure to so confirm such No-Issuance Notice or the Final Drawing Notice in writing shall not render such No-Issuance Notice or the Final Drawing Notice ineffective. The Bank will furnish a copy of any No-Issuance Notice or the Final Drawing Notice to SMUD and the Dealer promptly following delivery thereof to the Depositary, but the failure to furnish any such copy shall not render ineffective such No-Issuance Notice or the Final Drawing Notice.

Section 2.19. Method of Payment; Etc "Section 2.19. Method of Payment; Etc" \l 2 . All payments to be made by SMUD under this Agreement and the Fee Letter shall be made at the Payment Account not later than 4:00 P.M. (New York time) on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. All payments received by the Bank after 4:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day and any applicable interest or fees shall continue to accrue.

ARTICLE THREE
CONDITIONS PRECEDENT

Section 3.1. Conditions Precedent to Issuance of the Letter of Credit "Section 3.1. Conditions Precedent to Issuance of the Letter of Credit" \l 2 . As conditions precedent to the obligation of the Bank to issue the Letter of Credit, SMUD shall provide to the Bank on the Effective Date, each in form and substance satisfactory to the Bank and its counsel, Chapman and Cutler LLP (hereinafter, *"Bank's Counsel"*):

(i) *Approvals*. The Bank shall have received an executed counterpart of this Agreement duly executed by SMUD and the Bank and an executed original of the Revolving Note and copies of all action taken by SMUD (including, without limitation, any resolution adopted or passed by SMUD in connection therewith) approving the execution and delivery by SMUD of this Agreement, the Fee Letter, the Revolving Note and the other Program Documents, in each case, certified by an authorized official of SMUD as complete and correct as of the date hereof.

(ii) *Incumbency of Officials*. The Bank shall have received an incumbency certificate of SMUD in respect of each of the officials who is authorized to (a) sign this Agreement, the Revolving Note and the other Program Documents on behalf of SMUD and (b) take actions for SMUD under this Agreement, the Revolving Note and the other Program Documents.

(iii) *Opinion of Note Counsel*. The Bank shall have received an opinion of note counsel or a reliance letter thereon.

(iv) *Opinion of Counsel to SMUD*. The Bank shall have received an opinion addressed to the Bank and dated the Effective Date of the general counsel for SMUD, in form and substance satisfactory to the Bank, and addressing (i) SMUD's existence, (ii) SMUD's power and authority to enter into this Agreement and the Fee Letter and to perform its obligations hereunder and thereunder, (iii) SMUD's execution and delivery of this Agreement and the Fee Letter, (iv) the enforceability of SMUD's obligations under

this Agreement and the Fee Letter, (v) that SMUD has obtained all consents necessary to execute, deliver and perform this Agreement and the Fee Letter, (vi) the execution and delivery of this Agreement and the Fee Letter by SMUD will not violate any law, order or agreement to which SMUD is subject or to which SMUD is a party, and (vii) there is no litigation pending or threatened against SMUD that would prevent SMUD from executing and delivering this Agreement and the Fee Letter or performing its obligations hereunder and thereunder.

(v) *Note Resolution and Other Program Documents*. The Bank shall have received (a) a certified copy of the Note Resolution, the Master Bond Resolution (or a certified copy of the annotated version thereof) and the Subordinated Bond Resolution (or a certified copy of the annotated version thereof) which have been adopted prior to the Effective Date, all certified by an authorized officer of SMUD as being in full force and effect and (b) fully executed or certified copies, as applicable, of all other Program Documents.

(vi) *Financial Information*. The Bank shall have received copies of any financial information of SMUD that the Bank may reasonably request.

(vii) *Legality; Material Adverse Change*. The Bank shall have determined (in its sole discretion) that (a) neither the making of any Advances nor the consummation of any of the transactions contemplated by the Note Resolution, the Notes, this Agreement or any other Program Document will violate any law, rule, guideline or regulation applicable to SMUD, the Bank, the Letter of Credit or this Agreement, and (b) no Material Adverse Change shall have occurred since December 31, 2020.

(viii) *Fees, Etc*. The Bank shall have received payment of the fees, costs and expenses payable on the Effective Date.

(ix) *Revolving Note; Rating and CUSIP*. The Bank shall have received (a) an executed Revolving Note and **[(b) written evidence satisfactory to the Bank that (i) an unenhanced long-term investment grade (i.e., "Baa3" or better by Moody's or "BBB-" or better by S&P and/or Fitch) rating for the Revolving Note has been obtained from at least one Rating Agency]** and (ii) a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service for the Revolving Note.

(x) *Closing Certificate*. The Bank shall have received a certificate from SMUD executed by the Authorized SMUD Representative, dated the Effective Date, stating that:

(a) the representations and warranties of SMUD contained in this Agreement and each certificate furnished or delivered by SMUD to the Bank pursuant hereto are true and correct on and as of the Effective Date as though made on and as of such date;

(b) no "default" or "event of default" under any Program Document to which SMUD is a party and no Default or Event of Default has occurred and is continuing or would result from the entering into or performance under this Agreement and the other Program Documents; and

(c) except as has been disclosed to the Bank in writing prior to the Effective Date, there has been no Material Adverse Change since December 31, 2020.

(xi) *Ratings.* Written evidence that the unenhanced senior lien, long-term Bonds are rated not lower than **["___"]** (or its equivalent) by Moody's, **["___"]** (or its equivalent) by S&P or **["___"]** (or its equivalent) by Fitch.[1]

(xii) *Original Letter of Credit.* Evidence that the Original Letter of Credit has been marked "Cancelled" by the Depositary and will be returned to the Bank.

(xiii) *Other Documents*. The Bank shall have received such other documents, certificates, and opinions as the Bank or the Bank's counsel shall have reasonably requested.

"ARTICLE FOUR REPRESENTATIONS AND WARRANTIES" \L 1 ARTICLE FOUR REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations of SMUD. In order to induce the Bank to issue the Letter of Credit, SMUD represents and warrants to the Bank as follows:

(a) *Existence and Power*. SMUD is a municipal utility district organized and existing under and by virtue of the Act, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to own and operate the Electric System, to conduct its other business as presently conducted and to enter into contracts such as this Agreement and the SMUD Program Documents, which powers have been validly exercised in connection with the transactions effected by this Agreement and the SMUD Program Documents.

(b) *Authorization; Contravention; Approvals.* The execution, delivery and performance by SMUD of this Agreement, the Fee Letter and the SMUD Program Documents and the other documents contemplated hereby and thereby are within the powers of SMUD, have been duly authorized by all necessary actions and (i) do not contravene the Act or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease, instrument or other contractual restriction binding on or affecting SMUD and (ii) except as provided in or contemplated by this Agreement and the Program Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of SMUD. SMUD is not in violation of or in default in any material respect under any law, rule, regulation, order, writ, judgment, injunction, decree,

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1 **NDT:** Confirm SMUD's most recent ratings.

determination or award that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. SMUD is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction and is not in violation of or in default in any respect under any of the SMUD Program Documents that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by SMUD) for the due execution, delivery and performance by SMUD of this Agreement and the SMUD Program Documents.

(c) *Enforceability.* This Agreement and the SMUD Program Documents, and other documents contemplated hereby and thereby to which SMUD is a party or by which it is bound, are legally valid and binding obligations of SMUD enforceable against SMUD in accordance with their respective terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) general principles of equity; (iii) the exercise of judicial discretion in appropriate cases; and (iv) to the limitations on legal remedies against municipal utility districts in the State of California.

(d) *Litigation.* Except as disclosed in the Offering Memorandum or in writing to the Bank prior to the Effective Date, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending or, to the best knowledge of SMUD, threatened, against or directly involving SMUD (including, without limitation, the ability of SMUD to establish and collect rates for the generation, transmission and distribution of electric power), affecting the existence of SMUD, the title of any officials to their respective offices or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Program Document, or in any way contesting or affecting the validity or enforceability of the Notes, this Agreement, any Program Document or contesting the tax-exempt status of the Notes, or contesting in any way the completeness or accuracy of the Offering Memorandum or any supplements or amendments thereto, or contesting the powers of SMUD or any authority for the issuance of the Notes, the execution and delivery of this Agreement or the SMUD Program Documents, nor, to the best, knowledge of SMUD, is there any basis therefor, which, if determined adversely to SMUD (i) would adversely affect the validity or enforceability of, or the authority or ability of SMUD to perform its obligations under, this Agreement, the Fee Letter or any SMUD Program Documents, (ii) would, in the reasonable opinion of SMUD, have a material adverse effect on the business, financial position or results of operations of SMUD or (iii) would adversely affect the exclusion of interest on the Notes from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(e) *Financial Information.* (i) The audited financial statements of SMUD included in the 2020 Financial Statements, true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with generally accepted accounting

principles the financial position of SMUD and its results of operations and changes in financial position at the dates and for the periods indicated.

(ii) Except as has been disclosed in writing to the Bank prior to the Effective Date, since December 31, 2020, there has been no material adverse change in the business, financial position or results of operations of SMUD which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations hereunder or thereunder or the rights, security or interests of the Bank.

(iii) Except as reflected in the financial statements included in the 2020 Financial Statements or as described in the Offering Memorandum or as has been disclosed in writing to the Bank prior to the Effective Date and except for SMUD's obligations set forth in this Agreement and the SMUD Program Documents, there are as of the date hereof no liabilities or obligations with respect to SMUD of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to SMUD. SMUD does not know of any basis for the assertion against SMUD of any liability or obligation of any nature whatsoever that is not reflected in the financial statements included in the 2020 Financial Statements or the Offering Memorandum or other written disclosure to the Bank delivered prior to the Effective Date which, in the aggregate, could be material to SMUD.

(f) *Disclosure.* No written information furnished by SMUD to the Bank in connection with this Agreement (except information which has been superseded by subsequent information provided by SMUD) includes any untrue statement of a material fact.

(g) *Environmental Matters.* Except as disclosed in the Offering Memorandum or in writing to the Bank prior to the Effective Date, SMUD has not received notice to the effect that the operations of the Electric System are not in compliance with any of the requirements of applicable Federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, in each case which non-compliance or remedial action could have a Material Adverse Effect.

(h) *Plans.* SMUD currently has a Plan which is in compliance in all respects with the requirements of the applicable laws of the State of California, including without limitation the obligation to pay contributions on behalf of its employees in accordance therewith, and SMUD has no Plan which is subject to the requirements of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which could reasonably be expected to result in the incurrence by SMUD of any material liability, fine or penalty.

(i) *Regulations U and X.* SMUD is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of any Notes will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(j) *Tax-Exempt Status.* SMUD has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Notes of Subseries L-1 from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(k) *Security.* The Note Resolution creates a pledge of the Available Revenues as security for the punctual payment of the interest and principal due with respect to the Notes, the Parity Notes, the Obligations owed to the Bank hereunder and all Parity Notes Reimbursement Agreements. All actions necessary to create a pledge of the Available Revenues have been duly and validly taken. SMUD's obligation to pay the Obligations is *pari passu* with its obligation to pay the Notes, Parity Notes and all Parity Notes Reimbursement Agreements.

(l) *Constitutional Matters*. There is no amendment, or, to the best knowledge of SMUD, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have Material Adverse Effect.

(m) *No Sovereign Immunity.* SMUD represents that it is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California.

(n) *Incorporation of Representations and Warranties by Reference.* SMUD hereby makes to the Bank, as of the Effective Date, every representation and warranty made by it in SMUD Program Documents, which representations and warranties, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the SMUD Program Documents shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Bank. The representations and warranties of SMUD in all of the SMUD Program Documents are true and correct in all material respects.

(o) *No Violation of Usury Laws.* The terms of the Notes and the Note Resolution regarding the calculation and payment of interest on the Notes do not violate any applicable usury laws of the State of California and, assuming that the Bank is an exempted class of persons within the meaning of Article 15 of the California Constitution, the terms of this Agreement, the Fee Letter, and the Revolving Note regarding the calculation and payment of interest and fees and other amounts due under this Agreement, the Fee Letter, and the Revolving Note do not violate any applicable usury laws of the State of California.

(p) *Compliance.* SMUD is in substantial compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(q) *Default.* SMUD is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any SMUD Program Document, the Master Bond Resolution, the Subordinated Bond Resolution or any other resolution, agreement or instrument to which it is a party which could have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

(r) *Depositary and Dealer.* U.S. Bank National Association (or a successor or assign approved in writing by the Bank) is the duly appointed and acting Depositary and Barclays Capital Inc. (or a successor or assign approved in writing by the Bank) is the duly appointed Dealer.

(s) *Insurance.* The properties of SMUD are insured in accordance with the terms of the Master Bond Resolution.

(t) *Taxes.* SMUD has filed any Federal, state and other material tax returns and reports required to be filed, and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against SMUD that would, if made, have a Material Adverse Effect.

(u) *Casualty.* Neither the business nor the Property of SMUD is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

(v) *Anti-Terrorism Laws.* (i) SMUD is not in violation of any laws relating to terrorism or money laundering (*"Anti-Terrorism Laws"*), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the *"Executive Order"*), and the Patriot Act;

(ii) SMUD is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control (*"OFAC"*) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(iii) SMUD is an electrical utility. To its knowledge, SMUD does not (A) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

ARTICLE FIVE
"ARTICLE FIVE COVENANTS" \L 1 COVENANTS

Section 5.1. Covenants of SMUD. SMUD will do the following so long as any amounts may be drawn under the Letter of Credit or any Obligations remain outstanding under this Agreement, unless the Bank shall otherwise consent in writing:

(a) *Reports and Other Information.* SMUD will furnish, or cause to be furnished, at SMUD's expense to the Bank:

(i) As soon as possible and in any event within five (5) Business Days after the knowledge (actual or constructive) or notice of occurrence of any Event of Default, a statement of the Authorized SMUD Representative setting forth details of such Event of Default and the action that SMUD proposes to take with respect thereto;

(ii) As soon as available and in any event within 180 days after the end of each Fiscal Year of SMUD, a copy of the audited financial statements of SMUD for such year, including a balance sheet of SMUD as at the end of such Fiscal Year and the related statements of revenues, expenses and changes in fund balances and statement of cash flows, all in reasonable detail and reported on by a firm of nationally recognized independent certified public accountants, and the report of such firm of independent certified public accountants shall state, without qualification, that such financial statements present fairly the financial position of SMUD as of the end of such Fiscal Year, the results of operations, the changes in fund balances and cash flows of SMUD for such Fiscal Year then ended in conformity with generally accepted accounting principles;

(iii) Simultaneously with the delivery of each set of financial statements referred to in clause (ii) above, a certificate of an Authorized SMUD Representative stating whether there exists on the date of such certificate any Event of Default or Default

and, if any Event of Default or Default then exists, setting forth the details thereof and the action that SMUD is taking or proposes to take with respect thereto;

(iv) As soon as available and in any event within 60 days after June 30 and December 31 of each calendar year, a copy of the unaudited internally prepared balance sheet and statement of changes in net asset of SMUD for the six month or one year period ended on such date, setting forth in each case in comparative form the corresponding figures for the corresponding fiscal period for the preceding fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied;

(v) As soon as practicable and in any event within ten (10) Business Days after SMUD obtains actual knowledge of: (A) any litigation, arbitration or governmental proceeding pending against SMUD that challenges SMUD's ability to perform its obligations under this Agreement and/or the SMUD Program Documents; or (B) any other event or condition that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement and/or the SMUD Program Documents, in each case a statement of the Authorized SMUD Representative setting forth details describing the same and the steps being taken with thereto;

(vi) As soon as practicable, notice of any disclosure documents publicly distributed in connection with any issue of Parity Bonds, Parity Subordinated Debt or Parity Notes;

(vii) As soon as practicable, notice of any change in, or the withdrawal of, any rating of Bonds or Subordinated Bonds (without regard to bond insurance or any other form of credit enhancement) by any Rating Agency; and

(viii) *Monthly Statement of Outstanding Notes.* SMUD shall provide, or cause to be provided, to the Bank a statement listing all outstanding Notes and the principal amount thereof and the maturity of such Notes on the fifteenth (15th) calendar day of each calendar month; and

(ix) From time to time, such additional information regarding the financial position, results of operations, business or prospects of SMUD as the Bank may reasonably request.

(b) *Books and Records; Inspections.* SMUD will keep proper books of record and account with respect to the Electric System in which full and correct entries shall be made of assets and liabilities, financial transactions and business of SMUD in conformity with generally accepted accounting principles. SMUD will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of SMUD, and to examine the books and financial records of SMUD relating to the Electric System and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of SMUD relating to SMUD with the principal officers of SMUD all at such reasonable times during normal business hours and as often as the Bank may reasonably request.

(c) *Maintain Existence.* SMUD shall take no action that would terminate its existence, rights and franchises as a municipal utility district duly organized and existing under the Constitution and laws of the State of California.

(d) *Compliance with Laws.* SMUD will comply with the requirements of all laws, rules, regulations and orders of any Governmental Authority having jurisdiction over SMUD and/or the Electric System, noncompliance with which would materially adversely affect the ability of SMUD to perform its obligations under this Agreement and the SMUD Program Documents.

(e) *Compliance with Agreements.* SMUD will observe and perform all of its obligations under this Agreement and the SMUD Program Documents.

(f) *Incorporation of Covenants by Reference.* SMUD, by this reference, hereby incorporates into this Agreement those covenants and agreements made by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Master Bond Resolution (as in effect on the Effective Date of this Agreement) and in the SMUD Program Documents, as such covenants and agreements exist on the date hereof, as if such covenants and agreements were set forth herein in their entirety together with all defined terms and interpretative provisions necessary for a complete understanding thereof. The incorporated provisions shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall the incorporated provisions be a limitation on the express covenants contained herein. In the event of a conflict between the covenants and agreements set forth in this Article V (other than the incorporated provisions) and the incorporated provisions, the covenants and agreements set forth in the other provisions of Article V shall prevail.

(g) *SMUD Program Documents.* SMUD will not amend, supplement or otherwise modify, or agree to the amendment, modification or termination of, any of the SMUD Program Documents (including, without limitation, an amendment to the Note Resolution reducing the Maximum Interest Rate to a rate below 12%) if such action could reasonably be expected to (i) adversely affect SMUD's ability to perform its obligations under this Agreement or the SMUD Program Documents, (ii) adversely affect the business, financial position or results of operations of SMUD or (iii) adversely affect the rights, interests, security or remedies of the Bank, in each case, without the prior written consent of the Bank (the Bank shall provide SMUD its determination as to whether or not it consents to any amendment, supplement or modification to any SMUD Program Documents within ten (10) Business Days of written notice from SMUD of such amendment, supplement or modification). SMUD shall provide written notice to the Bank of any proposed amendment to the Master Bond Resolution or Subordinated Bond Resolution (and a copy of such proposed amendment) at least ten (10) calendar days prior to its effective date.

(h) *Depositary and Dealer.* (i) SMUD shall not remove the Depositary or the Dealer or appoint any successor thereto without the prior written consent of the Bank, which consent shall not be unreasonably withheld. In addition, SMUD covenants that it will not agree to permit any Dealer to resign with fewer days' notice than is specified in the Dealer Agreement and not prior to providing such prior written notice to SMUD, the Depositary and the Bank. Any Dealer

Agreement with a successor Dealer shall provide that such successor Dealer may resign upon at least thirty (30) days' prior written notice to SMUD, the Depositary and the Bank.

(ii) If a Dealer fails to perform its duties under, and in accordance with the terms of, the Dealer Agreement, SMUD shall, at the written direction of the Bank, remove such Dealer. If the Depositary or the Dealer is removed or resigns, SMUD shall use its best efforts to appoint a successor thereto as soon as practicable and, in the case of resignation, no later than the resignation effective date. Any proposed Depositary (or any of its affiliates) or Dealer (or any of its affiliates) shall be rated at least A2/A/A by at least two Rating Agencies at the time of becoming the Depositary or the Dealer, as applicable, and have minimum capital of $500,000,000 unless such rating and/or capital requirement shall be waived by the Bank.

(i) *Alternate Letter of Credit.* SMUD agrees that any termination of the Letter of Credit as a result of the provision of any Alternate Letter of Credit will require, as a condition thereto, that SMUD or the issuer of the Alternate Letter of Credit will provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of the Letter of Credit all Obligations due to the Bank hereunder.

(j) *Best Efforts.* In the event SMUD does not request an extension of the Stated Expiration Date or the Bank denies or fails to respond to a request to extend the Stated Expiration Date, SMUD shall use its best efforts to (i) secure an Alternate Letter of Credit in full and complete replacement for the Letter of Credit or (ii) otherwise refinance the Notes on or prior to the expiration of the Letter of Credit.

(k) *Return of Letter of Credit.* SMUD shall, upon the occurrence of the Termination Date, cause the Depositary to surrender the Letter of Credit to the Bank for cancellation on the Termination Date.

(l) *Offering Documents.* SMUD shall not include in an offering document for the Notes any information concerning the Bank (other than identifying the Bank as a party to this Agreement and the Letter of Credit) that is not supplied in writing, or otherwise consented to, by the Bank expressly for inclusion therein. Except as may be required by law, SMUD shall not use the Bank's name in the context of credit extension to SMUD or securities offerings (other than identifying the Bank as a party to this Agreement and the Letter of Credit) in any published materials (other than SMUD 's staff reports, annual statements, audited financial statements and rating agency presentations and, to the extent required SEC Rule 15(c)2-12, any offering of Bonds, Parity Bonds, Subordinated Bonds or Parity Subordinated Debt of SMUD) without the prior written consent of the Bank.

(m) *Use of Proceeds.* The proceeds of the Notes will be expended in the manner set forth in the Note Resolution.

(n) *Ranking of Obligation*s. SMUD shall not take any action that would result in the Obligations not ranking at least pari passu in right of payment from Available Revenues with the Notes, Parity Notes and Parity Notes Reimbursement Agreements.

(o) *Investments*. SMUD will not, directly or indirectly, invest in instruments and securities other than those permitted by, and in accordance with, California Government Code Sections 53600 to 53609, the Master Bond Resolution, the Subordinated Bond Resolution or the Program Documents. SMUD will not permit SMUD to encumber its cash position nor schedule the interest payment dates and maturities of its investments in a manner which impedes, hinders or interferes with the availability of funds to meet SMUD's expected cash needs.

(p) *Reserved.*

(q) *Plans.* SMUD will (i) remain at all times in compliance with any applicable law (including any legally available grace periods) with respect to any Plan, and (ii) maintain each Plan as to which it may have any liability in compliance in all material respects with the provisions of applicable law, the failure to comply with which could subject SMUD to any tax or penalty which tax or penalty, taken together, with all other taxes and penalties which could be assessed against SMUD by reason of all other non-compliances, would have a material adverse effect on the business, financial position or results of operations of SMUD.

(r) *Payment of Taxes, Etc.* SMUD will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon SMUD on account of the Electric System or any portion thereof and which, if unpaid, might impair the security of the Notes, when the same shall become due, but nothing herein contained shall require SMUD to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. SMUD will duly observe and conform to all valid material requirements of any Governmental Authority relative to the Electric System or any part thereof.

(s) *Operation and Maintenance of Electric System.* SMUD will operate, maintain and preserve the Electric System in good repair and working order in conformity with standards customarily followed for municipal power supply, transmission and distribution systems of like size and character. SMUD will from time to time make necessary and proper repairs, renewals, replacements and substitutions to the properties of the Electric System, so that business carried on in connection with the Electric System shall and can be conducted in an efficient and economical manner, and will operate the Electric System in an efficient and economical manner. SMUD shall not use the Electric System to conduct any business other than that which is lawfully permitted.

(t) *Amounts of Rates and Charges.* To the extent permitted by law, SMUD hereby covenants to establish, maintain and collect rates and charges with respect to the Electric System sufficient to pay the Parity Bonds, Parity Subordinated Debt, Parity Notes, Parity Notes Reimbursement Agreements, the Notes and all Obligations due and owing hereunder.

(u) *Maintenance of Insurance.* SMUD maintains self-insurance for general liabilities, property damage and workers' compensation claims. SMUD shall, at all times, continue to maintain such self-insurance or shall use its best efforts to maintain or cause to be maintained insurance or reserves against loss from such hazards and risks to the person or property of others as are usually insured or reserved against by those with rights and interests in property similar to

the Electric System. SMUD shall also procure, and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Electric System revenues, such insurance or bonds to be in an aggregate amount at least equal to the maximum amount of such Electric System revenues at any one time in the custody of all such officers and employees or in the amount of one million dollars ($1,000,000), whichever is less. The insurance described above may be provided as a part of any comprehensive fidelity and other insurance and not separately for the Electric System.

(v) *Sale or Other Disposition of Property*. SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders (as defined in the Master Bond Resolution) or the Bank with respect to Revenues. Subject to the preceding sentence, nothing contained herein shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

Notwithstanding the foregoing or any other provision of the Master Bond Resolution, SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to SMUD provided that:

(1) SMUD delivers to the Trustee (as defined in the Master Bond Resolution):

(a) a certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to Section 5.04 of the Master Bond Resolution would not have been reduced to less than 1.40:1.0.

(w) *Liens.* Except as permitted by the Master Resolution, the Subordinated Bond Resolution or the Note Resolution or as otherwise acceptable to the Bank, SMUD will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Electric System revenues pledged under the Master Resolution, the Subordinated Bond Resolution or the Note Resolution

and held or set aside by SMUD thereunder, or (b) create or cause to be created any Lien on the Electric System revenues.

(x) *Reserved*.

(y) *Further Assurances.* SMUD agrees to do such further acts and things and to execute and deliver to the Bank such additional assignments, agreements, powers and instruments as the Bank may reasonably require or reasonably deem advisable to carry into effect the purposes of this Agreement and the Fee Letter or to better assure and confirm to the Bank its rights, powers and remedies hereunder and under the SMUD Program Documents.

(z) *Immunity*. SMUD covenants that it will not claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California.

(aa) *Ratings.* SMUD shall maintain (i) long-term unenhanced ratings from at least two Rating Agencies on Bonds and Parity Bonds, (ii) short-term ratings on the Notes from at least two Rating Agencies and (iii) one long-term rating on the Revolving Note from any Rating Agency.

(bb) *Swap Contracts.* Without the prior written consent of the Bank, SMUD shall not enter into any Swap Contracts relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of any Obligation.

(cc) *Shorter Amortization*. In the event that SMUD shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement relating to Parity Notes or other Debt of SMUD secured by a lien on Net Revenues on parity with the Notes which such Bank Agreement provides such Person with a shorter amortization period than what is set forth in Section 2.3(b) hereof (not taking into account any shorter amortization period that might occur under such Bank Agreement because of a default, termination event, or other similar event under such Bank Agreement) (each a *"Shorter Amortization Period"*), SMUD shall provide the Bank with a copy of each such Bank Agreement and such Shorter Amortization Period shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefit of such Shorter Amortization Period as if specifically set forth herein. SMUD shall promptly enter into an amendment to this Agreement to include such Shorter Amortization Period; *provided* that the Bank shall have and maintain the benefit of such Shorter Amortization Period even if SMUD fails to provide such amendment.

(dd) *Incorporation of Covenants by Reference*. SMUD agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Master Bond Resolution and in each of the Program Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against SMUD. To the extent that any such incorporated provision permits SMUD or any other party to waive compliance with such provision or requires that a

document, opinion or other instrument or any event or condition be acceptable or satisfactory to SMUD or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. No termination or amendment to such covenants and agreements or defined terms or release of SMUD with respect thereto made pursuant to the Master Bond Resolution or the Program Documents, shall be effective to terminate or amend such covenants and agreements and defined terms or release SMUD with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Master Bond Resolution or the Program Documents, SMUD shall continue to observe such incorporated covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of all Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

ARTICLE SIX
"ARTICLE SIX DEFAULTS" \L 1 DEFAULTS

Section 6.1. Events of Default and Remedies "Section 6.1. Events of Default and Remedies" \l 2 . If any of the following events shall occur, each such event shall be an *"Event of Default"*:

(a) SMUD shall fail to pay when due (i) the amount of any Drawing; (ii) the principal of any Advance; (iii) the interest on any Advance, and such default shall continue unremedied for two (2) Business Days; or (iv) any other amount payable hereunder or under the Fee Letter and, solely with respect to clause (iv) hereof, such default shall continue unremedied for five (5) Business Days;

(b) SMUD shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 5.1(a)(i), 5.1(c), 5.1(f), 5.1(g), 5.1(h), 5.1(i), 5.1(k), 5.1(l), 5.1(m), 5.1(n), 5.1(t), 5.1(v), 5.1(w) or 5.1(z); (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in Sections 5.1(a)(v), 5.1(a)(vi) or 5.1(a)(vii) and such default shall continue unremedied for a period of 5 Business Days; (iii) default in the due performance or observance by it of any other terms, covenant or agreement continued in Section 5.1(a)(ii), 5.1(a)(iii), 5.1(a)(iv) or 5.1(a)(viii) and such default shall continue unremedied for a period of 5 Business Days after the Bank has provided written notice to SMUD or (iv) default in the due performance or observance by it of any other term, covenant or agreement hereunder or under the Fee Letter (other than those referred to in Section 6.1(a), 6.1(b)(i), 6.1(b)(ii) or 6.1(b)(iii) hereof) and such default shall continue unremedied for a period of thirty (30) days;

(c) Any representation, warranty, certification or statement made or deemed made by SMUD in this Agreement, any Program Document or in any certificate,

financial statement or other document delivered to the Bank pursuant to this Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(d) SMUD shall (i) default in any payment of (A) any Debt payable from or secured by Net Revenues beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Debt was created or (B) any obligation under any Swap Contract the obligations under which are secured by a lien on Net Revenues senior to or on a parity with the Obligations, or (ii) default in the observance or performance of any agreement or condition relating to any Debt payable from or secured by Net Revenues on parity with or senior to the Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit (A) the holder or holders (or a trustee or agent on behalf of such holder or holders) of any Debt or (B) the counterparty under any Swap Contract or Bank Agreement, in each case, payable from or secured by Net Revenues on parity with or senior to the Obligations to cause, with the giving of notice if required, such Debt or obligations under such Swap Contract or Bank Agreement to become due prior to its stated maturity; or (iii) any Debt secured by a lien on Net Revenues senior to or on a parity with the Obligations payable from or secured by Net Revenues or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(e) SMUD shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or in the reasonable judgment of the Bank be unable, to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against SMUD seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within thirty (30) days and dismissed within sixty (60) days; or an order for relief shall be entered against SMUD under the Federal bankruptcy laws as now or hereafter in effect; or

(g) (i) A court of competent jurisdiction or other governmental authority with appropriate jurisdiction over SMUD shall enter a final and non-appealable judgment, order or decree declaring any (x) obligation of SMUD contained in this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or (y) Program Document, the Master Bond Resolution or the Subordinated Bond Resolution, in either case, to be invalid, not binding or unenforceable against SMUD or (ii) any action is taken by the SMUD Board or any officer of SMUD authorized by the SMUD Board to contest the validity or enforceability of this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or the SMUD Board or any officer of SMUD authorized by the SMUD Board repudiates its obligations under any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or any provision thereof or with respect to any Debt of SMUD secured by or payable from Net Revenues senior to or on a parity with the Obligations, or SMUD shall seek an adjudication that this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution is not valid and binding; or

(h) A moratorium shall have been declared or announced by a Governmental Authority (whether or not in writing) with respect to any Debt of SMUD secured by Net Revenues, Net Subordinated Revenues or Available Revenues; or

(i) Dissolution or termination of the existence of SMUD; or

(j) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree for the payment of money in excess of $10,000,000 shall be rendered against SMUD and such judgment or order shall continue, unbonded or unsatisfied for a period of 60 days; or

(k) Any of the funds or accounts established pursuant to the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of SMUD relating to an obligation or obligations of SMUD in excess of $10,000,000 and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(l) Any pledge or security interest created by this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution to secure any amount due by SMUD under this Agreement, the Fee Letter, the Revolving Note or with respect to the Notes shall fail to be fully enforceable with the priority required hereunder or thereunder; or

(m) (i) Any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Letter shall have occurred and be continuing, (ii) any event which materially and adversely affects the

ability of SMUD to observe and perform its obligations under any SMUD Program Document, the Master Bond Resolution or the Subordinated Bond Resolution shall have occurred and be continuing or (iii) either the Master Bond Resolution or the Subordinated Bond Resolution shall be amended and such amendment materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Letter; or

(n) An "event of default" (or similar event) shall have occurred under any of the Program Documents, the Master Bond Resolution or the Subordinated Bond Resolution; or

(o) There shall be appointed or designated with respect to SMUD, an entity such as an organization, board, commission, authority, agency or body to declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it; or

(p) The downgrade by any Rating Agency of its long-term unenhanced rating with respect to any Bonds to a level below "Baa3" (or its equivalent) in the case of Moody's, "BBB-" (or its equivalent) in the case of S&P or "BBB-" (or its equivalent) in the case of Fitch.

Section 6.2. Remedies "Section 6.2. Remedies" \l 2 . Upon the occurrence of any Event of Default or an Optional Termination Event the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare all Obligations to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by SMUD; *provided, however,* that in the case of an Event of Default described in Section 6.1(e), 6.1(f) or 6.1(h) hereof, such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) issue a No-Issuance Notice (the effect of which shall be as provided in Section 2.18 of this Agreement), reduce the Stated Amount of the Letter of Credit to the amount of the then outstanding Notes supported by the Letter of Credit and/or terminate the Stated Amount as the then outstanding Notes are paid; or

(c) issue the Final Drawing Notice (the effect of which shall be to cause the Termination Date of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Depositary); or

(d) with respect to Non-Credit Events of Default only, give notice to SMUD that its obligation to make Advances hereunder is terminated (SMUD hereby acknowledges that upon the occurrence of a Credit Event of Default, the Bank's

obligation to make Advances shall automatically terminate without the giving of any notice) with respect thereto; or

(e) pursue any rights and remedies it may have under the Program Documents; or

(f) pursue any other action available at law or in equity.

Section 6.3. Rating Event. Upon the occurrence of a Rating Event, the Bank may issue a No-Issuance Notice (the effect of which shall be as provided in Section 2.18 of this Agreement), reduce the Stated Amount of the Letter of Credit to the amount of the then outstanding Notes supported by the Letter of Credit and/or terminate the Stated Amount as the then outstanding Notes are paid.

ARTICLE SEVEN
MISCELLANEOUS

Section 7.1. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.2. Notices. All notices and other communications provided for hereunder (except as provided in Section 2.18(b) hereof) shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile transmission, or regular mail, as follows:

(a)	if to SMUD:	Sacramento Municipal Utility District 6201 S Street Sacramento, California 95817-1899 Attention: Treasurer Telephone: (916) 732-6509 Telecopy: (916) 732-5835
(b)	if to the Bank, with respect to the Letter of Credit:	Barclays Bank PLC 745 Seventh Avenue New York, New York 10019 Attention: Letter of Credit Department Telephone:(212) 320-7534 Telecopy: (212) 412-5011
(c)	if to the Bank, with respect to all matters:	Barclays Bank PLC 745 Seventh Avenue, 19th Floor New York, New York 10019

Attention: Cassandra Bolz
Telephone: (212) 526-3974
Telecopy: (646) 758-1419
Email: cassandra.bolz@barclays.com

(d) if to Depositary: U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Telephone: (212) 361-2892
Telecopy: (212) 509-4529

(e) if to the Dealer: Barclays Capital Inc.
745 Seventh Avenue, Floor 02
New York, New York 10019
Attention: Head of the Municipal Short-Term Desk
Telephone: (212) 528-1011
Telecopy: (646) 758-1870

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that requests for Draws submitted to the Bank shall not be effective until received by the Bank.

Section 7.3. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Drawing or Advance hereunder and shall continue in full force and effect until the Letter of Credit shall have terminated and all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of SMUD which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank. SMUD may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. The Bank may transfer or assign some or all of its rights and obligations under this Agreement and the Letter of Credit with the prior written consent of SMUD (which consent shall not be withheld unreasonably), *provided* that (i) with respect to the Letter of Credit only SMUD has received written notice from the Rating Agencies then rating the Notes that the transfer shall not cause the lowering, withdrawal or suspension of the ratings then existing on the Notes, and (ii) the Bank shall be responsible for all costs resulting from the transfer. No assignment of the Letter of Credit shall occur unless and until the provisions of the Note Resolution providing for delivery of an Alternate Letter of Credit for the Notes are complied with, treating the assigned Letter of Credit as an Alternate Letter of Credit. The Bank agrees to provide SMUD written notice of all amounts due and owing the Bank through and including the date of any assignment pursuant to this Section 7.3. This Agreement is made solely for the benefit of SMUD and the Bank, and no

other Person (including, without limitation, the Depositary, the Dealer or any holder of Notes) shall have any right, benefit or interest under or because of the existence of this Agreement.

(b) Notwithstanding the foregoing, the Bank shall be permitted to grant to one or more financial institutions (each a *"Participant"*) a participation or participations in all or any part of the Bank's rights and benefits and obligations under this Agreement and the Letter of Credit on a participating basis but not as a party to this Agreement (a *"Participation"*) without the consent of SMUD. In the event of any such grant by the Bank of a Participation to a Participant, the Bank shall remain responsible for the performance of its obligations hereunder, and SMUD shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement. SMUD agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank, *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof; *provided further* that SMUD's liability to any Participant shall not in any event exceed that liability which SMUD would owe to the Bank but for such participation.

Section 7.4. Unconditional Obligations. The obligations of SMUD under this Agreement and the Fee Letter shall be primary, absolute, independent, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement and the Fee Letter, including without limitation the following circumstances:

(a) Any lack of validity or enforceability of the Letter of Credit, the Program Documents or any other agreement or instrument relating to any of the above;

(b) Any amendment or waiver of, or any consent to or departure from, any provision of any of the Program Documents, except for any waiver or consent granted by the Bank;

(c) The existence of any claim, setoff, defense or other rights that SMUD may have at any time against the Depositary, any beneficiary or transferee of the Letter of Credit (or any Person for whom the Depositary, any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, the Program Documents or any unrelated transaction;

(d) Any breach of contract or other dispute between SMUD and the Depositary, any beneficiary or transferee of the Letter of Credit (or any Person for whom the Depositary, any such beneficiary or any such transferee may be acting), any Owner, the Bank or any other Person;

(e) Any demand, statement or any other document presented under the Letter of Credit or hereunder proving to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(f) Payment by the Bank under the Letter of Credit against presentation of a draft or certificate which does not comply strictly with the terms of the Letter of Credit;

(g) Any non-application or misapplication by the Depositary or any paying agent or otherwise of the proceeds of any Drawing; or

(h) The failure by the Bank to honor any Drawing under the Letter of Credit or to make any payment demanded under the Letter of Credit on the grounds that the demand for such payment does not conform strictly to the terms and conditions of the Letter of Credit.

Section 7.5. Liability of Bank; Indemnification. (a)(i) Except as provided in this Agreement, the Bank shall not be obligated to issue any further credits, to cure any defaults under any Program Document or otherwise, or in any other manner to extend any financial consideration or accommodation to SMUD.

(ii) The Bank shall not be deemed to have waived or released any of its rights or remedies (whether specified in or arising under this Agreement, the Fee Letter or otherwise available to it by law or agreement) unless the Bank shall have signed a written waiver or release. Delay or failure to act on the Bank's part shall not constitute a waiver of or otherwise preclude enforcement of any of their rights and remedies. All of the Bank's rights and remedies shall be cumulative and may be exercised separately or concurrently. The Bank need not resort to any particular right or remedy before exercising or enforcing any other, and the Bank's resort to any right or remedy shall not preclude the exercise or enforcement of any other right or remedy.

(iii) SMUD assumes all risks of the acts or omissions of the Depositary, any transferee of the Letter of Credit, the Dealer, the Depositary or any paying agent for the Notes with respect to its use of the Letter of Credit and the application of proceeds drawn thereunder; *provided* that this assumption with respect to the Bank is not intended to, and shall not, preclude SMUD's pursuing such rights and remedies as it may have against the Depositary, such transferee, the Dealer or any such paying agent at law or under any other agreement. Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

(A) The use that may be made of the Letter of Credit or for any acts or omissions of the Depositary or any transferee of the Letter of Credit in connection therewith;

(B) The form, validity, sufficiency, accuracy or genuineness of documents, or of any endorsements thereon, even if such documents should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, so long as the Bank was not grossly negligent or guilty of willful misconduct as determined by a court of competent jurisdiction;

(C) Payment by the Bank against presentation of documents that do not comply strictly with the terms of the Letter of Credit, including failure of any documents to bear any reference or adequate reference to the Letter of Credit;

(D) The validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign the Letter of Credit or the rights or benefits thereunder or

proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(E) Errors, omissions, interruptions or delays in transmission or delivery of any messages by telex, mail, cable, telegraph, facsimile or otherwise, whether or not they have been in cipher, including any Drawings under the Letter of Credit;

(F) Errors in interpretation of technical terms; or

(G) Any consequences arising from causes beyond the control of the Bank, including, without limitation, any Government Acts;

provided that, notwithstanding anything in the preceding clauses (A) through (G) to the contrary, SMUD shall have a claim against the Bank, and the Bank shall be liable to SMUD, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by SMUD that SMUD proves were caused by (A) the Bank's failure to pay under the Letter of Credit after the presentation to it by the Depositary of a sight draft and certificate strictly complying with the terms and conditions of the Letter of Credit or (B) the Bank's willful or grossly negligent payment under the Letter of Credit as determined by a court of competent jurisdiction in a final non-appealable judgment.

In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b)(i) To the maximum extent permitted by applicable law, SMUD agrees to indemnify, save and hold harmless each Bank-Related Person from and against: (A) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations) be asserted or imposed against any Bank-Related Person arising out of or relating to this Agreement, the Letter of Credit, the Fee Letter or any Program Document, the use or contemplated use of the proceeds of any Drawing, any Advance, or the relationship of SMUD and the Bank under this Agreement or any Program Document; (B) any investigative, administrative or judicial proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (A) above; and (C) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including attorney costs) that any Bank-Related Person suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, and whether or not a Bank-Related Person is a party to such claim, demand, action, cause of action or proceeding; *provided* that no Bank-Related Person shall be entitled to indemnification for any claim caused by its own gross negligence or willful misconduct. The agreements in this subsection shall survive the termination of the Letter of Credit and repayment of all of the Obligations.

(ii) To the maximum extent permitted by applicable law, SMUD shall also indemnify and hold harmless the Bank from any transfer taxes, documentary taxes, assessments or charges

made by any Governmental Authority by reason of the execution and delivery of this Agreement and the Program Documents or the issuance of the Letter of Credit. The agreements in this subsection shall survive the termination of the Letter of Credit and repayment of all of the Obligations.

Section 7.6. Expenses. SMUD will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default and (iv) all reasonable costs and expenses, if any, in connection with the administration and enforcement of this Agreement and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, SMUD agrees to pay, after the occurrence of an Event of Default, all reasonable costs and expenses (including attorneys' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from SMUD hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of SMUD under this Section 7.6 shall survive the termination of this Agreement.

Section 7.7. No Waiver; Conflict. No failure by the Bank to exercise, and no delay by the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Program Document are cumulative, and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 7.8. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

Section 7.9. Dealing with SMUD, the Depositary, and/or the Dealer. The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with SMUD, the Depositary, and/or the Dealer regardless of the capacity of the Bank hereunder.

Section 7.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law.

Section 7.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart.

Section 7.12. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

SECTION 7.13. ENTIRE AGREEMENT. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO AS TO SUCH SUBJECT MATTER.

Section 7.14. Governing Law. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT AND THE FEE LETTER SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER,* THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS AGREEMENT AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

Section 7.15. Waiver of Jury Trial. (a) TO THE FULL EXTENT PERMITTED BY LAW, SMUD AND THE BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE FEE LETTER, THE LETTER OF CREDIT, ANY OF THE OTHER PROGRAM DOCUMENTS, THE MASTER BOND RESOLUTION, THE SUBORDINATED BOND RESOLUTION OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF SMUD AND THE BANK FURTHER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY. WITHOUT LIMITING THE FOREGOING, TO THE EXTENT PERMITTED BY LAW, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE FEE LETTER, AND/OR THE LETTER OF CREDIT OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT, THE FEE LETTER, AND/OR THE LETTER OF CREDIT.

(b) In the event the waiver of jury trial as set forth in subsection (a) of this Section shall be declared void or unenforceable, each of SMUD and the Bank agrees to refer the dispute to a

judicial referee in accordance with the provisions of Section 638 et seq. of the California Code of Civil Procedure.

Section 7.16. Right of Setoff; Other Collateral "Section 7.16 Right of Setoff; Other Collateral" \l 2 . (a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to SMUD (any such notice being expressly waived by SMUD), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of SMUD (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations of SMUD, whether or not the Bank shall have made any demand for any amount owing to the Bank by SMUD; *provided, however,* that any such set-off, exercise of banker's lien or any right of attachment shall be limited to (i) balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies or (ii) indebtedness owed by the Bank to or for the account of SMUD, the proceeds of which would otherwise be available to pay or satisfy or otherwise secure the Notes, the Reimbursement Obligations or any other indebtedness or obligations of SMUD secured or payable on a parity with or subordinate to the Lien on Net Revenues securing the Notes and the Reimbursement Obligations; and *provided further*, however, that the exercise of any such set-off, banker's lien or right of attachment and the application of any such balances, credits, deposits, accounts, monies or proceeds of indebtedness that would constitute Revenues or other funds pledged pursuant to the Master Bond Resolution, Subordinated Bond Resolution or Note Resolution shall be subject to the terms, conditions and lien and payment priorities set forth in the Master Bond Resolution, the Subordinated Bond Resolution and the Note Resolution.

(b) The rights of the Bank under this Section 7.16 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.16, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have hereunder or under the other Program Documents.

Section 7.17. USA Patriot Act. The Bank hereby notifies SMUD that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 signed into law October 26, 2001) (the "Patriot Act"), it is required to obtain, verify and record information that identifies SMUD, which information includes the name and address of SMUD and other information that will allow the Bank to identify SMUD in accordance with the Patriot Act. SMUD hereby agrees that it shall promptly provide such information upon request by the Bank.

S*ection 7.18. Assignment to Federal Reserve Bank.* The Bank may assign and pledge all or any portion of the Obligations owing to it to any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that any payment in respect of such assigned Obligations made by SMUD or on its behalf to the Bank in accordance with the terms of this Agreement shall satisfy SMUD's Obligations hereunder in

respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

S*ection 7.19. No Advisory or Fiduciary Relationship.* In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Program Document), SMUD acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between SMUD, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) SMUD has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) SMUD is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Program Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary pursuant to Section 15B of the Securities Exchange Act of 1934, for SMUD or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to SMUD with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Program Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of SMUD, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to SMUD. To the fullest extent permitted by law, SMUD hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 7.20. Amendment and Restatement. This Agreement amends and restates in its entirety the Original Agreement and from and after the Effective Date all references made to the Original Agreement in any other instrument or document shall without more, be deemed to refer to this Agreement. This Agreement shall become effective and supersede all provisions of the Original Agreement upon the execution of this Agreement by each of the parties hereto and the fulfillment of all conditions precedent hereof but is not intended to be or operate as a novation or an accord and satisfaction of the Original Agreement or the indebtedness, obligations and liabilities of SMUD evidenced or provided for thereunder.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF, SMUD and the Bank have duly executed this Agreement as of the date first above written.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name:_____
Title:_____

BARCLAYS BANK PLC

By:_____
Name: Cassandra Bolz
Title: Authorized Signatory for and on behalf of Barclays Bank PLC

APPENDIX I

FORM OF LETTER OF CREDIT

EXHIBIT A

FORM OF REVOLVING NOTE

SACRAMENTO MUNICIPAL UTILITY DISTRICT
COMMERCIAL PAPER NOTES
SERIES L

February [__], 2022 $153,698,631

The Sacramento Municipal Utility District (*"SMUD"*), for value received, hereby promises to pay to the order of Barclays Bank PLC (the *"Bank"*), pursuant to that certain Amended and Restated Reimbursement Agreement dated as of February 1, 2022 (the *"Reimbursement Agreement"*), between SMUD and the Bank and that certain Fee Letter dated as of February [__], 2022 (the *"Fee Letter"*), between SMUD and the Bank, at the office of the Bank at Barclays Bank PLC, 745 Seventh Avenue, 19th Floor, New York, New York 10019, the aggregate unpaid principal amount of all Obligations (as defined in the Reimbursement Agreement) pursuant to the Reimbursement Agreement and the Fee Letter on the dates and in the amounts provided for in the Reimbursement Agreement and the Fee Letter.

SMUD promises to pay interest on the unpaid principal amount of all Drawings, Unpaid Drawings and Advances and all other Obligations owed to the Bank under the Reimbursement Agreement and the Fee Letter on the dates and at the rate or rates provided for in the Reimbursement Agreement and the Fee Letter. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Reimbursement Agreement.

This Revolving Note is the Revolving Note referred to in the Reimbursement Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Reimbursement Agreement, this Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Reimbursement Agreement.

The Bank agrees, by acceptance of this Revolving Note, that it will make a notation on the schedule attached hereto of all Drawings, Unpaid Drawing and Advances evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Reimbursement Agreement; *provided, however,* that the failure to make any such notation shall not limit or otherwise affect the obligation of SMUD hereunder with respect to payments of principal of and interest on this Revolving Note.

This Revolving Note is authorized by SMUD to be issued to provide funds to pay the principal amount of Notes theretofore issued to for the purposes set forth in the Note Resolution and for other authorized purposes. This Revolving Note is issued under and pursuant to and in full compliance with the Reimbursement Agreement providing for the issuance and sale and fixing the form and details of this Revolving Note.

This Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.17 of the Reimbursement Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD, has caused this Revolving Note to be executed by an authorized officer of SMUD and this Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name:_____
Title:_____

EXHIBIT B

FORM OF NO-ISSUANCE NOTICE

U.S. Bank National Association
100 Wall Street, Suite 1600
New York, New York 10005
Attention: [_____]

The undersigned, a duly authorized signatory of Barclays Bank PLC (the *"Bank"*), hereby certify to U.S. Bank National Association (the *"Depositary"*), with reference to Irrevocable Letter of Credit No. [SB-_____] (the *"Letter of Credit,"* the terms defined therein and not otherwise defined herein being used herein as therein defined) issued by the Bank in favor of the Depositary, as follows:

1. We hereby notify you that, in accordance with the terms of the Amended and Restated Reimbursement Agreement dated as of February 1, 2022 (as the same may at any time be amended or modified and in effect, the *"Reimbursement Agreement"*), between the Scaramento Municipal Utility District and the Bank, an Event of Default, an Optional Termination Event or a Rating Event (as defined in the Reimbursement Agreement) has occurred and is continuing.

2. Subject to the following sentence, you shall cease authenticating Notes, as provided in the second paragraph of Section 3(b) of the Depositary Agreement, unless and until we rescind this No-Issuance Notice. If you receive this No-Issuance Notice after 11:00 A.M. New York City time, on a Business Day you shall cease authenticating Notes on the next Business Day.

3. This No-Issuance Notice shall not affect our obligation to honor demands for payment under the Letter of Credit with respect to Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, on the same Business Day that you receive this No-Issuance Notice), and you shall continue to have the right to draw under the Letter of Credit to pay the principal of and accrued interest on maturing Notes authenticated prior to your receipt of this No-Issuance Notice (or, subject to paragraph 2 above, authenticated on the same Business Day that you receive this No-Issuance Notice).

IN WITNESS WHEREOF, the undersigned have executed and delivered this Notice as of the _____ day of _____, _____.

BARCLAYS BANK PLC, as the Bank

By_____
Name: _____
Title: _____

THIRD AMENDED AND RESTATED FEE LETTER
DATED AS OF FEBRUARY 23, 2022

Reference is hereby made to (i) that certain Amended and Restated Reimbursement Agreement dated as of February 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Agreement"*), between the SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (*"SMUD"*), and BARCLAYS BANK PLC (the *"Bank"*), relating to the Sacramento Municipal Utility District, Commercial Paper Notes, Series L (the *"Notes"*), (ii) that certain Irrevocable Letter of Credit dated February 23, 2022, as amended and extended to date and as may be further amended, supplemented or otherwise modified from time to time in accordance with the terms thereof (the "*Letter of Credit*"), issued by the Bank pursuant to the Agreement, supporting the Notes and (iii) that certain Second Amended and Restated Fee Letter dated as of October 22, 2018 (the *"Existing Fee Letter"*), between SMUD and the Bank. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement or the Letter of Credit, as applicable.

SMUD has requested that the Bank agree to certain amendments to the Existing Fee Letter, and the Bank has agreed to such amendments. For the sake of clarity and convenience, the parties hereto wish to amend and restate the Existing Fee Letter in its entirety. The purpose of this Third Amended and Restated Fee Letter (this *"Fee Letter"*) is to confirm the agreement between the Bank and SMUD with respect to, among other things, the Letter of Credit Fees (as defined below) and certain other fees payable to the Bank. This Fee Letter is the "Fee Letter" referenced in the Agreement and the terms hereof are incorporated by reference into the Agreement. This Fee Letter and the Agreement are to be construed as one agreement between the SMUD and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Letter.

ARTICLE I. FEES AND OTHER AGREEMENTS.

Section 1.1. Letter of Credit Fees. SMUD hereby agrees to pay to the Bank on April 1, 2022, for the period commencing on the Effective Date, and ending on March 31, 2022, and in arrears on the first Business Day of each July, October, January and April occurring thereafter to the Termination Date, and on the Termination Date (each, a *"Quarterly Payment Date"*), a non-refundable facility fee in an amount equal to the applicable rate per annum corresponding to the Rating, as specified below (the *"Letter of Credit Fee Rate"*), on the Stated Amount of the Letter of Credit (without regard to any reduction of the Stated Amount of the Letter of Credit subject to reinstatement) from time to time in effect (the *"Letter of Credit Fees"*) for each day during each related fee period:

(i) For the period from and including February 23, 2022, to but excluding August 1, 2022, the Letter of Credit Fee

Rate shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1	A2 or above	A or above	A or above	0.34%
Level 2	A3	A-	A-	0.54%
Level 3	Baa1	BBB+	BBB+	0.74%
Level 4	Baa2	BBB	BBB	0.94%
Level 5	Baa3	BBB-	BBB-	1.14%

(ii) For the period from and including August 1, 2022, and at all times thereafter, the Letter of Credit Fee Rate shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1	A2 or above	A or above	A or above	0.26%
Level 2	A3	A-	A-	0.46%
Level 3	Baa1	BBB+	BBB+	0.66%
Level 4	Baa2	BBB	BBB	0.86%
Level 5	Baa3	BBB-	BBB-	1.06%

The following paragraph shall be applicable to both clause (i) (including the pricing matrix) and clause (ii) (including the pricing matrix) above. In the event of a split rating (*i.e.*, one of the Rating Agencies' Rating is different than the Rating of either of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the Level in which the lowest of the two highest Ratings appears. In the event that less than three Rating Agencies then assign a long-term unenhanced rating to long-term Bonds (as defined in the Master Bond Resolution), the Letter of Credit Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings levels above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. Upon the occurrence of and during the continuance of an Event of Default, the Letter of Credit Fee Rate shall increase by 2.00% per annum above the Letter of Credit Fee Rate otherwise in effect. The Letter of Credit Fees shall be payable as set forth above, together with interest on the Letter of Credit Fees from the date payment is due until payment in full at the Default Rate.

Section 1.2. Draw Fees. SMUD hereby agrees to pay to the Bank a non-refundable draw fee equal to $2,000 per year payable on February 23, 2022 and on each anniversary of such date occurring prior to the Termination Date.

Section 1.3. Amendment Fee. SMUD hereby agrees to pay to the Bank on the date of any amendment to this Agreement, the Letter of Credit or any Program Document, an amendment fee, of $2,500 (or such other amount that is satisfactory to the Bank and SMUD) plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith. In addition, SMUD hereby agrees to pay to the Bank on the date on which the Bank consents or provides a waiver with respect to any Program Document, a waiver or consent fee, as applicable, as determined by the Bank at the time of such request (or such other amount that is satisfactory to the Bank and SMUD) plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith. Such transaction charges shall be payable on the date of such amendment, waiver or consent.

Section 1.4. Transfer Fee. SMUD hereby agrees to pay to the Bank on the date of each transfer of the Letter of Credit to a successor Depositary, a non-refundable transfer fee in an amount equal to $2,000, plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

Section 1.5. Termination Fee; Reduction Fee. (a) SMUD hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by SMUD prior to February 23, 2023, in an amount equal to the product of (1) the Letter of Credit Fee Rate in effect on the date of such termination or replacement, (2) the Stated Amount in effect as of the date of termination and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination or replacement to and including February 23, 2023, and the denominator of which is 360 (the "*Termination Fee*"), payable on the date of such termination or replacement. Notwithstanding the foregoing or any provision in the Agreement to the contrary, SMUD may terminate or replace the Letter of Credit in accordance with the Note Resolution at any time without payment of the Termination Fee if such termination or replacement is as a result of (i) Moody's having lowered the short-term debt rating of the Bank below *"P-1"* (or its equivalent), Fitch having lowered its short-term debt rating of the Bank below *"F1"* (or its equivalent) or S&P having lowered its short-term debt rating of the Bank below *"A-1"* (or its equivalent), (ii) the Bank imposing increased costs on SMUD in accordance with Section 2.14 of the Agreement, (iii) the ability of SMUD to issue Notes being terminated or SMUD's commercial paper program being permanently retired and so long as no portion of the source of funds for such termination of the ability of SMUD to issue Notes or the permanent retirement of the commercial paper program represents proceeds of commercial paper or similar short-term indebtedness supported by a letter of credit, liquidity facility or another form of liquidity support or credit enhancement or directly purchased by a bank or other financial institution or (iv) the occurrence of a Trading Differential of (A) in the event the Securities Industry and Financial Markets Association Index (*"SIFMA"*) is greater than 50 basis points, the lesser of (x) 50% of SIFMA or (y) 100 basis points over SIFMA or (B) in the event SIFMA is less than or equal to 50 basis points, 25 basis points over SIFMA, in any case, for 35 consecutive days; *provided, however*, that all amounts payable hereunder and under the Agreement shall be paid to the Bank on or prior to the date of such termination.

As used herein, the term *"Trading Differential"* means, for any day, a rate per annum equal to (x) the interest rate borne by the Notes, so long as the interest on the Notes is excludable from gross income for federal income tax purposes or taxable, as applicable, and is not included in the calculation of alternative minimum tax, less (y) the average interest rate determined by an independent financial advisor reasonably acceptable to the Bank on such day borne by commercial paper notes issued by or on behalf of municipal utilities in the United States with approximately the same maturities as the Notes, the interest rate on which is excludable from gross income for federal income tax purposes or taxable, as applicable, the underlying ratings on which are the same as or lower than the underlying ratings then assigned to the Notes and the payment of the principal and interest on which is enhanced by credit facilities provided by commercial banks rated at least "P-1" by Moody's, "A-1" by S&P and "F1" by Fitch, as calculated by the Bank.

(b) Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, SMUD agrees not to permanently reduce the Stated Amount below the Stated Amount in effect as of the date hereof prior to February 23, 2023, without the payment by SMUD to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount in an amount equal to the product of (A) the Letter of Credit Fee Rate in effect on the date of such reduction, (B) the difference between the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) prior to such reduction and the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) after such reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including February 23, 2023, and the denominator of which is 360 (the *"Reduction Fee"*). Notwithstanding the foregoing or any provision in the Agreement to the contrary, SMUD may reduce the Stated Amount without payment of the Reduction Fee if such reduction is a result of a permanent reduction in SMUD's ability to issue Notes and so long as no portion of the source of funds for such reduction represents proceeds of commercial paper notes or similar short-term indebtedness supported by a letter of credit, liquidity facility or another form of liquidity support or credit enhancement or directly purchased by a bank or other financial institution.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Letter shall become effective without the prior written consent of SMUD and the Bank.

Section 2.2. Governing Law. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS FEE LETTER SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER,* THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS FEE LETTER AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

Section 2.3. Counterparts. This Fee Letter may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. Delivery of an executed counterpart of a signature page of this Fee Letter by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, will be effective as delivery of a manually executed counterpart of this Fee Letter, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

Section 2.4. Severability. Any provision of this Fee Letter which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. No Disclosure. Unless required by law, SMUD shall not deliver or permit, authorize or consent to the delivery of this Fee Letter to any Person or for posting on the Electronic Municipal Market Access website as provided by the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent.

Section 2.6. Third Amended and Restated Fee Letter. This Fee Letter amends and restates in its entirety the Existing Fee Letter. Reference to this specific Fee Letter need not be made in any agreement, document, instrument, letter, certificate, the Agreement, the Existing Fee Letter itself, or any communication issued or made pursuant to or with respect to the Existing Fee Letter, any reference to the Existing Fee Letter being sufficient to refer to the Existing Fee Letter as amended and restated hereby, and more specifically, any and all references to the "Fee Letter" in the Agreement shall mean this Fee Letter.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: Russell Mills
Title: Treasurer

BARCLAYS BANK PLC

By:_____
Name: Cassandra Bolz
Title: Authorized Signatory for and on behalf of Barclays Bank PLC

RESOLUTION NO. 22-02-06

FIRST SUPPLEMENTAL RESOLUTION
(SUPPLEMENTAL TO RESOLUTION NO. 19-02-02,
ADOPTED FEBRUARY 21, 2019)
AUTHORIZING THE INCREASE OF THE AGGREGATE PRINCIPAL AMOUNT OF COMMERCIAL PAPER NOTES, SERIES M THAT MAY BE OUTSTANDING FROM TIME TO TIME

WHEREAS, the Board of Directors of SMUD adopted Resolution No. 19-02-02 (the "Original Resolution") authorizing the issuance of SMUD's Commercial Paper Notes, Series M in two subseries (collectively, the "Notes") in an amount not to exceed $111,250,000 outstanding at any one time under (a) Articles 6a and 6b of Chapter 6 of the Municipal Utility District Act (California Public Utilities Code Section 12850 et seq.), (b) Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 et seq.) and (c) Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 et seq.);

WHEREAS, SMUD has determined that it is in its best interests to authorize the increase of the aggregate principal amount of the Notes that may be outstanding at any one time under the Original Resolution to $150,000,000;

WHEREAS, subject to the terms of the Reimbursement Agreement (as defined in the Original Resolution), Section 7.01 of the Original Resolution permits the modification or amendment of the Original Resolution to increase the principal amount of Notes that may be issued thereunder without notice to or the consent of any Noteholder (as defined in the Original Resolution);

WHEREAS, SMUD has determined to modify and amend the Original Resolution as set forth in this First Supplemental Resolution to provide for the increase in the principal amount of the Notes that may be issued under the Original Resolution;

WHEREAS, no Notes are currently outstanding under the Original Resolution and SMUD has determined to make certain additional modifications and amendments to the Original Resolution as set forth in this First Supplemental Resolution, subject to the terms of the Reimbursement Agreement;

WHEREAS, the amendments set forth in this First Supplemental Resolution will not go into effect until any conditions precedent to the effectiveness of such amendments set forth in the Reimbursement Agreement have been satisfied;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

DEFINITIONS

Definitions. Unless the context otherwise requires, all capitalized terms used in this First Supplemental Resolution and not otherwise defined shall have the meanings given thereto in the Original Resolution.

AMENDMENTS TO ORIGINAL RESOLUTION

Authorization. The increase of the aggregate principal amount of the Notes that may be outstanding under the Original Resolution to $150,000,000 is hereby authorized. Section 2.01 of the Original Resolution is hereby amended to read in full as follows:

> "Section 2.01. Authorization. The Notes (consisting, collectively, of the Subseries M-1 Notes and the Subseries M-2 Notes) may be issued in an unlimited aggregate principal amount so long as the aggregate principal amount of the Notes outstanding at any one time plus the interest on such outstanding Notes

payable at the maturity thereof does not exceed the Stated Amount (as defined in the Letter of Credit), as reduced and reinstated from time to time as provided in the Letter of Credit, and the outstanding aggregate principal amount of the Notes does not exceed $150,000,000. Subject to the immediately preceding sentence and the other conditions set forth in this Resolution, the Notes may be issued as either Subseries M-1 Notes or Subseries M-2 Notes as determined by the Authorized Officer authorizing the issuance of Notes pursuant to Section 2.02 hereof."

Amendment of Section 1.01 of the Original Resolution. The definition of "Parity Notes Reimbursement Agreement" set forth in Section 1.01 of the Original Resolution is hereby amended to read in full as follows:

'"Parity Notes Reimbursement Agreement" means any credit enhancement agreement or similar agreement or any credit agreement or other arrangement which may be entered into by SMUD with respect to a series of Parity Notes issued by SMUD and designated by SMUD as such in connection with the issuance of such series of Parity Notes.'

MISCELLANEOUS

Additional Actions. The Chief Executive Officer and General Manager, any Member of the Executive Committee, the Treasurer, the Secretary or the Chief Financial Officer and the other officers of SMUD are hereby authorized and directed, jointly and severally, to do any and all things and to execute and deliver any and all documents (including but not limited to reimbursement agreements, fee letters, depositary agreements, tax certificates, dealer agreements, commercial paper memoranda and/or amendments to any of the foregoing) which they may deem necessary or advisable in order to effectuate the purposes of this First Supplemental Resolution.

Effect of First Supplemental Resolution. The amendments to the Original Resolution set forth in this First Supplemental Resolution will not go into effect until any conditions precedent to the effectiveness of such amendments set forth in the Reimbursement Agreement have been satisfied. The Original Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as modified and amended by this First Supplemental Resolution.

Approved: February 17, 2022

INTRODUCED: DIRECTOR HERBER				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

Attachment E
to Resolution No. 22-02-06

FIRST AMENDMENT TO REIMBURSEMENT AGREEMENT

This First Amendment to Reimbursement Agreement (this *"Amendment"*) dated February __, 2022 (the *"Amendment Date"*), is between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (together with its successors and assigns, *"SMUD"*) and BANK OF AMERICA, N.A., a national banking association (together with its successors and assigns, the *"Bank"*). All capitalized terms terms herein and not defined herein shall have the meanings set forth in the hereinafter defined Agreement.

WITNESSETH

WHEREAS, SMUD and the Bank have previously entered into that certain Reimbursement Agreement dated as of February 1, 2019 (as amended, restated, supplemented or otherwise modified to date, the *"Agreement"*), relating to Irrevocable Transferable Letter of Credit No. 68145016, supporting SMUD's Commercial Paper Notes, Series M;

WHEREAS, pursuant to Section 7.1 of the Agreement, the Agreement may be amended by a written amendment thereto, executed by SMUD and the Bank; and

WHEREAS, SMUD has requested that certain amendments be made to the Agreement, and the Bank has agreed to make such amendments to the Agreement as described herein subject to the terms and conditions set forth herein.

NOW THEREFORE, in consideration of the premises, the parties hereto hereby agree as follows:

SECTION 1. AMENDMENTS.

Upon the satisfaction of the conditions precedent set forth in Section 3 hereof, the Agreement is hereby amended as follows:

1.01. The following defined term in Section 1.1 of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

> *"Debt"* means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such obligations (other than collateralized commodity swaps the obligations under which are either (a) not secured by a Lien on Net Revenues or (b) secured by a Lien on Net Revenues subordinate to the Obligations), (iv) all obligations of such Person as lessee under leases (as determined under Governmental Accounting Standards Board Statement No. 87 Leases, or any

successor guidance) shown on the liabilities side of the balance sheet of such Person, (v) all obligations of such Person on or with respect to letters of credit, banker's acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, (vi) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (vii) all Debt of any other Person of the kind referred to in clauses (i) through (vi) above which is guaranteed (regardless of form) directly or indirectly in any manner by such Person.

1.02. Section 2.1 of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

Section 2.1. Issuance of Letter of Credit. Upon the terms, subject to the conditions and relying upon the representations and warranties set forth in this Agreement or incorporated herein by reference, the Bank agrees to issue the Letter of Credit substantially in the form of Appendix I hereto. The Letter of Credit shall be in the original stated amount of $153,698,631 (calculated as the sum of the maximum principal amount of the Notes supported by the Letter of Credit (*i.e.,* $150,000,000) plus interest thereon at a maximum rate of ten percent (10%) per annum for a period of ninety (90) days calculated on the basis of a year of 365 days and the actual number of day elapsed) (the *"Original Stated Amount"*).

1.03. Section 5.1(bb) is hereby amended in its entirety and as so amended shall be restated to read as follows:

(bb) *Swap Contracts.* Without the prior written consent of the Bank, SMUD shall not enter into any Swap Contracts relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of any Obligation.

1.04. All references to $111,250,000 contained in the Agreement shall be amended and restated to reference $150,000,000.

1.05. Article Seven of the Agreement is hereby amended by adding thereto a new Section 7.19 to read as follows and to appear in the appropriate numerical sequence:

Section 7.19. US QFC Stay Rules.

(a) *Recognition of U.S. Resolution Regimes*. In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this

Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Agreement or any related agreement, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

"*BHC Act Affiliate*" of a party means an "affiliate" (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

"*Covered Entity*" means any of the following:

(a) a "covered entity" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a "covered bank" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a "covered FSI" as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

"*Default Right*" has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

"*Insolvency Proceeding*" means a receivership, insolvency, liquidation, resolution, or similar proceeding.

"U.S. Special Resolution Regime" means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

1.06. Exhibit A to the Agreement is hereby amended and as so amended shall be restated to read as set forth on Exhibit B attached hereto.

[SECTION 2. REQUEST FOR EXTENSION OF STATED TERMINATION DATE.

SMUD hereby requests that the Bank extend the Stated Expiration Date to February ____, 2025, and the Bank agrees to such request and will deliver to the Depository a Notice of Extension substantially in the form attached hereto as Exhibit A to effectuate such extension.][1]

SECTION 3. CONDITIONS PRECEDENT.

This Amendment shall be effective as of the Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent:

2.01. Delivery by SMUD to the Bank of an executed counterpart of this Amendment, the Revolving Note, the Amended and Restated Fee Letter dated February ___, 2022 between SMUD and the Bank, and the First Amendment to Letter of Credit dated February __, 2021 executed by the Bank.

2.02. Receipt by the Bank of a customary certificate executed by appropriate officers of SMUD including the incumbency and signature of the officer of SMUD executing this Amendment and a certified copy of the authorizing resolution.

2.03. All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and its counsel.

SECTION 3. REPRESENTATIONS AND WARRANTIES OF SMUD.

3.01. SMUD hereby represents and warrants that the following statements shall be true and correct as of the date hereof:

(a) the representations and warranties of SMUD contained in Article Five of the Agreement and in each of the Program Documents are true and correct on and as of the date hereof as though made on and as of such date (except to the extent the same expressly relate to an earlier date and except that the representations contained in Section 4.1(e) of the Agreement shall be deemed to refer to the most recent financial

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1 Under review by the Bank's LC Department to determine whether a separate notice of extension is needed together with an amendment to LC to effectuate the extension and increase.

statements of SMUD delivered to the Bank pursuant to Section 5.1(a) of the Agreement); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02. In addition to the representations given in Article Five of the Agreement, SMUD hereby represents and warrants as follows:

(a) The execution, delivery and performance by SMUD of this Amendment, the Fee Letter, and the Agreement, as amended hereby, are within its powers, have been duly authorized by all necessary action and do not contravene any law, rule or regulation, any judgment, order or decree or any contractual restriction binding on or affecting SMUD.

(b) No authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by SMUD of this Amendment, the Fee Letter, the Agreement, as amended hereby.

(c) This Amendment, the Fee Letter, and the Agreement, as amended hereby, constitute legal, valid and binding obligations of SMUD enforceable against SMUD in accordance with their respective terms, except that (i) the enforcement thereof may be limited by bankruptcy, reorganization, insolvency, liquidation, moratorium and other laws relating to or affecting the enforcement of creditors' rights and remedies generally, the exercise of judicial discretion in appropriate cases and by the limitations on legal remedies against SMUD, and (ii) no representation or warranty is expressed as to the availability of equitable remedies.

SECTION 4. MISCELLANEOUS.

4.01. Except as specifically amended herein, the Agreement shall continue in full force and effect in accordance with its terms. Reference to this Amendment need not be made in any note, document, agreement, letter, certificate, the Agreement or any communication issued or made subsequent to or with respect to the Agreement, it being hereby agreed that any reference to the Agreement shall be sufficient to refer to, and shall mean and be a reference to, the Agreement, as hereby amended. In case any one or more of the provisions contained herein should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired hereby. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AMENDMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER,* THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS AMENDMENT AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED

IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

4.02. This Amendment may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument. This Amendment may be delivered by the exchange of signed signature pages by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, and any printed or copied version of any signature page so delivered shall have the same force and effect as an originally signed version of such signature page.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as of the Amendment Date.

BANK OF AMERICA, N.A.

By:_____
Name: Brent Riley
Title: Senior Vice President

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: Russell Mills
Title: Treasurer

EXHIBIT A

FORM OF NOTICE OF EXTENSION

ANNEX E
TO
IRREVOCABLE TRANSFERABLE LETTER OF CREDIT
NO. 68145016

February __, 2022

U.S. Bank National Association, as Depositary
100 Wall Street, Suite 1600
New York, New York 10005
Attention: Corporate Trust Department

Re: Notice of Extension

Ladies and Gentlemen:

Reference is hereby made to that certain Irrevocable Transferable Letter of Credit No. 68145016 dated February 28, 2019 (as amended through the date hereof, the *"Letter of Credit"*), established by us in your favor as Depositary. We hereby notify you that the Letter of Credit Expiration Date of the Letter of Credit has been extended to February ___, 2025.

You are hereby authorized to attach this Notice of Extension to the Letter of Credit and to treat this Notice of Extension as extending the Letter of Credit Expiration Date of the Letter of Credit.

Very truly yours,

BANK OF AMERICA, N.A.

By:_____
Name: _____
Title: _____

EXHIBIT B

EXHIBIT A

AMENDED AND RESTATED REVOLVING NOTE

SACRAMENTO MUNICIPAL UTILITY DISTRICT
COMMERCIAL PAPER NOTES
SERIES M

February __, 2021 $153,698,631

The Sacramento Municipal Utility District (*"SMUD"*), for value received, hereby promises to pay to the order of Bank of America, N.A. (the *"Bank"*), pursuant to that certain Reimbursement Agreement dated as of February 1, 2019 (as amended, restated, or otherwise modified from time to time, the *"Reimbursement Agreement"*), between SMUD and the Bank and that certain Fee Letter dated February ___, 2021 (as amended, restated, or otherwise modified from time to time, the *"Fee Letter"*), between SMUD and the Bank, at the office of the Bank at 211 N. Robinson Ave., OK1-100-02-30, Oklahoma City, Oklahoma 73102, the aggregate unpaid principal amount of all Obligations (as defined in the Reimbursement Agreement) pursuant to the Reimbursement Agreement and the Fee Letter on the dates and in the amounts provided for in the Reimbursement Agreement and the Fee Letter.

SMUD promises to pay interest on the unpaid principal amount of all Drawings, Unpaid Drawings and Advances and all other Obligations owed to the Bank under the Reimbursement Agreement and the Fee Letter on the dates and at the rate or rates provided for in the Reimbursement Agreement and the Fee Letter. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Reimbursement Agreement.

This Amended and Restated Revolving Note is the Revolving Note referred to in the Reimbursement Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Reimbursement Agreement, this Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Reimbursement Agreement.

The Bank agrees, by acceptance of this Revolving Note, that it will make a notation on the schedule attached hereto of all Drawings, Unpaid Drawing and Advances evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Reimbursement Agreement; *provided, however,* that the failure to make any such notation shall not limit or otherwise affect the obligation of SMUD hereunder with respect to payments of principal of and interest on this Revolving Note.

This Revolving Note is authorized by SMUD to be issued to provide funds to pay the principal amount of Notes theretofore issued to for the purposes set forth in the Note Resolution and for other authorized purposes. This Revolving Note is issued under and pursuant to and in full compliance with the Reimbursement Agreement providing for the issuance and sale and fixing the form and details of this Revolving Note.

This Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.17 of the Reimbursement Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

This Amended and Restated Revolving Note amends and restates in its entirety that certain Revolving Note dated February 28, 2019 (the *"Existing Note"*). This Amended and Restated Revolving Note shall become effective and supersede all provisions of the Existing Note upon the issuance of this Amended and Restated Revolving Note by SMUD and the fulfillment of all conditions precedent hereof but is not intended to be or operate as a novation or an accord and satisfaction of the Existing Note or the indebtedness, obligations and liabilities of SMUD evidenced or provided for thereunder.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Revolving Note to be executed by an authorized officer of SMUD and this Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: Russell Mills
Title: Treasurer

SCHEDULE FOR REVOLVING NOTE
DATED FEBRUARY ___, 2021
BY SACRAMENTO MUNICIPAL UTILITY DISTRICT
PAYABLE TO BANK OF AMERICA, N.A.

DATE	AMOUNT OF DRAWING OR ADVANCE MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY

AMENDED AND RESTATED FEE LETTER
DATED FEBRUARY ___, 2022

Reference is hereby made to (i) that certain Reimbursement Agreement dated as of February 1, 2019 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Agreement"*), between the SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (*"SMUD"*), and BANK OF AMERICA, N.A. (the *"Bank"*), relating to the Sacramento Municipal Utility District Commercial Paper Notes, Series M (the *"Notes"*), (ii) that certain Irrevocable Letter of Credit dated February 28, 2019, issued by the Bank pursuant to the Agreement, supporting the Notes (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "*Letter of Credit*"), and (iii) that certain Fee Letter dated February 28, 2019 (the *"Existing Fee Letter"*) between SMUD and the Bank. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement or the Letter of Credit, as applicable.

SMUD has requested that the Bank make certain modifications to the Existing Fee Letter and, for the sake of clarity and convenience, the Bank and SMUD wish to amend and restate the Existing Fee Letter in its entirety, and this Amended and Restated Fee Letter (the *"Fee Letter"*) amends and restates the Existing Fee Letter in its entirety. The purpose of this Fee Letter (this *"Fee Letter"*) is to confirm the agreement between the Bank and SMUD with respect to, among other things, the Letter of Credit Fees (as defined below) and certain other fees payable to the Bank. This Fee Letter is the "Fee Letter" referenced in the Agreement and the terms hereof are incorporated by reference into the Agreement.

ARTICLE I. FEES AND OTHER AGREEMENTS.

Section 1.1. Letter of Credit Fees. SMUD hereby agrees to pay to the Bank on April 1, 2022, for the period commencing on January 1, 2022 and ending on March 31, 2022, and quarterly in arrears on the first Business Day of each July, October, January and April (each, a *"Quarterly Payment Date"*) occurring prior to the Termination Date, and on the Termination Date, a non-refundable facility fee (the *"Letter of Credit Fee"*) in an amount equal to the rate per annum corresponding to the Rating, as specified below (the *"Letter of Credit Fee Rate"*), on the Stated Amount of the Letter of Credit (without regard to any reduction of the Stated Amount of the Letter of Credit subject to reinstatement) from time to time in effect for each day during each related period:

(i) For the period commencing on January 1, 2022 to but not including February __, 2022, a rate per annum equal to:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.29%
Level 2	A1	A+	A+	0.39%

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 3	A2	A	A	0.49%
Level 4	A3	A-	A-	0.59%
Level 5	Baa1	BBB+	BBB+	0.69%
Level 6	Baa2	BBB	BBB	0.79%
Level 7	Baa3	BBB-	BBB-	0.89%

(ii) For the period commencing on February ___, 2022 and at all times thereafter, a rate per annum equal to:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	LETTER OF CREDIT FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.27%
Level 2	A1	A+	A+	0.37%
Level 3	A2	A	A	0.47%
Level 4	A3	A-	A-	0.57%
Level 5	Baa1	BBB+	BBB+	0.67%
Level 6	Baa2	BBB	BBB	0.77%
Level 7	Baa3	BBB-	BBB-	0.87%

The term "Rating" as used herein shall mean the long-term unenhanced debt rating assigned by Moody's, Fitch and S&P to any Debt of SMUD secured by or payable from Net Revenues on a parity with Bonds and Parity Bonds. In the event of a split rating (*i.e.*, the Rating of one of the Rating Agencies' is different than the Rating of any of the other Rating Agencies), the Letter of Credit Fee Rate shall be based upon the Level in which the lowest of the two highest Ratings appears. In the event that less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds, the Letter of Credit Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Letter of Credit Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings levels above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, including, without limitation, any recalibration or realignment of Rating in connection with the adoption of a "global" rating scale, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. In the event that a Rating is suspended or withdrawn (for the avoidance of doubt, a decision by SMUD to cause a Rating Agency to no longer maintain its Rating, for non-credit related reasons and not for the purpose of avoiding the occurrence of an event of default, shall not constitute a suspension or withdrawal of such Rating) from any Rating

Agency or upon the occurrence of and during the continuance of an Event of Default, the Letter of Credit Fee Rate shall increase to the sum of the Letter of Credit Fee Rate specified above for Level 7 above *plus* 1.50% per annum. The Letter of Credit Fees shall be payable as set forth above, together with interest on the Letter of Credit Fees from the date payment is due until payment in full at the Default Rate. For the avoidance of doubt, prior to February ___, 2022, the Letter of Credit Fees shall be determined in accordance with the Existing Fee Letter.

Section 1.2. Annual Draw Fee. SMUD hereby agrees to pay to the Bank a non-refundable draw fee of $2,000, which shall be paid annually in advance within thirty (30) days of receipt of an invoice from the Bank.

Section 1.3. Amendment Fee. SMUD hereby agrees to pay to the Bank on the date of any amendment, modification or supplement to the Agreement, the Letter of Credit or this Fee Letter or in connection with any amendment to any Program Document which requires a waiver from, or the consent of, the Bank, a non-refundable amendment fee in an amount equal to $2,500, plus the reasonable fees of any legal counsel retained by the Bank in connection therewith.

Section 1.4. Transfer Fee. SMUD hereby agrees to pay to the Bank on the date of each transfer of the Letter of Credit to a successor Depositary, a non-refundable transfer fee in an amount equal to $2,500, plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith.

Section 1.5. Termination Fee; Reduction Fee.[1] (a) SMUD hereby agrees to pay to the Bank a termination fee in connection with any termination or replacement of the Letter of Credit by SMUD prior to February ___, 2023, in an amount equal to the difference between (A) the product of (i) the Letter of Credit Fee Rate in effect on the date of such termination or replacement, (ii) the Stated Amount in effect as of the Closing Date and (iii) a fraction, the numerator of which is equal to the number of days from and including the date of such termination or replacement to and including February 28, 2020, and the denominator of which is 360 and (B) any amount paid to the Bank pursuant to Section 1.5(b) hereof (the "*Termination Fee*"), payable on the date of such termination or replacement; *provided, however*, that no such Termination Fee shall be payable if (i) the short-term unenhanced ratings of the Bank are reduced below *"P-1"* (or its equivalent), *"A-1"* (or its equivalent) or *"F1"* (or its equivalent), by any two of Moody's, S&P or Fitch, respectively; (ii) the Notes are refinanced in full from the proceeds of fixed rate long-term debt issuance or a source of funds which, in either case, does not involve the issuance by a bank or other financial institution of a letter of credit, liquidity facility, or credit facility or a direct purchase of such debt by a bank or other financial institution; or (iii) the Bank imposes on SMUD increased costs pursuant to Section 2.14 of the Agreement; *provided* that this clause (iii) shall not be construed to relieve SMUD of any of its obligations under Section 2.14 of the Agreement.

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1 Subject to review by the Bank.

(b) Notwithstanding the foregoing and anything set forth herein or in the Agreement to the contrary, SMUD agrees not to permanently reduce the Stated Amount below the Stated Amount in effect as of the Closing Date prior to February ___, 2023, without the payment by SMUD to the Bank of a reduction fee in connection with each and every permanent reduction of the Stated Amount in an amount equal to the product of (i) the Letter of Credit Fee Rate in effect on the date of such reduction, (ii) the difference between the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) prior to such reduction and the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) after such reduction, and (iii) a fraction, the numerator of which is equal to the number of days from and including the date of such reduction to and including February 28, 2020, and the denominator of which is 360 (the *"Reduction Fee"*) *provided,* that no such Reduction Fee shall be payable if the short-term unenhanced ratings of the Bank are reduced below *"P-1"* (or its equivalent), *"A-1"* (or its equivalent) or *"F1"* (or its equivalent), by any two of Moody's, S&P or Fitch, respectively; *provided, however*, that no such Reduction Fee shall be payable if (i) the short-term unenhanced ratings of the Bank are reduced below *"P-1"* (or its equivalent), *"A-1"* (or its equivalent) or *"F1"* (or its equivalent), by any two of Moody's, S&P or Fitch, respectively; (ii) the Notes are refinanced in full from the proceeds of fixed rate long-term debt issuance or a source of funds which, in either case, does not involve the issuance by a bank or other financial institution of a letter of credit, liquidity facility, or credit facility or a direct purchase of such debt by a bank or other financial institution; or (iii) the Bank imposes on SMUD increased costs pursuant to Section 2.14 of the Agreement; *provided* that this clause (iii) shall not be construed to relieve SMUD of any of its obligations under Section 2.14 of the Agreement.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Letter shall become effective without the prior written consent of SMUD and the Bank.

Section 2.2. Governing Law. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS FEE LETTER SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER,* THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS FEE LETTER AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

Section 2.3. Counterparts. This Fee Letter may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. Delivery of an executed counterpart of a signature page of this Fee Letter by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, will be effective as delivery of a manually executed counterpart of this Fee Letter, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

Section 2.4. Severability. Any provision of this Fee Letter which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.6. Amendment and Restatement. This Fee Letter amends and restates in its entirety the Existing Fee Letter but is not intended to be or operate as a novation or an accord and satisfaction of the Existing Fee Letter or the indebtedness, obligations and liabilities of SMUD evidenced or provided for thereunder. Reference to this specific Fee Letter need not be made in any agreement, document, instrument, letter or certificate, the Existing Fee Letter itself or any communication issued or made pursuant to or with respect to the Existing Fee Letter, any reference to the Existing Fee Letter being sufficient to refer to the Existing Fee Letter as amended and restated hereby, and more specifically, any and all references to the Fee Letter in the Agreement shall mean this Fee Letter.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Letter to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: Russell Mills
Title: Treasurer

BANK OF AMERICA, N.A.

By:_____
Name: Brent Riley
Title: Senior Vice President

RESOLUTION NO. 22-02-07

RESOLUTION AUTHORIZING THE ISSUANCE OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT TAXABLE REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT) AND TAX-EXEMPT REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT) IN AN AGGREGATE PRINCIPAL AMOUNT NOT TO EXCEED $100,000,000 OUTSTANDING AT ANY ONE TIME AND AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH

WHEREAS, the Sacramento Municipal Utility District ("SMUD") has determined that it is in its best interests to enter into a Revolving Credit Agreement with Wells Fargo Bank, National Association (as further defined herein, the "Credit Agreement") and authorize the issuance of its Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) and Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement) in an aggregate principal amount not to exceed $100,000,000 outstanding at any one time (collectively, the "Notes") under (a) Articles 6a and 6b of Chapter 6 of the Municipal Utility District Act (California Public Utilities Code Section 12850 *et seq.*), (b) Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 *et seq.*) and (c) Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 *et seq.*);

WHEREAS, the Notes, when issued in accordance with this Resolution, will be Parity Notes under and as defined in Resolution No. 11-12-05, adopted by the Board of Directors of SMUD on December 1, 2011, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified and amended in accordance with its terms (the "2011 Resolution") and Resolution No. 19-02-02, adopted by the Board of Directors of SMUD on February 21, 2019, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified and amended in accordance with its terms (the "2019 Resolution") and the Credit Agreement, when executed and delivered, will be a Parity Notes Reimbursement Agreement under and as defined in the 2011 Resolution and the 2019 Resolution;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

DEFINITIONS; INTERPRETATION

Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Resolution and of any resolution supplemental hereto, have the meanings herein specified:

"Act" means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.

"Authorized Officer" means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD, the Secretary of SMUD, or the designee of any such officer, and any other officer of SMUD designated by the Board as an Authorized Officer.

"Available Revenues" for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund created in the Master Bond Resolution for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs with respect to the Electric System for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for the Electric System for such fiscal period, (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund and (f) all amounts required to be paid under the Master Bond Resolution and the Subordinated Bond Resolution for principal, interest and

reserve fund requirements on the Bonds, the Parity Bonds, the Subordinated Bonds and the Parity Subordinated Debt then outstanding, as the same become due and payable.

"Bank" means Wells Fargo Bank, National Association, and its permitted successors and assigns under the Credit Agreement.

"Board" means the Board of Directors of SMUD or any other governing board of SMUD hereafter provided for pursuant to law.

"Bonds" means the Sacramento Municipal Utility District Electric Revenue Bonds authorized to be issued and at any time outstanding pursuant to the Master Bond Resolution and any bonds issued on a parity therewith solely for the purpose of refunding any or all of the Bonds.

"Borrowing" has the meaning given to such term in the Credit Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Credit Agreement" means the Revolving Credit Agreement between SMUD and the Bank relating to the Notes, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

"Electric System" means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements to that system or any part thereof.

"Energy/Fuel Contract Letter of Credit Facility Agreement" means any arrangement entered into between SMUD and a financial institution, in each case as amended or supplemented from time to time in accordance with the terms thereof, under which the financial institution provides letters of credit from time to time for the account of SMUD to secure SMUD's energy and environmental trading obligations, including the potential posting of collateral under SMUD's energy, natural gas, carbon, and other environmental product, purchase, sale and swap agreements.

"Energy Payments" means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity and under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

"Fee Letter" shall have the meaning given to such term (or any term of similar meaning) in the Credit Agreement or the applicable Parity Notes Reimbursement Agreement or Energy/Fuel Contract Letter of Credit Facility Agreement.

"Loan" has the meaning given to such term in the Credit Agreement.

"Maintenance and Operation Costs" means, when used with respect to the Electric System, all actual maintenance and operation costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable, but only if said charges are made in conformity with generally accepted accounting principles, and exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of SMUD.

Such Maintenance and Operation Costs of the Electric System include, generally, purchased power (including power purchased from any special district included within the boundaries of SMUD), and such part of the cost of fuel of any type or character (including nuclear fuel), taxes, salaries and wages, fees for services, materials and supplies, rents, office supplies and all other costs as are charged directly or apportioned to the operation and maintenance of the generation, transmission and distribution system, customer accounts, sales and administrative functions, or to the general operation of SMUD.

Said term does not include costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Electric System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of SMUD nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of SMUD.

In the event of any dispute arising hereunder, the phrase "generally accepted accounting principles," and all other accounting methods and terminology contained or referred to in this Resolution, shall be construed, as nearly as practicable, in conformity with the uniform system of accounts, and accounting rules and regulations thereunder, prescribed by the Federal Energy Regulatory Commission for private power companies which are subject to its jurisdiction and which are engaged in business comparable to the Electric System.

"Master Bond Resolution" means Resolution No. 6649 of SMUD, adopted on January 7, 1971, as amended and supplemented from time to time heretofore and hereafter.

"Maximum Interest Rate" means the lesser of (i) 12% per annum or (ii) the maximum rate of interest permitted by applicable law or resolution of SMUD.

"Notes" means, collectively, the Taxable Note and the Tax-Exempt Note.

"Parity Bonds" means all revenue bonds of SMUD having an equal lien and charge upon the Net Revenues (as that term is defined in the Master Bond Resolution) with the Bonds, and therefore payable upon a parity with the Bonds (whether or not any Bonds are outstanding), including all refunding bonds issued under the Master Bond Resolution and all revenue bonds issued on a parity with the Bonds as provided in the Master Bond Resolution.

"Parity Notes" means the Series K Notes (as defined in the 2011 Resolution), the Series L Notes (as defined in the 2011 Resolution), the Series M Notes (as defined in the 2019 Resolution), and any other notes or evidences of indebtedness incurred by SMUD on a parity with the Notes as provided herein.

"Parity Notes Reimbursement Agreement" means the Series K Reimbursement Agreement (as defined in the 2011 Resolution), the Series L Reimbursement Agreement (as defined in the 2011 Resolution), the Reimbursement Agreement (as defined in the 2019 Resolution), and any other credit enhancement agreement or similar agreement or any credit agreement or other arrangement which may be entered into by SMUD with respect to a series of Parity Notes issued by SMUD and designated by SMUD as such in connection with the issuance of such series of Parity Notes.

"Parity Subordinated Debt" means all revenue bonds of SMUD having an equal lien and charge upon the Net Subordinated Revenues (as that term is defined in the Subordinated Bond Resolution) and therefore payable on a parity with the Subordinated Bonds and junior to the Bonds and Parity Bonds.

"Resolution" means this Resolution as originally adopted by the Board and as it may from time to time be supplemented, modified or amended by any Supplemental Resolution adopted pursuant to the provisions hereof.

"Revenues" means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term "Revenues" also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775 of SMUD), or the Upper American River Project (as defined in Resolution No. 4938 of SMUD), but does not include revenues or income derived from the retail distribution of water through any distribution facility hereafter acquired by SMUD.

The term "Revenues" also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Master Bond Resolution or the Subordinated Bond Resolution.

"SMUD" means the Sacramento Municipal Utility District, a municipal utility district duly organized and existing under the Act.

"Subordinated Bond Resolution" means Resolution No. 85-11-1 adopted by the Board of Directors of SMUD on November 7, 1985, as amended and supplemented from time to time heretofore and hereafter.

"Subordinated Bonds" means the electric revenue bonds authorized to be issued and at any time outstanding pursuant to the Subordinated Bond Resolution and any bonds issued on a parity therewith solely for the purpose of refunding any or all of the Subordinated Bonds.

"Supplemental Resolution" means any resolution then in full force and effect which has been duly adopted by the Board at a meeting of the Board duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to this Resolution, but only if and to the extent that such supplemental resolution is specifically authorized hereunder.

"Taxable Note" means the Sacramento Municipal Utility District Taxable Revolving Note (Wells Fargo Revolving Credit Agreement).

"Tax-Exempt Note" means the Sacramento Municipal Utility District Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement).

"Term Loan" has the meaning given to such term in the Credit Agreement.

"2011 Resolution" means Resolution No. 11-12-05, adopted by the Board on December 1, 2011, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified or amended in accordance with its terms.

"2019 Resolution" means Resolution No. 19-02-02, adopted by the Board on February 21, 2019, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified or amended in accordance with its terms.

Interpretation. All references herein to "Articles," "Sections" and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words "herein," "hereof," "hereunder" and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

THE NOTES

Authorization. Each Note is hereby authorized to be issued in the stated principal amount of not to exceed $100,000,000 outstanding at any one time. On or after the effective date of the Credit Agreement, SMUD may request Loans and Term Loans under either Note as provided in, and subject to the terms of, the Credit Agreement and this Resolution; provided, that the aggregate principal amount of Loans and Term Loans outstanding under the Notes at any one time shall not exceed $100,000,000. Subject to the terms of the Credit Agreement and this Resolution, the principal amount of the Loans under the Notes that is paid or prepaid by SMUD may again be reborrowed under either Note.

Terms of Notes. Subject to the limitations stated in Section 2.01 and the terms of the Credit Agreement, the Notes may be issued at such time and Loans and Term Loans

thereunder may be requested from time to time in such amounts as shall be determined by an Authorized Officer.

The principal of the Notes shall be payable as provided in the Credit Agreement. The Notes shall bear interest at the rates and in the manner applicable to the related Loans and Term Loans provided in the Credit Agreement, except that no interest rate on the Notes (or related Loans and Term Loans) shall exceed the Maximum Interest Rate, subject to the terms of the Credit Agreement. Interest on the Notes shall be payable as provided in the Credit Agreement.

Form of Notes. The Taxable Note shall be issued in substantially the form set forth in Exhibit A to the Credit Agreement (with such variations, omissions and insertions as may be required to conform the same to the terms of this Resolution or terms of the Credit Agreement). The Tax-Exempt Note shall be issued in substantially the form set forth in Exhibit B to the Credit Agreement (with such variations, omissions and insertions as may be required to conform the same to the terms of this Resolution or terms of the Credit Agreement).

Execution of Notes. The Notes shall be executed in the name and on behalf of SMUD, with the manual signature of an Authorized Officer.

Registration of Notes. The Notes shall be issued in registered form, initially registered in the name of the Bank. SMUD shall maintain in its books and records the name of each registered owner of the Notes from time to time. Registered ownership of the Notes may not be transferred without the prior written consent of SMUD.

LOANS AND TERM LOANS UNDER THE NOTES

Loans and Term Loans. Loans and Term Loans under the Notes will be made on the terms and conditions set forth in the Credit Agreement. Each request of SMUD for a Loan or Term Loan under the Notes pursuant to the Credit Agreement shall be deemed to be a representation by SMUD that (a) all action on the part of SMUD (including, if applicable, the adoption of a preliminary resolution pursuant to California Public Utilities Code section 12852) necessary for the valid incurrence of the indebtedness represented by such Loan or Term Loan under the Notes has been taken, (b) the Notes, taking into account the making of such Loan or Term Loan thereunder, are valid and binding obligations of SMUD according to their terms, the terms of this Resolution and the terms of the Credit Agreement, (c) no Event of Default under Section 6.01 hereof has occurred and is continuing as of the date of such Loan or Term Loan and (b) SMUD is in compliance with the covenants set forth in Article V hereof as of the date of such Loan or Term Loan.

Proceeds of Loans and Term Loans. The proceeds of Loans under the Notes shall be applied for any or all of the purposes specified in (a) Articles 6a and 6b of Chapter 6 of the Act (California Public Utilities Code Section 12850 *et seq.*), (b) Chapter 7.5 of the Act (California Public Utilities Code Section 13371 *et seq.*) and (c) Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 *et seq.*), as determined by an Authorized Officer. The proceeds of Term Loans under the Notes shall be applied to refund the then-outstanding principal amount of the Loans under the Notes as provided in Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53580 *et seq.*) and the Credit Agreement.

Pending expenditure for the foregoing purposes, proceeds of the Loans under the Notes may be invested in bonds, notes, certificates of indebtedness, bills, acceptances or other securities in which funds of SMUD may be legally invested as provided by the law in effect at the time of such investment.

PLEDGE OF AVAILABLE REVENUES

Pledge; Deposit of Revenues. The Notes and all Parity Notes and the obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letter and any Energy/Fuel Contract Letter of Credit Facility Agreement are revenue obligations, are not secured by the taxing power of SMUD and shall be payable exclusively from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of, the Available Revenues. The Available Revenues constitute a trust fund for the security and payment of the interest on and principal of the Notes and all Parity Notes and all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letter and any Energy/Fuel Contract Letter of Credit Facility Agreement. The Available Revenues have been pledged pursuant to the 2011 Resolution, the 2019 Resolution, and are hereby further pledged, to the payment of the Notes and all Parity Notes and all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letter and any Energy/Fuel Contract Letter of Credit Facility Agreement without priority or distinction of one over the other, subject to the condition that out of Revenues:

> First: There shall be applied all sums required for Maintenance and Operation Costs of the Electric System and all Energy Payments not included in Maintenance and Operation Costs.
>
> Second: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Bonds, together with any sinking fund or reserve fund payments on the Bonds and all Parity Bonds.
>
> Third: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Subordinated Bonds and all Parity Subordinated Debt, together with any sinking fund or reserve fund payments on the Subordinated Bonds and all Parity Subordinated Debt.
>
> Fourth: There shall be applied, on a parity basis, all sums required (i) for the payment of the principal of and interest on the Notes and all Parity Notes, (ii) for all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement and any Fee Letter, and (iii) for all obligations of SMUD under any Energy/Fuel Contract Letter of Credit Facility Agreement.

All remaining Revenues, after making the foregoing allocation, shall be available to SMUD for all lawful SMUD purposes. The pledge of Available Revenues herein made shall be irrevocable until the Notes and all Parity Notes have been paid and retired and all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letters and any Energy/Fuel Contract Letter of Credit Facility Agreement have been satisfied.

SMUD may issue additional Parity Notes and enter into additional Parity Notes Reimbursement Agreements and/or Energy/Fuel Letter of Credit Facility Agreements from time to time provided no Event of Default under Section 6.01 has occurred and is continuing as of the date of the issuance of such Parity Notes or the execution and delivery of any such Agreements.

COVENANTS OF SMUD

Authorization. SMUD will not permit the aggregate principal amount of the Notes outstanding at any one time to exceed the limitations specified in Section 2.01 hereof.

Punctual Payment. SMUD will punctually pay or cause to be paid the principal of and interest, if any, on the Notes (but only from Available Revenues or, at the sole option

of SMUD, any other funds legally available for such payment), in conformity with the Notes, this Resolution and the Credit Agreement.

Tax Covenant. SMUD covenants with the Bank that no use of the proceeds of the Loans or Term Loans under the Tax-Exempt Note or any other funds of SMUD will be made which will cause the Tax-Exempt Note or any Loan or Term Loan thereunder to be "arbitrage bonds" the interest on which is subject to federal income taxation by reason of Section 148 of the Code. To that end, so long as any principal of the Tax-Exempt Note is outstanding, SMUD, with respect to such proceeds and other funds, shall comply with all requirements of said Section 148 (including any rebate requirements pursuant to Section 148(f)) and of all regulations of the United States Department of the Treasury issued thereunder, to the extent that such regulations are, at the time, applicable and in effect.

SMUD further covenants with the Bank that it will make no use of the proceeds of any Loan or Term Loan under the Tax-Exempt Note or any other funds of SMUD or take any other action which would cause interest on the Tax-Exempt Note or any Loan or Term Loan thereunder to be subject to federal income taxation by reason of Section 141 or Section 149 of the Code. To that end, so long as any principal of the Tax-Exempt Note is outstanding SMUD will comply with all requirements of such Section 141 and Section 149 and all regulations to the extent that such requirements are, at the time, applicable and in effect.

EVENTS OF DEFAULT AND REMEDIES

Events of Default. The following events shall be events of default (the "Events of Default") hereunder:

if default shall be made in the due and punctual payment of the principal of any Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

if default shall be made in the due and punctual payment of any installment of interest on any Note when and as such interest installment shall become due and payable; or

if the holder of any Bond or the trustee for any holders of Bonds at the time outstanding exercises a right under the Bond or the constituent instruments under which such Bond was issued to declare the principal thereof (and interest accrued thereon) to be payable prior to the maturity thereof.

Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the holder of any Note at the time outstanding shall be entitled to proceed to protect and enforce such holder's rights by such appropriate judicial proceeding as such holder shall deem most effectual to protect and enforce any such right, whether by mandamus or other suit or proceeding at law or in equity, for the specific performance of any covenant or agreement contained in this Resolution, or in aid of the exercise of any power granted in this Resolution, or to enforce any other legal or equitable right vested in the holders of Notes by this Resolution or the Notes or by law. The provisions of this Resolution shall be a contract with each and every holder of Notes, and the duties of SMUD and of the Board shall be enforceable by any holder of the Notes by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Remedies Not Exclusive. No remedy herein conferred upon the holders of Notes is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the holder of any one or more of the Notes.

MISCELLANEOUS

Supplemental Resolutions. SMUD may modify or amend this Resolution at any time but only with the prior written consent of the Bank.

Approval and Execution of Credit Agreement and Fee Letter. The Credit Agreement and the Fee Letter relating to the Credit Agreement, each between SMUD and the Bank, in substantially the forms submitted to this meeting, are hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of SMUD, to execute and deliver the Credit Agreement and the Fee Letter relating to the Credit Agreement in substantially said forms, with such changes therein as the Authorized Officer executing the same, with the advice of SMUD's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Additional Actions. The Authorized Officers are hereby authorized and directed to do any and all things and to execute, deliver and perform any and all agreements, certificates and documents (including, but not limited to, tax certificates) which they deem necessary or advisable in order to consummate the issuance and delivery of the Notes in accordance with the this Resolution and the Credit Agreement and to effect the purposes of this Resolution and the transactions contemplated hereby.

Effective Date of Resolution. This Resolution shall take effect immediately upon adoption.

Approved: February 17, 2022

INTRODUCED: DIRECTOR HERBER				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			

Attachment G
to Resolution No. 22-02-07

REVOLVING CREDIT AGREEMENT

dated as of February 1, 2022,

between

SACRAMENTO MUNICIPAL UTILITY DISTRICT

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

relating to:

$100,000,000
SACRAMENTO MUNICIPAL UTILITY DISTRICT,
TAXABLE AND TAX-EXEMPT REVOLVING NOTES
(WELLS FARGO REVOLVING CREDIT AGREEMENT)

REVOLVING CREDIT AGREEMENT

(This Table of Contents is not a part of this
Revolving Credit Agreement and is only
for convenience of reference)

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REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of February 1, 2022 (together with all amendments, supplements and other modifications hereto, this *"Agreement"*), between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (together with its successors and assigns, *"SMUD"*) and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (together with its successors and assigns, the *"Bank"*).

WITNESSETH:

WHEREAS, pursuant to the authority granted by the laws of the State of California, particularly Articles 6a and 6b of Chapter 6 of the Municipal Utility Act (California Public Utilities Code Section 12850 *et seq.*), Chapter 7.5 of the Municipal Utility District Act (California Public Utilities Code Section 13371 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (California Government Code Section 53.80 *et seq.*), and Resolution No. 22-02-__ (the *"Note Resolution"*) adopted by the Board of Directors of SMUD, on February [__], 2022, SMUD authorized the issuance of its Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) and Tax-Exempt Note (Wells Fargo Revolving Credit Agreement) in an aggregate principal amount not to exceed $100,000,000 outstanding at any one time; and

WHEREAS, SMUD has requested the Bank to establish the Commitment and execute and deliver this Agreement and the Bank is prepared to establish the Commitment upon the terms and conditions stated in this Agreement;

NOW, THEREFORE, in consideration of the agreements set forth herein and in order to induce the Bank to establish the Commitment and execute and deliver this Agreement, the Bank and SMUD agree as follows:

ARTICLE ONE

DEFINITIONS

Section 1.1. Definitions. As used in this Agreement:

"Act" means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.

"Affiliate" means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary

voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"*Agreement*" has the meaning set forth in the introductory paragraph hereof.

"*Alternate Rate*" means, for any day, in the case of Taxable Loans, the Prime Rate and in the case of Tax-Exempt Loans, the product of (i) the Prime Rate and (ii) eighty percent (80%).

"*Alternate Rate Loan*" means any Loan bearing interest at a rate based upon the Alternate Rate as provided in Section 2.4(e) and/or 2.12 hereof.

"*Amortization End Date*" means, with respect to any Term Loan, the earliest to occur of: (i) the fifth (5th) anniversary of the Facility Maturity Date, and (ii) the date on which the Commitment could have been permanently reduced to zero or this Agreement is otherwise terminated, including as a result of the occurrence of an Event of Default (*provided, however,* that the occurrence of a Rating Event at any time shall not result in an Amortization End Date).

"*Amortization Payment Date*" means, with respect to each Term Loan, (a) the first Business Day to occur on or after the one hundred eightieth (180th) calendar day following the Facility Maturity Date and the first Business Day of each sixth (6th) calendar month occurring thereafter prior to the Amortization End Date and (b) the related Amortization End Date.

"*Authorized SMUD Representative*" means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD and/or the Secretary of SMUD.

"*Available Revenues*" has the meaning set forth in the Note Resolution.

"*Bank*" has the meaning set forth in the introductory paragraph hereof.

"*Bank Affiliate*" means the Bank and includes, without limitation, Wells Fargo Municipal Capital Strategies, LLC, Wells Fargo Securities (a trade name) and such other Affiliates of the Bank as agreed to by the Bank and SMUD.

"*Bank Transferee*" has the meaning set forth in Section 7.3 hereof.

"*Bank Agreement*" means any credit agreement, direct purchase agreement, bond purchase agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by SMUD with any Person, directly or indirectly, or otherwise consented to by SMUD, under which any Person or Persons undertakes to directly purchase, make loans, extend credit or liquidity to SMUD in connection with any of SMUD's Debt payable from or secured by a lien on Net Revenues senior to or on a parity with the Obligations.

"*Bank Rate*" means the rate of interest per annum with respect to any Term Loan (i) for any day commencing on the date such Term Loan is made to and including the ninetieth (90th)

day next succeeding the date such Term Loan is made, equal to the Base Rate from time to time in effect, and (ii) for any day commencing on the ninety-first (91st) day next succeeding the date such Term Loan is made and at all times thereafter, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.0%); *provided, however,* that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, *"Bank Rate"* shall mean the Default Rate.

"Bank-Related Persons" means the Bank, its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of the Bank and Affiliates.

"Base Rate" means, for any day, a fluctuating rate of interest per annum equal to the greatest of (i) the Prime Rate in effect at such time *plus* one percent (1.00%), (ii) the Federal Funds Rate in effect at such time *plus* two percent (2.00%) and (iii) seven percent (7.00%)

"*Benchmark*" means, initially, Daily Simple SOFR; *provided, however,* that if a Benchmark Transition Event has occurred with respect to Daily Simple SOFR or the then-current Benchmark, then "Benchmark" means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior Benchmark pursuant to Section 2.12 hereof.

"Benchmark Replacement" means with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Bank giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities and (b) the related Benchmark Replacement Adjustment. Notwithstanding anything herein to the contrary, during any period of time while the Benchmark Replacement, determined as provided above, would be less than zero percent (0.0%), the Benchmark Replacement shall be deemed to be zero percent (0.0%).

"Benchmark Replacement Adjustment" means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Bank giving due consideration to (i) any selection or recommendation by the Relevant Governmental Body at such time of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time.

"Benchmark Replacement Date" means the earlier to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of "Benchmark Transition Event," the later of (i) the SOFR Determination Day occurring on or after the date of the public statement or publication of information referenced therein and (ii) the SOFR Determination Day following the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark;

(b) in the case of clause (c) of the definition of "Benchmark Transition Event," the SOFR Determination Day occurring on or after the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if such Benchmark (or such component thereof) continues to be provided on such date; or

(c) in the case of clause (d) of the definition of "Benchmark Transition Event," the SOFR Determination Day occurring on or after the first date that both (i) an alternate benchmark rate for purposes of the definition of "Benchmark Replacement" and (ii) a Benchmark Replacement Adjustment, have been selected by the Bank.

"*Benchmark Transition Event*" means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof);

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), announcing that such Benchmark is not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; or

(d) the failure of the Benchmark Administrator to publish the Benchmark (or the published component used in the calculation thereof) for the applicable tenor for a continuous period of thirty (30) U.S. Government Securities Business Days (notwithstanding any temporary "last print" concept in the definition of "SOFR" or any analogous replacement definition), provided that, there is then no successor administrator that will continue to provide such Benchmark (or such component thereof).

"*Benchmark Transition Start Date*" means, in the case of a related Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90th day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

"*Benchmark Unavailability Period*" means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under each of the other Program Documents in accordance with Section 2.12 hereof and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes of establishing SOFR.

"*Bonds*" has the meaning set forth in the Master Bond Resolution.

"*Borrowing*" means the borrowing of a Loan, as requested in each Notice of Borrowing.

"*Business Day*" means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in Los Angeles, California or New York, New York are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal offices of the Bank are closed.

"*Change in Law*" means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives

thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a "Change in Law," regardless of the date enacted, adopted or issued.

"*Closing Date*" means February __, 2022, subject to the satisfaction (or waiver by the Bank) of all of the conditions precedent set forth in Section 3.1 hereof.

"*Code*" means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, and the regulations promulgated thereunder

"*Commitment*" means the amount of $100,000,000, as such amount may be reduced from time to time or terminated pursuant to Sections 2.7, 2.8 and 6.2 hereof.

"*Commitment Fee*" has the meaning set forth in the Fee Agreement.

"*Confidential Information*" means any permitted redactable information regarding SMUD, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

"*Conforming Changes*" means, with respect to either the use or administration of SOFR (other than a Loan for which the Benchmark is Daily Simple SOFR) or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including, without limitation, changes to the definition of "U.S. Government Securities Business Day," the definition of "Business Day," the timing and frequency of determining rates and making payments of interest, the timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of a Benchmark Replacement or to permit the use and administration of SOFR (other than a Loan for which the Benchmark is Daily Simple SOFR) or a Benchmark Replacement by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Program Documents).

"*Credit Event of Default*" means any of those Events of Default set forth in Sections 6.1(a), 6.1(d), 6.1(e), 6.1(f), 6.1(g), 6.1(h), 6.1(i), 6.1(j), 6.1(k), 6.1(l), 6.1(m), 6.1(n), 6.1(o) and 6.1(p) hereof.

"*Daily Simple SOFR*" means, for any day (a "*SOFR Rate Day*"), a rate per annum equal to the greater of (a) SOFR for the day (such day, a "*SOFR Determination Day*") that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government

Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator's Website; *provided* that if by 5:00 p.m. on the second (2nd) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator's Website and a Benchmark Replacement Date with respect to Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator's Website; *provided further* that SOFR as determined pursuant to this proviso shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days and (b) zero percent (0.0%). Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to SMUD.

"*Debt*" means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such obligations (other than collateralized commodity swaps the obligations under which are either (a) not secured by a Lien on Net Revenues or (b) secured by a Lien on Net Revenues subordinate to the Obligations), (iv) all obligations of such Person as lessee under finance leases (as determined under Financial Accounting Standards Board Accounting Standards Codification Topic 842, *Leases*, or any successor guidance) shown on the liabilities side of the balance sheet of such Person, (v) all obligations of such Person on or with respect to letters of credit, banker's acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, (vi) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (vii) all Debt of any other Person of the kind referred to in clauses (i) through (vi) above which is guaranteed (regardless of form) directly or indirectly in any manner by such Person.

"*Default*" means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"*Default Rate*" means a per annum rate of interest equal to the sum of the Base Rate from time to time in effect plus three percent (3.00%).

"*Designated Jurisdiction*" means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

"*Determination of Taxability*" means and shall be deemed to have occurred on the first to occur of the following:

(i) on the date on which SMUD files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) the date on which the Bank or any Noteholder or former Noteholder notifies SMUD that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by SMUD of such notification from the Bank or such Noteholder or any former Noteholder, SMUD shall deliver to the Bank, the Noteholder and any former Noteholder a ruling or determination letter issued to or on behalf of SMUD by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such ruling or determination letter) or a written opinion of its Note Counsel to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) the date on which SMUD shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of SMUD, or upon any review or audit of SMUD or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) the date on which SMUD shall receive notice from the Noteholder or any former Noteholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank, such Noteholder or such former Noteholder the interest on the Tax-Exempt Note or Tax-Exempt Loan due to the occurrence of an Event of Taxability;

provided, however, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless SMUD has been afforded the opportunity, at its expense, to contest any such assessment or opinion, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however,* that upon demand from the Bank, such Noteholder or former Noteholder, SMUD shall promptly reimburse, the Bank, such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, the Bank, such Noteholder or former Noteholder shall be obligated to make as a result of the Determination of Taxability.

"Dollars" and the sign *"$"* means lawful money of the United States of America.

"*Electric System*" has the meaning set forth in the Note Resolution.

"*ERISA*" means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

"*Event of Default*" has the meaning set forth in Section 6.1 hereof.

"*Event of Taxability*" means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by SMUD, or the failure to take any action by SMUD, or the making by SMUD of any misrepresentation herein or in any certificate given in connection with the Tax-Exempt Note or Tax-Exempt Loans) which has the effect of causing interest paid or payable on any Tax-Exempt Note or any Tax-Exempt Loan to become includable in the gross income of the Bank, the Noteholder or any former Noteholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or SMUD of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Tax-Exempt Note or any Tax-Exempt Loan to become includable in the gross income of the Bank, the Noteholder or any former Noteholder for federal income tax purposes with respect to any Tax-Exempt Note or any Tax-Exempt Loan.

"*Excess Interest*" has the meaning set forth in Section 2.19 hereof.

"*Excluded Taxes*" means, with respect to the Bank or any Participant, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank or such Participant is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which SMUD is located.

"*Facility Maturity Date*" means February [__], 2026, or, if such day is not a Business Day, the next preceding Business Day.

"*Favorable Opinion of Note Counsel*" means a written opinion of Note Counsel, addressed to SMUD and the Bank to the effect that the new Benchmark Replacement will not adversely affect the exclusion from gross income of interest on the Tax-Exempt Loans or the Tax-Exempt Note for federal income tax purposes.

"*Federal Funds Rate*" means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided* that: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of

one-hundredth of one percent) charged to the Bank on such day on such transactions as determined by the Bank. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

"*Fee Agreement*" means that certain Fee Agreement, dated the Closing Date, between SMUD and the Bank, as the same may be amended, modified or supplemented from time to time by written instrument executed by the Bank and SMUD, the terms of which are incorporated herein by reference.

"*Fiscal Year*" means the twelve-month period commencing on January 1 of each year and ending on December 31 of the same calendar year or such other twelve-month period as SMUD may from time to time determine as it Fiscal Year.

"*Fitch*" means Fitch Ratings, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

"*Government Acts*" means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

"*Governmental Authority*" means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank); *provided, however,* that, for the purposes of Sections 2.16 and 2.17 hereof only, "*Governmental Authority*" means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

"*Indemnified Taxes*" means Taxes other than Excluded Taxes.

"*Interest Payment Date*" means with respect to each Loan and each Term Loan, the tenth (10th) calendar day of each calendar month (with the first Interest Payment Date being March 10, 2022), the Facility Maturity Date and such earlier date on which all Loans and Term Loans are required to be paid in full in accordance with the terms hereof or, if applicable, on the Amortization End Date.

"*Laws*" means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

"*Lien*" means, with respect to any property, tangible or intangible, real or personal, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property.

"*Loan*" means a Loan to be made by the Bank in accordance with the applicable Notice of Borrowing. The term "Loan" means, individually, a Taxable Loan or a Tax-Exempt Loan and "Loans" means Taxable Loans or Tax-Exempt Loans, or a combination thereof, as applicable.

"*Majority Noteholder*" means the Noteholders with a majority of the aggregate ownership interest in Loans and Term Loans evidenced by the Taxable Note and Tax-Exempt Note from time to time. As of the Closing Date, Wells Fargo Bank, National Association, is the Majority Noteholder.

"*Master Bond Resolution*" means Resolution No. 6649 of SMUD, adopted on January 7, 1971, and amended and supplemented from time to time in accordance with the terms thereof.

"*Material Adverse Effect*" or "*Material Adverse Change*" means (a) with respect to SMUD, a material adverse effect upon SMUD's business, assets, liabilities, financial condition, results of operations or business prospects, and (b) with respect to SMUD's obligations under this Agreement, the Fee Agreement or any other SMUD Program Document, a material adverse effect upon (i) the binding nature, validity or enforceability of SMUD's obligations hereunder or thereunder, (ii) SMUD's ability to perform its obligations hereunder or thereunder or (iii) the rights, security or interests of the Bank.

"*Maximum Federal Corporate Tax Rate*" means, on any given day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Bank, the maximum statutory rate of federal income taxation which could apply to the Bank).

"*Maximum Interest Rate*" means the maximum interest rate on the Revolving Notes as provided in the Note Resolution, which initially shall be 12% per annum.

"*Maximum Rate*" means the maximum non-usurious lawful rate of interest permitted by applicable law.

"*Moody's*" means Moody's Investors Service and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be

deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

"*Net Revenues*" has the meaning set forth in the Master Bond Resolution.

"*Net Subordinated Revenues*" has the meaning set forth in the Subordinated Bond Resolution.

"*Non-Bank Transferee*" has the meaning set forth in Section 7.2(c) hereof.

"*Non-Credit Event of Default*" means those Events of Default set forth in Sections 6.1(b) and 6.1(c) hereof

"*Noteholder*" means the Bank and each Bank Transferee or Non-Bank Transferee pursuant to the terms hereof so long as such Bank Transferee or Non-Bank Transferee owns an interest in the Taxable Note or the Tax-Exempt Note, as applicable, and shall include any holder of Term Loans.

"*Note Counsel*" means Orrick Herrington & Sutcliffe LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by SMUD.

"*Note Resolution*" has the meaning set forth in the recitals hereof.

"*Notice of Borrowing*" has the meaning set forth in Section 2.2(a)(i) hereof.

"*Notice of Conversion*" has the meaning set forth in Section 2.2(a)(ii) hereof

"*Obligations*" means the Loans and Term Loans (which includes amounts owing to the Bank evidenced by and payable under the Revolving Notes), the Commitment Fees and all other obligations of SMUD to the Bank arising under or in relation to this Agreement, the Fee Agreement or any of the other Program Documents (including any amounts to reimburse the Bank for any advances or expenditures by it under any of such documents).

"*Optional Termination Event*" means (i) a consolidation or merger of SMUD or the Electric System into another entity whereby either (a) as a result of such consolidation or merger, SMUD or the Electric System is not the surviving entity or (b) such consolidation or merger could reasonably be expected to result in a Material Adverse Effect, or (ii) the failure of SMUD to comply with generally accepted accounting principles applicable to governmental entities and such failure shall continue for a period of forty-five (45) consecutive days after SMUD has actual knowledge of such failure.

"*Parity Bonds*" has the meaning set forth in the Note Resolution.

"*Parity Notes*" has the meaning set forth in the Note Resolution.

"*Parity Notes Reimbursement Agreement*" has the meaning set forth in the Note Resolution.

"*Parity Subordinated Debt*" has the meaning set forth in the Note Resolution.

"*Participant*" has the meaning set forth in Section 7.3(b) hereof.

"*Participation*" has the meaning set forth in Section 7.3(b) hereof.

"*Payment Account*" means _____, or such other account as the Bank may designate from time to time.

"*Person*" means an individual, a corporation, a partnership, an association, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

"*Plan*" means a pension plan providing benefits for employees of any Person.

"*Prime Rate*" means on any day, the rate of interest per annum then most recently established by the Bank as its "prime rate." Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Bank to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Bank may make various business or other loans at rates of interest having no relationship to such rate. If the Bank ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

"*Program Documents*" means this Agreement, the Revolving Notes, the Fee Agreement, the Note Resolution and any documents related thereto.

"*Property*" means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

"*Rating*" means, with respect to any Rating Agency, the lowest rating assigned by such Rating Agency to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD.

"*Rating Agency*" and "*Rating Agencies*" means, individually or collectively, as applicable, Moody's, S&P and Fitch.

"*Rating Event*" means the occurrence of a downgrade by any Rating Agency of its long-term rating with respect to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD to a level below "Baa1" (or its equivalent) in the case of Moody's, "BBB+" (or its equivalent) in the case of S&P or "BBB+" (or its equivalent) in the case of Fitch and such downgrade shall continue for a period of one hundred sixty (160) days.

"*Recipient*" means the Bank, each Participant, each Noteholder and any other recipient of any payment to be made by or on account of any obligation of SMUD hereunder.

"*Relevant Governmental Body*" means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto.

"*Revenues*" has the meaning set forth in the Note Resolution.

"*Revolving Credit Period*" means the period from and including the Closing Date to and including the Termination Date.

"*Revolving Notes*" means the Taxable Note and the Tax-Exempt Note.

"*Risk-Based Capital Guidelines*" means (a) the risk-based capital guidelines in effect in the United States of America, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States of America including transition rules, and any amendment to such regulations.

"*Sanction*" or "*Sanctions*" means any economic or financial sanction administered or enforced by the United States Government (including, without limitation, those administered by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future statute or executive order.

"*S&P*" means S&P Global Ratings, and its successors, and if such division shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

"*SMUD*" has the meaning set forth in the introductory paragraph hereof.

"*SMUD Board*" means the board of directors of SMUD.

"*SMUD Program Documents*" means the Program Documents to which SMUD is a party (including, without limitation, the Note Resolution).

"*SOFR*" means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

"*SOFR Administrator*" means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

"*SOFR Administrator's Website*" means the website of the Federal Reserve Bank of New York, currently at http://www.newyorkfed.org, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

"*SOFR Determination Day*" has the meaning specified in the definition of "Daily Simple SOFR".

"*SOFR Rate Day*" has the meaning specified in the definition of "Daily Simple SOFR".

"*State*" means the State of California.

"*Subordinated Bond Resolution*" has the meaning set forth in the Note Resolution.

"*Subordinated Bonds*" has the meaning set forth in the Note Resolution.

"*Swap Contract*" means any and all interest rate swap transactions or any other similar interest rate hedging transactions that hedge the interest rate on securities or other obligations issued by or on behalf of SMUD (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement.

"*Taxable Applicable Spread*" has the meaning set forth in the Fee Agreement.

"*Taxable Daily SOFR Rate*" means a per annum rate of interest equal to the sum of the Taxable Applicable Spread *plus* Daily Simple SOFR. The Taxable Daily SOFR Rate shall be rounded upwards to the fifth decimal place. Upon the occurrence and during the continuance of an Event of Default the Taxable Daily SOFR Rate shall equal the Default Rate.

"*Taxable Date*" means the date on which interest on any Tax-Exempt Loan or Tax-Exempt Note is first includable in the gross income of any holder thereof (including, without limitation, the Bank) as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

"*Taxable Loan*" means a Loan that is identified as a Taxable Loan in the Notice of Borrowing or Notice of Conversion, or a Term Loan that refunded one or more Loans which were Taxable Loans.

"*Taxable Note*" means the Sacramento Municipal Utility District Taxable Revolving Note (Wells Fargo Revolving Credit Agreement), such note to be executed and delivered to the Bank on the Closing Date in the form of Exhibit A attached hereto with appropriate insertions, executed

and delivered by SMUD, as the same may be amended, modified, restated or supplemented from time to time by written instrument executed by the Bank and SMUD.

"*Taxable Period*" has the meaning set forth in Section 2.13 hereof.

"*Taxable Rate*" means, with respect to a Taxable Period, the product of (i) the interest rate on the applicable Tax-Exempt Loan or Tax-Exempt Note during such period and (ii) the quotient of (A) one divided by (B) one minus the then current Maximum Federal Corporate Tax Rate.

"*Tax-Exempt Applicable Spread*" has the meaning set forth in the Fee Agreement.

"*Tax-Exempt Daily SOFR Rate*" means a per annum rate of interest equal to sum of (a) the Tax-Exempt Applicable Spread plus (b) the product of (i) Daily Simple SOFR multiplied by (ii) 0.80. The Tax-Exempt Daily SOFR Rate shall be rounded upwards to the fifth decimal place. Upon the occurrence and during the occurrence of an Event of Default the Tax-Exempt Daily SOFR Rate shall equal the Default Rate.

"*Tax-Exempt Loan*" means a Loan that is identified as a Tax-Exempt Loan in the Notice of Borrowing, or a Term Loan that refunded one or more Loans which were Tax-Exempt Loans.

"*Tax-Exempt Note*" means the Sacramento Municipal Utility District Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement), dated the date the Closing Date, in the form of Exhibit B attached hereto with appropriate insertions, executed and delivered by SMUD, as the same may be amended, modified, restated or supplemented from time to time by written instrument executed by the Bank and SMUD.

"*Taxes*" means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

"*Term Loans*" has the meaning set forth in Section 2.22(a) hereof.

"*Termination Date*" means the Facility Maturity Date or, if earlier, the date on which the Commitment is terminated or permanently reduced to zero in accordance with the terms hereof.

"*U.S. Government Securities Business Day*" means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; *provided*, that for purposes of notice requirements in Section 2.2, in each case, such day is also a Business Day.

"*Unadjusted Benchmark Replacement*" means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

"*2020 Financial Statements*" means the audited financial statements of SMUD for the Fiscal Year ended December 31, 2020.

Section 1.2. Incorporation of Certain Definitions by Reference. Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Note Resolution and, if not defined therein, in the Master Bond Resolution or the Subordinated Bond Resolution, as applicable.

Section 1.3. Accounting Terms and Determinations. All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

Section 1.4. Interpretation. The following rules shall apply to the construction of this Agreement and the Fee Agreement unless the context requires otherwise: (a) the singular includes the plural, and the plural the singular; (b) words importing any gender include the other gender and the neuter gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (d) references to "writing" include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words "including," "includes" and "include" shall be deemed to be followed by the words "without limitation"; (f) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (h) article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; and (i) unless otherwise indicated, references to Persons include their respective permitted successors and assigns.

Section 1.5. Rates. The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Benchmark, any component definition thereof or rates referred to in the definitions thereof or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Benchmark, the Tax-Exempt Rate or the Taxable Rate or any other Benchmark, the Tax-Exempt Rate or the Taxable Rate prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Bank and its affiliates or other related entities may engage in transactions that affect the calculation of the Benchmark, the Tax-Exempt Rate or the Taxable Rate any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to SMUD. The Bank may select information sources or services in its reasonable discretion to ascertain the Benchmark, any component definition thereof or rates referred to in the definitions thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to SMUD or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in

equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

ARTICLE TWO

THE CREDIT

Section 2.1. Commitment to Lend.

(a) *Loans*. During the Revolving Credit Period, the Bank agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to SMUD pursuant to this Section from time to time in amounts such that the aggregate principal amount of Loans by the Bank at any one time outstanding shall not exceed the amount of the Commitment. Within the foregoing limit and subject to the terms and conditions of Section 2.2 hereof, SMUD may borrow under this subsection (a), repay or, to the extent permitted by Section 2.9 hereof, prepay, the Loans and re-borrow at any time during the Revolving Credit Period under this subsection (a).

(b) *Extension of Revolving Credit Period*. (i) No later than 90 days prior to the Facility Maturity Date, SMUD may request the Bank to extend the then current Facility Maturity Date for a period as agreed to by SMUD and the Bank. If the Bank, in its sole discretion, elects to extend the Facility Maturity Date then in effect, they shall deliver to SMUD within 30 days of receiving a request, a written notice of extension (herein referred to as a *"Notice of Extension"*) designating the date to which the Facility Maturity Date is being extended. Such extension of the Facility Maturity Date shall be effective, after receipt of such Notice of Extension, on the Business Day following the date of delivery of such Notice of Extension, and thereafter all references in this Agreement to the Facility Maturity Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to SMUD. Any date to which the Facility Maturity Date has been extended in accordance with this Section 2.1(b) may be extended in like manner. If the Bank fails to provide SMUD with a Notice of Extension as provided hereinabove, the Bank shall be deemed not to have consented to SMUD's request. The Bank shall use commercially reasonable efforts to promptly notify SMUD if it will not extend the Facility Maturity Date, but the Bank's failure to do so shall be deemed a denial of the extension request.

(ii) Notwithstanding the foregoing, it is understood and agreed that the foregoing provisions are intended for the convenience of the parties only and shall in no respect prohibit the parties from agreeing to extend the Revolving Credit Period under other circumstances or at other times. In the event the Revolving Credit Period is extended under any other circumstances, the Bank shall give prompt written notice thereof to SMUD.

(iii) If the Revolving Credit Period is extended, whether pursuant to subsection (i) above or otherwise, such extension shall be conditioned upon the prompt preparation, execution and delivery of documentation, satisfactory to SMUD and the Bank and their respective counsel.

Section 2.2. Method of Borrowing, Continuing or Converting Loans; Account to Which Proceeds of Loans to Be Credited. (a)(i) In the case of any Borrowing, SMUD shall give the Bank

notice in the form of Exhibit C hereto, executed by an Authorized SMUD Representative (a *"Notice of Borrowing"*), and SMUD shall telephonically confirm the Bank's receipt of such Notice of Borrowing, by not later than 11:00 a.m. (Pacific time) on any Business Day, specifying:

(A) the date of such Borrowing, which shall be a Business Day during the Revolving Credit Period that is at least two (2) U.S. Government Securities Business Days following the Bank's receipt of such Notice of Borrowing,

(B) the aggregate amount of such Borrowing (which shall not exceed the difference between (i) the amount of the Commitment and (ii) the aggregate principal amount of Loans then outstanding),

(C) whether such Borrowing will be a Taxable Loan or a Tax-Exempt Loan, and

(D) that the following items are attached and delivered to Note Counsel, if the Borrowing is a Tax-Exempt Loan, a tax certificate or supplement to an existing tax certificate, including a completed Form 8038-G, relating to such Borrowing, in each case in a form acceptable to Note Counsel.

(ii) SMUD may convert any Tax-Exempt Loan to a Taxable Loan, only upon two (2) U.S. Government Securities Business Days prior written notice by giving appropriate notice to the Bank prior to 11:00 a.m., (Pacific time), on such required prior U.S. Government Securities Business Day in the form of Exhibit D hereto with blanks appropriately completed (each, a "*Notice of Conversion*").

(b) Subject to the provisions of subsection (a) of this Section 2.2, by not later than 3:00 p.m. (Pacific time) on the date of each Borrowing, the Bank shall, subject to satisfaction of the requirements of Section 2.2 and Article Three hereof, wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to SMUD on the Borrowing date specified in the Notice of Borrowing, so long as such Borrowing date occurs during the Revolving Credit Period and is at least two (2) U.S. Government Securities Business Days following the Bank's receipt of such Notice of Borrowing, as specified in such Notice of Borrowing, in immediately available funds, an amount equal to the Loan thereby requested. The Bank shall wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to the following account: _____; *provided, however,* that SMUD may, from time to time, change such account by written notice to the Bank, executed by an Authorized SMUD Representative, given to the Bank at its address referred to in Section 7.2 hereof.

(c) The Bank shall not be obligated to honor more than one Borrowing with respect to a Taxable Loan or more than one Borrowing with respect to a Tax-Exempt Loan on any Business Day.

(d) Each Loan shall be in the principal amount requested by SMUD pursuant to each notice in the form of Exhibit C hereto but in any event in a minimum principal amount of $100,000 or such greater amount which is an integral multiple of $100,000 in excess thereof.

Section 2.3. Maturity of Loans and Term Loans. (a) Each Loan included in any Borrowing shall mature, and the principal amount thereof (together with all accrued and unpaid interest therein) shall be due and payable by SMUD, on the Facility Maturity Date or such earlier date on which all Loans or the related Loans become due and payable in accordance with the terms hereof.

(b) The Term Loans shall mature, and the principal amount thereof (together with all accrued and unpaid interest thereon) shall be due and payable by SMUD, on the Amortization End Date or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof.

Section 2.4. Interest Rates. (a) Subject to subsections (d) and (e) below, and Section 2.15 hereof, each Loan (other than a Term Loan) which is a Taxable Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it is paid in full, at a rate per annum equal to the Taxable Daily SOFR Rate, and such interest shall be payable by SMUD on each Interest Payment Date and on the Termination Date.

(b) Subject to subsections (d), (e) and (f) below, and Section 2.15 hereof, each Loan (other than a Term Loan) which is a Tax-Exempt Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it is paid in full, at a rate per annum equal to the Tax-Exempt Daily SOFR Rate, and such interest shall be payable by SMUD on each Interest Payment Date and on the Termination Date.

(c) Interest on the Tax-Exempt Loans is to be excluded from gross income for federal income tax purposes. Interest on Taxable Loans, Alternate Rate Loans and other amounts owing hereunder (other than Tax-Exempt Loans) is to be includable in the Bank's gross income for federal income tax purposes.

(d) The Bank shall determine the applicable interest rate for the Loans on each SOFR Determination Day while such Loan is outstanding. Interest on each Loan shall accrue each day such Loan is outstanding commencing on and including the date such Loan is advanced by the Bank hereunder until such Loan is paid in full. The Bank will send SMUD a hyperlink to the SOFR Administrator's Website, as such hyperlink may updated from time to time. Notwithstanding the foregoing, (i) with respect to a Loan designated to bear interest with respect to the Taxable Daily SOFR Rate that is advanced pursuant to new Borrowing, the rate for such Loan shall be the same rate as for all outstanding Loans bearing interest with respect to the Taxable Daily SOFR Rate and (ii) with respect to a Loan designated to bear interest with respect to the Tax-Exempt Daily SOFR Rate that is advanced pursuant to new Borrowing, the rate for such Loan shall be the same rate as for all outstanding Loans bearing interest with respect to the Tax-Exempt Daily SOFR Rate.

(e) *Circumstances Affecting Benchmark Availability*. (i) Subject to Section 2.12 hereof, if for any reason (A) the Bank shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Daily Simple SOFR pursuant to the definition thereof or (B) the Bank shall determine (which determination shall be conclusive and binding absent manifest error) that Daily Simple SOFR does

not adequately and fairly reflect the cost to the Bank of making or maintaining such Loans, then, in each case, the Bank shall promptly give notice thereof to SMUD; *provided, however,* that the Bank will advise SMUD of (B) immediately above only in the event that a similar determination would be made with respect to similarly situated issuers under similar circumstances, as such circumstances are determined by the Bank in the Bank's commercially reasonable discretion. Upon notice thereof by the Bank to SMUD, any obligation of the Bank to make Loans shall be suspended (to the extent of the affected Loans) until the Bank revokes such notice. Upon receipt of such notice, (x) SMUD may revoke any pending request for a borrowing of Loans (to the extent of the affected Loans) or, failing that, SMUD will be deemed to have converted any such request into a request for a borrowing of or conversion to Alternate Rate Loans in the amount specified therein and (y) any outstanding affected Loans will be deemed to have been converted into Alternate Rate Loans immediately. Upon any such prepayment or conversion, SMUD shall also pay accrued interest on the amount so prepaid or converted.

(ii) *Laws Affecting SOFR Availability*. If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for the Bank to honor its obligations hereunder to make or maintain any Loan, or to determine or charge interest based upon SOFR or Daily Simple SOFR, the Bank shall promptly give notice to SMUD (an *"Illegality Notice"*). Thereafter, until the Bank notifies SMUD that the circumstances giving rise to such determination no longer exist, any obligation of the Bank to make Loans shall be suspended. Upon receipt of an Illegality Notice, if necessary to avoid such illegality and upon demand from the Bank, (A) SMUD may, at its option, prepay all Loans or (B) if not prepaid at SMUD's option, SMUD shall convert all Loans to Alternate Rate Loans, on the Interest Payment Date therefor, if the Bank may lawfully continue to maintain such Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Loans to such day. Upon any such prepayment or conversion, SMUD shall also pay accrued interest on the amount so prepaid or converted.

(iii) The Bank shall use commercially reasonable efforts to provide advance notice of the events and/or conditions set forth in this Section 2.4(e); *provided, however,* that (i) since the timing of such events are not within the Bank's sole control, SMUD acknowledges and agrees that it may be impossible for the Bank to determine if such events are occurring before they occur and, in such case, the Bank shall use commercially reasonable efforts to provide such notice when reasonably possible and (ii) the failure of the Bank to provide any such notice shall not affect the effectiveness of the terms and conditions of this Section 2.4(e).

(f) Upon a Determination of Taxability, all Tax-Exempt Loans shall bear interest at the Taxable Rate.

(g) Subject to Section 2.15 hereof, the Term Loans shall bear interest on the outstanding principal amount thereof, for each date from the date of extension of such Term Loan until it

becomes due, at a rate per annum equal to the Bank Rate. Such interest shall be payable by SMUD on each Interest Payment Date and on the Amortization End Date (or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof).

Section 2.5. Fees. (a) SMUD hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment by SMUD to the Bank of the nonrefundable Commitment Fees and the other fees, expenses and payments described in the Fee Agreement at the times, on the dates and in the amounts specified in the Fee Agreement, the terms of such Fee Agreement being incorporated herein by reference as if fully set forth herein. Any references herein or in any other document to the Commitment Fee and such other fees, expenses and payments owed to the Bank hereunder without specific reference to the Fee Agreement shall be read so as to include the Fee Agreement, and any reference to this Agreement shall be deemed to include a reference to the Fee Agreement. The Fee Agreement and this Agreement shall be construed as one agreement between SMUD and the Bank and all obligations under the Fee Agreement shall be construed as obligations hereunder.

(b) If SMUD shall fail to pay any amount payable hereunder and/or under the Fee Agreement as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate and shall be payable by SMUD on demand.

(c) SMUD shall pay within thirty (30) days after demand any amounts advanced by or on behalf of the Bank to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Program Document, together with interest at the Default Rate.

Section 2.6. The Revolving Notes. (a) All Taxable Loans and other Obligations (other than Tax-Exempt Loans) shall be made against and evidenced by the Taxable Note. All Taxable Loans and other Obligations (other than Tax-Exempt Loans) and all payments and prepayments on account of the principal of and interest on each Taxable Loan and other Obligation (other than Tax-Exempt Loans) shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts payable by SMUD hereunder and under the Taxable Note.

(b) All Tax-Exempt Loans shall be made against and evidenced by the Tax-Exempt Note. All Tax-Exempt Loans and all payments and prepayments on account of the principal of and interest on each Tax-Exempt Loan shall be recorded by the Bank on its books and records, which books and records shall, absent manifest error, be conclusive as to amounts payable by SMUD hereunder and under the Tax-Exempt Note.

(c) SMUD's obligations to repay each Loan and Term Loan and to pay interest thereon as provided herein shall be evidenced and secured by the related Revolving Note, and SMUD shall pay amounts under the related Revolving Note on each date on which SMUD is required to make a principal payment on the related Loan or Term Loan, as applicable, in an amount equal to the Loan or Term Loan, as applicable, payment due on such date. The payment of the principal of and interest on a Revolving Note shall constitute payment of the principal of and interest on the related Loans or Term Loan, as applicable, and the payment of the principal of and interest on the Loans

or Term Loan, as applicable, shall constitute the payment of principal and interest on the related Revolving Note and the failure to make any payment on any Loan or Term Loan, as applicable, when due shall be a failure to make a payment on the related Revolving Note and the failure to make any payment on the related Revolving Note when due shall be a failure to make a payment on the related Loan or Term Loan, as applicable.

Section 2.7. Optional Termination or Reduction of Commitment. During the Revolving Credit Period, SMUD may, upon at least three Business Days' notice to the Bank, (i) terminate the Commitment at any time, if no Loans are outstanding at such time, or (ii) reduce the Commitment from time to time by an aggregate amount of $1,000,000 or any larger integral multiple of $100,000, *provided*, that, after giving effect to such reduction of the Commitment, the Commitment shall be not less than the amount of the aggregate outstanding principal amount of the Loans.

Section 2.8. Mandatory Termination or Reduction of Commitment. (a) The Commitment shall terminate on the Termination Date, and any Loans then outstanding (together with accrued interest thereon and all other amounts payable hereunder) shall be due and payable on such date, unless such Loans are converted to Term Loans as provided in Section 2.22 hereof.

(b) If at any time an Event of Default shall have occurred and be continuing, the Bank may deliver a written notice to that effect to SMUD, and the Commitment shall immediately terminate.

(c) In the event and on such occasion that the principal amount of Loans exceeds the Commitment, SMUD shall prepay the Loans in an aggregate amount equal to such excess.

Section 2.9. Optional Prepayments. SMUD may, upon at least one Business Days' notice to the Bank, prepay any Borrowing in whole at any time, or from time to time in part in amounts aggregating $1,000,000 or any larger integral multiple of $100,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

Section 2.10. General Provisions as to Payments. SMUD shall make each payment of the principal of, and interest on, the Loans and Term Loans and of fees hereunder and under the Fee Agreement, not later than 1:00 p.m. (Pacific time) on the date when due, in federal or other funds immediately available in Los Angeles, to the Bank at [_____], [_____], ABA: [_____], BNF: [_____], Account No.: [_____], Ref: [_____] (or such other account as the Bank may specify by written notice to SMUD).

Section 2.11. Computation of Interest and Fees. Interest with respect to Daily SOFR Rate Loans and fees shall be calculated on the basis of a 360-day year based upon the actual number of days elapsed and interest with respect to Alternate Rate Loans and Term Loans shall be calculated on the basis of a 365 or 366 day year, as applicable, and the actual number of days elapsed.

Section 2.12. Benchmark Replacement. Notwithstanding anything to the contrary contained in this Agreement or in any other Program Document, SMUD and Bank agree as follows:

(a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Program Document (for the purposes of this Section 2.12(a), a swap agreement is not a Program Document), upon the occurrence of a Benchmark Transition Event with respect to any Benchmark, the Bank shall determine the Benchmark Replacement to calculate SOFR for all purposes of this Agreement and the other Program Documents. The Benchmark Replacement shall be used to compute SOFR on and after the SOFR Determination Day which first occurs on or after the fifth (5th) Business Day after SMUD is provided with notice as described in Section 2.12(c) hereof. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.12(a) will occur prior to the applicable Benchmark Transition Start Date. Any Benchmark Replacement will become effective on the applicable Benchmark Replacement Date without any further action or consent of SMUD.

(b) *Benchmark Replacement Conforming Changes*. In connection with the adoption, implementation, use and administration of any Benchmark Replacement, the Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Program Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of SMUD or any other party hereto or to any other Program Document.

(c) *Notices; Standards for Decisions and Determinations*. The Bank will promptly notify SMUD of (i) the occurrence of any Benchmark Transition Event and the related Benchmark Transition Start Date, (ii) the applicable Benchmark Replacement determined by the Bank with respect to such Benchmark Transition Event and (iii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Bank shall use commercially reasonable efforts to provide the notices set forth in the immediately preceding sentence ninety (90) days prior to the Benchmark Transition Start Date; *provided, however,* that (i) since the timing of such events are not within the Bank's sole control, SMUD acknowledges and agrees that it may be impossible for the Bank to determine if such events are occurring ninety (90) days prior to the Benchmark Transition Start Date and, in such case, the Bank shall use commercially reasonable efforts to provide such notice when reasonably possible and (ii) the failure of the Bank to provide any such notice shall not affect the effectiveness of the terms and conditions of this Section 2.12. Any determination, decision or election that may be made by the Bank pursuant to this Section 2.12(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in the Bank's sole discretion and without consent SMUD or any other party hereto or to any other Program Document.

(d) *Benchmark Unavailability Period*. During a Benchmark Unavailability Period, the Benchmark shall be the Alternate Rate. Upon the commencement of a Benchmark Unavailability Period, SMUD may revoke any pending request for a Borrowing hereunder.

(e) *Favorable Opinion of Note Counsel*. SMUD shall cause a Favorable Opinion of Note Counsel to be delivered each time a new Benchmark Replacement is determined for calculation of the Tax-Exempt Daily SOFR Rate.

Section 2.13. Determination of Taxability. (i) In the event a Determination of Taxability occurs, SMUD hereby agrees to pay to the Bank and each Noteholder within thirty (30) days of demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bank and such Noteholder on the Tax-Exempt Note or Tax-Exempt Loan, without duplication, during the period for which interest on the such Tax-Exempt Note or Tax-Exempt Loan is included in the gross income of the Bank and such Noteholder if the Tax-Exempt Note or Tax-Exempt Loan had borne interest at the Taxable Rate, beginning on the Taxable Date (the *"Taxable Period"*), and (B) the amount of interest actually paid to the Bank and such Noteholder during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Bank and such Noteholder as a result of interest on the Tax-Exempt Note or Tax-Exempt Loan becoming included in the gross income of the Bank and such Noteholder, together with any and all reasonable attorneys' fees, court costs, or other reasonable out-of-pocket costs incurred by the Bank and such Noteholder in connection therewith;

(ii) Subject to the provisions of clause (iii) below, the Bank and such Noteholder shall afford SMUD the opportunity, at SMUD's sole cost and expense, to contest (1) the validity of any amendment to the Internal Revenue Code which causes the interest on the Tax-Exempt Note or Tax-Exempt Loan to be included in the gross income of Bank and such Noteholder or (2) any challenge to the validity of the tax exemption with respect to the interest on the Tax-Exempt Note or Tax-Exempt Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Bank or a Noteholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to SMUD or any other Person; and

(iii) As a condition precedent to the exercise by SMUD of its right to contest set forth in clause (ii) above, SMUD shall, upon reasonable demand, within thirty (30) days, reimburse the Bank and such Noteholder for any and all reasonable expenses (including reasonable attorneys' fees for services that may be required or desirable, as determined by the Bank and such Noteholder in its reasonable discretion) that may be incurred by the Bank and such Noteholder in connection with any such contest, and shall, within thirty (30) days from demand, reimburse Bank and such Noteholder for any and all penalties or other charges payable by the Bank or such Noteholder for failure to include such interest in its gross income.

(iv) Without prejudice to the survival of any other agreement of SMUD hereunder, the agreements and obligations of SMUD contained in this Section 2.13 shall survive the termination of this Agreement and the payment in full of the Obligations of SMUD thereunder and hereunder.

Section 2.14. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Agreement or the Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

Section 2.15. Default Rate. Upon the occurrence and during the continuance of an Event of Default, all Obligations shall bear interest until paid in full at a rate per annum equal to the Default Rate.

Section 2.16. Net of Taxes, Etc. (a) Any and all payments to the Bank or any Noteholder by SMUD hereunder or with respect to the Loans and Term Loans shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If SMUD shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Loans and/or Term Loans, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) SMUD shall make such deductions and (iii) SMUD shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If SMUD shall make any payment under this Section to or for the benefit of the Bank or such Noteholder with respect to Indemnified Taxes and if the Bank or such Noteholder shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Bank or such Noteholder to any taxing jurisdiction in the United States of America then the Bank or such Noteholder shall pay to SMUD an amount equal to the amount by which such other taxes are actually reduced; *provided,* that the aggregate amount payable by the Bank or such Noteholder pursuant to this sentence shall not exceed the aggregate amount previously paid by SMUD with respect to such Indemnified Taxes. In addition, SMUD agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or under the Loans, the Term Loans or from the execution or delivery of this Agreement or the Revolving Notes, or otherwise with respect to this Agreement, the Loans or the Term Loans (hereinafter referred to as *"Other Taxes"*). The Bank or such Noteholder shall provide to SMUD within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by SMUD to the Bank or such Noteholder hereunder; *provided,* that the Bank or such Noteholder's failure to send such notice shall not relieve SMUD of its obligation to pay such amounts hereunder. SMUD may conduct a reasonable contest of any such Indemnified Taxes with the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed; *provided*, that SMUD shall, on demand, immediately reimburse the Bank for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Bank in its sole discretion) that may be incurred by the Bank in connection with any such contest.

(b) SMUD shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Bank or such Noteholder for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or such Noteholder or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that SMUD; shall not be obligated to pay the Bank or such Noteholder for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Bank or such Noteholder's gross negligence or willful misconduct. The Bank or such Noteholder agrees to give notice to SMUD of the assertion of any claim against the Bank or such Noteholder relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided,* that the Bank or such Noteholder's failure to notify SMUD promptly of such assertion shall not relieve SMUD of its obligation under this Section. Payments by SMUD pursuant to this Section shall be made within thirty (30) days

from the date the Bank or such Noteholder makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank or such Noteholder agrees to repay to SMUD any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by SMUD pursuant to this Section received by the Bank or such Noteholder for Indemnified Taxes or Other Taxes that were paid by SMUD pursuant to this Section and to contest, with the cooperation and at the expense of SMUD, any such Indemnified Taxes or Other Taxes which the Bank or such Noteholder or SMUD reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by SMUD, SMUD shall furnish to the Bank the original or a certified copy of a receipt evidencing payment thereof.

(d) Notwithstanding anything contained in paragraphs (a) or (b) of this Section, SMUD shall have no liability to the Bank or any Noteholder with respect to any Indemnified Taxes to the extent incurred or imposed on the Bank or any Noteholder more than one hundred eighty (180) days prior the date written notification thereof is given to SMUD by the Bank (the *"Cut-Off Date"*), except where (A) the Bank had no actual knowledge of the action resulting in such Indemnified Taxes as of the Cut-Off Date or (B) such Indemnified Taxes apply to the Bank retroactively to a date prior to the Cut-Off Date.

(d) The obligations of SMUD under this Section 2.16 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any taxing jurisdiction imposes Indemnified Taxes on the Bank or any Noteholder, as described in this Section 2.16, the Bank may impose such Indemnified Taxes on SMUD in accordance with the terms of this Section 2.16; *provided, further, however,* that the foregoing proviso shall only apply to any Indemnified Taxes imposed not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

Section 2.17. Increased Costs. (a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Recipient;

(ii) subject any Recipient to any Taxes of any kind whatsoever with respect to this Agreement, or change the basis of taxation of payments to the Bank or such Recipient in respect thereof (except for Indemnified Taxes covered by Section 2.16 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Recipient); or

(iii) impose on the Bank or any Recipient any other condition, cost or expense affecting this Agreement or the Fee Agreement or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Recipient related to issuing or maintaining this Agreement, the Commitment or any Loan or Term Loan, or to reduce the amount of any sum received or receivable by the Bank or such Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank, SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements*. If the Bank or any Recipient determines that any Change in Law affecting the Bank or such Recipient or the Bank's or such Recipient's parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bank's or such Recipient's capital or liquidity or the capital or liquidity of such Bank's or such Recipient's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining this Agreement, the Commitment or any Loan or Term Loan, to a level below that which the Bank or such Recipient or the Bank's or such Recipient's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Recipient's policies and the policies of the Bank's or such Recipient's parent or holding company with respect to capital or liquidity adequacy), then from time to time upon written request of the Bank SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such Recipient or the Bank's or such Recipient's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement*. A certificate of the Bank or a Recipient setting forth the amount or amounts necessary to compensate the Bank or any such Recipient or the Bank's or any such Recipient's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to SMUD, shall be conclusive absent manifest error. SMUD shall pay the Bank or any such Recipient, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof. Each Recipient shall have the benefits of this Section 2.17, but shall not be entitled to receive any greater payment under such Section than the Bank would have been entitled to receive in connection with the rights transferred.

(d) *Delay in Requests*. Failure or delay on the part of the Bank or any such Recipient to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's right to demand such compensation; *provided* that SMUD shall not be required to compensate the Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank notifies SMUD of the Change in Law giving rise to such increased costs or reductions and of the Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) *Survival*. The obligations of SMUD under this Section 2.17 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any Change in Law provides for retroactive increased costs or retroactive imposition of

capital adequacy or liquidity requirements, as described in this Section 2.17, the Bank may impose such costs on SMUD in accordance with the terms of this Section 2.17; *provided, further, however,* that the foregoing proviso shall only apply to any Change in Law occurring not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

Section 2.18. Margin Regulations. No portion of the proceeds of any Loans or Term Loans shall be used by SMUD (or the Depositary or any other Person on behalf of SMUD) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Loans or Term Loans and such use of proceeds.

Section 2.19. Maximum Rate; Payment of Fee. Anything in this Agreement to the contrary notwithstanding, if the rate of interest due hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (B) the Maximum Rate (the *"Excess Interest"*), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time SMUD shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the termination of the Commitment and/or this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, SMUD shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

Section 2.20. Security for Obligations. This Agreement constitutes the Revolving Credit Agreement (as defined in the Note Resolution) under the Note Resolution and has all rights and benefits thereof. In order to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Fee Agreement, SMUD has pledged the Available Revenues to the Bank (for the benefit of the Bank and any Affiliate of the Bank to whom any Obligation is at any time owed), pursuant to and on the terms and subject to the conditions set forth in the Note Resolution. The pledge of Available Revenues under the Note Resolution constitutes a valid pledge of and charge and lien upon the Available Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Available Revenues, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Note Resolution, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Available Revenues and without the need for any physical delivery, recordation, filing or further act.

Section 2.21. Method of Payment; Etc. All payments to be made by SMUD under this Agreement and the Fee Agreement shall be made at the Payment Account not later than 4:00 P.M.

(New York time) on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. All payments received by the Bank after 4:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day and any applicable interest or fees shall continue to accrue.

Section 2.22. The Term Loans. (a) *Generally.* (i) On the Facility Maturity Date, so long as (A) SMUD shall have delivered to the Bank a written request in the form of Exhibit E hereto no later than thirty (30) days prior to the Facility Maturity Date, (B) no Credit Default or Credit Event of Default shall have occurred and be continuing on the Facility Maturity Date, (C) no event described in clause (b) of the definition of Material Adverse Change shall have occurred on the Facility Maturity Date and (C) the Bank shall not have terminated its obligation to make Term Loans as a result of a Non-Credit Event of Default pursuant to Section 6.2(b) hereof, the Loans, if any, maturing on such date shall be automatically converted to term loans (each a *"Term Loan"* and collectively the *"Term Loans"*), the proceeds of which shall be deemed to have refunded the Loans.

(iii) The Term Loans shall be evidenced by the Taxable Note and the Tax-Exempt Note, as applicable. The Term Loans may be repaid in whole or in part on any Business Day upon prior written notice from SMUD to the Bank.

(b) *Repayment.* SMUD shall pay to the Bank the outstanding principal amount of the Term Loans in equal (as nearly as possible) installments on each Amortization Payment Date and on the Amortization End Date; *provided, however,* that, notwithstanding anything contained herein to the contrary, the entire principal amount of the Term Loans, plus accrued and unpaid interest thereon, shall be due and payable in full on the Amortization End Date (or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof).

ARTICLE THREE

CONDITIONS PRECEDENT

Section 3.1. Conditions Precedent to the effectiveness of this Agreement. As conditions precedent to the obligation of the Bank to establish the Commitment and execute and deliver this Agreement, SMUD shall provide to the Bank on the Closing Date, each in form and substance satisfactory to the Bank and its counsel, Chapman and Cutler LLP (hereinafter, *"Bank's Counsel"*):

(i) *Approvals.* The Bank shall have received an executed counterpart of this Agreement duly executed by SMUD and the Bank and an executed original of each Revolving Note and copies of all action taken by SMUD (including, without limitation, any resolution adopted or passed by SMUD in connection therewith) approving the execution and delivery by SMUD of this Agreement, the Fee Agreement, the Revolving Notes and the other Program Documents, in each case, certified by an authorized official of SMUD as complete and correct as of the date hereof.

(ii) *Incumbency of Officials*. The Bank shall have received an incumbency certificate of SMUD in respect of each of the officials who is authorized to (a) sign this Agreement, the Revolving Notes and the other Program Documents on behalf of SMUD and (b) take actions for SMUD under this Agreement, the Revolving Notes and the other Program Documents.

(iii) *Opinion of Note Counsel*. The Bank shall have received an opinion of Note Counsel or a reliance letter thereon.

(iv) *Opinion of Counsel to SMUD*. The Bank shall have received an opinion addressed to the Bank and dated the Closing Date of the general counsel for SMUD, in form and substance satisfactory to the Bank, and addressing (i) SMUD's existence, (ii) SMUD's power and authority to enter into this Agreement and the Fee Agreement and to perform its obligations hereunder and thereunder, (iii) SMUD's execution and delivery of this Agreement and the Fee Agreement, (iv) the enforceability of SMUD's obligations under this Agreement and the Fee Agreement, (v) that SMUD has obtained all consents necessary to execute, deliver and perform this Agreement and the Fee Agreement, (vi) the execution and delivery of this Agreement and the Fee Agreement by SMUD will not violate any law, order or agreement to which SMUD is subject or to which SMUD is a party, and (vii) there is no litigation pending or threatened against SMUD that would prevent SMUD from executing and delivering this Agreement and the Fee Agreement or performing its obligations hereunder and thereunder.

(v) *Note Resolution and Other Program Documents*. The Bank shall have received (a) a certified copy of the Note Resolution, the Master Bond Resolution (or a certified copy of the annotated version thereof) and the Subordinated Bond Resolution (or a certified copy of the annotated version thereof) which have been adopted prior to the Closing Date, all certified by an authorized officer of SMUD as being in full force and effect and (b) fully executed or certified copies, as applicable, of all other Program Documents.

(vi) *Financial Information*. The Bank shall have received copies of any financial information of SMUD that the Bank may reasonably request.

(vii) *Legality; Material Adverse Change*. The Bank shall have determined (in its sole discretion) that (a) neither the making of any Loans nor the consummation of any of the transactions contemplated by the Note Resolution, the Revolving Notes, this Agreement or any other Program Document will violate any law, rule, guideline or regulation applicable to SMUD, the Bank, the Commitment, the Revolving Notes or this Agreement, and (b) no Material Adverse Change shall have occurred since December 31, 2020.

(viii) *Fees, Etc*. The Bank shall have received payment of the fees, costs and expenses payable on the Closing Date.

(ix) *Revolving Notes.* The Bank shall have received (a) executed Revolving Notes and (b) written evidence satisfactory to the Bank that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service for each Revolving Note.

(x) *Closing Certificate.* The Bank shall have received a certificate from SMUD executed by the Authorized SMUD Representative, dated the Closing Date, stating that:

(a) the representations and warranties of SMUD contained in this Agreement and each certificate furnished or delivered by SMUD to the Bank pursuant hereto are true and correct on and as of the Closing Date as though made on and as of such date;

(b) no "default" or "event of default" under any Program Document to which SMUD is a party and no Default or Event of Default has occurred and is continuing or would result from the entering into or performance under this Agreement and the other Program Documents; and

(c) except as has been disclosed to the Bank in writing prior to the Closing Date, there has been no Material Adverse Change since December 31, 2020.

(xi) *Other Documents*. The Bank shall have received such other documents, certificates, and opinions as the Bank or the Bank's counsel shall have reasonably requested.

(xii) *Bank Counsel Opinion.* SMUD shall have received an opinion of Bank's Counsel as to the Bank's execution and delivery of this Agreement and the enforceability of the Bank's obligations under this Agreement.

Section 3.2. Borrowings During the Revolving Credit Period. The obligation of the Bank to make a Loan on the occasion of any Borrowing or to convert any Tax-Exempt Loan to a Taxable Loan on or prior to the Termination Date is subject to the satisfaction of the following conditions:

(a) receipt by the Bank of a Notice of Borrowing (or appropriate notice regarding continuation or conversion) as required by Section 2.2 hereof;

(b) immediately after such Borrowing, continuation or conversion, the aggregate outstanding principal amount of the Loans will not exceed the amount of the Commitment;

(c) immediately before and as a result of giving effect to such Borrowing, continuation or conversion, no Credit Default, Credit Event of Default, Optional Termination Event or Rating Event shall have occurred and be continuing;

(d) immediately before and as a result of giving effect to such Borrowing, continuation or conversion, no event described in clause (b) of the definition of Material Adverse Change shall have occurred; and

(e) immediately before such Borrowing, continuation or conversion, the Bank shall not have terminated its obligation to make Loans as a result of a Non-Credit Event of Default pursuant to Section 6.2(b) hereof.

Each Borrowing, continuation or conversion hereunder shall be deemed to be a representation and warranty by SMUD on the date of such Borrowing as to the facts specified in clauses (b), (c) and (d) of this Section.

Section 3.3. Each Tax-Exempt Loan Borrowing. The obligation of the Bank to make each Tax-Exempt Loan hereunder is subject to the satisfaction of the following conditions:

(a) all conditions set forth in Section 3.2 hereof shall be satisfied prior to the making of such Loan;

(b) the Bank shall have received an executed opinion of Note Counsel addressed to SMUD and with a reliance letter to the Bank, in a form acceptable to the Bank, to the effect that the interest on the principal of the Tax-Exempt Note evidencing and securing such Loan is excluded from gross income for federal income tax purposes; and

(c) SMUD shall have executed, and the Bank shall have received an executed copy of a tax certificate or supplement to an existing tax certificate, including a completed Form 8038-G, relating to such Borrowing, in each case in a form acceptable to Note Counsel.

Section 3.4. No Rating; DTC; Offering Document. Neither Revolving Note shall be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document or (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

ARTICLE FOUR

REPRESENTATIONS AND WARRANTIES

Section 4.1. Representations of SMUD. In order to induce the Bank to establish the Commitment and execute and deliver this Agreement, SMUD represents and warrants to the Bank as follows:

(a) *Existence and Power.* SMUD is a municipal utility district organized and existing under and by virtue of the Act, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to own and operate the Electric System, to conduct its other

business as presently conducted and to enter into contracts such as this Agreement and the SMUD Program Documents, which powers have been validly exercised in connection with the transactions effected by this Agreement and the SMUD Program Documents.

(b) *Authorization; Contravention; Approvals.* The execution, delivery and performance by SMUD of this Agreement, the Fee Agreement and the SMUD Program Documents and the other documents contemplated hereby and thereby are within the powers of SMUD, have been duly authorized by all necessary actions and (i) do not contravene the Act or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease, instrument or other contractual restriction binding on or affecting SMUD and (ii) except as provided in or contemplated by this Agreement and the Program Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of SMUD. SMUD is not in violation of or in default in any material respect under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. SMUD is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction and is not in violation of or in default in any respect under any of the SMUD Program Documents that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by SMUD) for the due execution, delivery and performance by SMUD of this Agreement and the SMUD Program Documents.

(c) *Enforceability.* This Agreement and the SMUD Program Documents, and other documents contemplated hereby and thereby to which SMUD is a party or by which it is bound, are legally valid and binding obligations of SMUD enforceable against SMUD in accordance with their respective terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) general principles of equity; (iii) the exercise of judicial discretion in appropriate cases; and (iv) to the limitations on legal remedies against municipal utility districts in the State of California.

(d) *Litigation.* Except as disclosed in writing to the Bank prior to the Closing Date, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending or, to the best knowledge of SMUD, threatened, against or directly involving SMUD (including, without limitation, the ability of SMUD to establish and collect rates for the generation, transmission and distribution of electric power), affecting the existence of SMUD, the title of any officials to their respective offices or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Program Document, or in any way contesting or affecting the validity or enforceability of the Revolving Notes, this Agreement, any Program Document or contesting the tax-exempt status of the Tax-Exempt Revolving Note, or contesting the powers of SMUD or any authority for the issuance of the Revolving Notes, the execution and delivery of this Agreement or the SMUD Program Documents, nor, to the best, knowledge of SMUD, is there any basis therefor, which, if

determined adversely to SMUD (i) would adversely affect the validity or enforceability of, or the authority or ability of SMUD to perform its obligations under, this Agreement, the Fee Agreement or any SMUD Program Documents, (ii) would, in the reasonable opinion of SMUD, have a material adverse effect on the business, financial position or results of operations of SMUD or (iii) would adversely affect the exclusion of interest on the Tax-Exempt Revolving Note from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(e) *Financial Information.* (i) The audited financial statements of SMUD included in the 2020 Financial Statements, true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with generally accepted accounting principles the financial position of SMUD and its results of operations and changes in financial position at the dates and for the periods indicated.

(ii) Except as has been disclosed in writing to the Bank prior to the Closing Date, since December 31, 2020, there has been no material adverse change in the business, financial position or results of operations of SMUD which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations hereunder or thereunder or the rights, security or interests of the Bank.

(iii) Except as reflected in the financial statements included in the 2020 Financial Statements or as has been disclosed in writing to the Bank prior to the Closing Date and except for SMUD's obligations set forth in this Agreement and the SMUD Program Documents, there are as of the date hereof no liabilities or obligations with respect to SMUD of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to SMUD. SMUD does not know of any basis for the assertion against SMUD of any liability or obligation of any nature whatsoever that is not reflected in the financial statements included in the 2020 Financial Statements or other written disclosure to the Bank delivered prior to the Closing Date which, in the aggregate, could be material to SMUD.

(f) *Disclosure.* No written information furnished by SMUD to the Bank in connection with this Agreement (except information which has been superseded by subsequent information provided by SMUD) includes any untrue statement of a material fact.

(g) *Environmental Matters.* Except as disclosed in writing to the Bank prior to the Closing Date, SMUD has not received notice to the effect that the operations of the Electric System are not in compliance with any of the requirements of applicable Federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, in each case which non-compliance or remedial action could have a Material Adverse Effect.

(h) *Plans.* SMUD currently has a Plan which is in compliance in all respects with the requirements of the applicable laws of the State of California, including without limitation the obligation to pay contributions on behalf of its employees in accordance therewith, and SMUD has no Plan which is subject to the requirements of ERISA. No condition exists or event or

transaction has occurred with respect to any Plan which could reasonably be expected to result in the incurrence by SMUD of any material liability, fine or penalty.

(i) *Regulations U and X.* SMUD is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of any Loans or Term Loans will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(j) *Tax-Exempt Status.* SMUD has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Tax-Exempt Note from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(k) *Security.* The Note Resolution creates a pledge of the Available Revenues as security for the punctual payment of the interest and principal due with respect to the Revolving Notes, the Parity Notes, the Obligations owed to the Bank hereunder and all Parity Notes Reimbursement Agreements. All actions necessary to create a pledge of the Available Revenues have been duly and validly taken. SMUD's obligation to pay the Obligations is *pari passu* with its obligation to pay the Revolving Notes, Parity Notes and all Parity Notes Reimbursement Agreements.

(l) *Constitutional Matters.* There is no amendment, or, to the best knowledge of SMUD, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have Material Adverse Effect.

(m) *No Sovereign Immunity.* SMUD represents that it is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California.

(n) *Incorporation of Representations and Warranties by Reference.* SMUD hereby makes to the Bank every representation and warranty made by it in SMUD Program Documents, which representations and warranties, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment, modification, termination or replacement of any such representations, warranties, covenants and definitions contained in the SMUD Program Documents shall be effective to amend, modify, terminate or replace the representations, warranties, covenants and definitions incorporated herein by this reference, without the prior written consent of the Bank. The representations and warranties of SMUD in all of the SMUD Program Documents are true and correct in all material respects.

(o) *No Violation of Usury Laws.* The terms of the Note Resolution regarding the calculation and payment of interest on the Revolving Notes do not violate any applicable usury laws of the State of California and, assuming that the Bank is an exempted class of persons within the meaning of Article 15 of the California Constitution, the terms of this Agreement, the Fee Agreement, and the Revolving Notes regarding the calculation and payment of interest and fees and other amounts due under this Agreement, the Fee Agreement, and the Revolving Note do not violate any applicable usury laws of the State of California.

(p) *Compliance.* SMUD is in substantial compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(q) *Default.* SMUD is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any SMUD Program Document, the Master Bond Resolution, the Subordinated Bond Resolution or any other resolution, agreement or instrument to which it is a party which could have a Material Adverse Effect.

(r) *Reserved.*

(s) *Insurance.* The properties of SMUD are insured in accordance with the terms of the Master Bond Resolution.

(t) *Taxes.* SMUD has filed any Federal, state and other material tax returns and reports required to be filed, and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against SMUD that would, if made, have a Material Adverse Effect.

(u) *Casualty.* Neither the business nor the Property of SMUD is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

(v) *Sanctions Concerns; Anti-Corruption Laws.* (i) *Sanctions Concerns*. Neither SMUD, nor, to the knowledge of SMUD, any director, officer, or employee thereof, is (A) currently the subject or target of any Sanctions, (B) included on OFAC's List of Specially Designated Nationals, or (C) located, organized or resident in a Designated Jurisdiction.

(ii) *Anti-Corruption Laws*. SMUD has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977 and other similar anti-corruption legislation applicable in California, and has instituted and maintained policies and procedures designed to promote and achieve compliance with such laws.

(iii) *Anti- Money Laundering Laws*. To the best of SMUD's knowledge, after due care and inquiry, SMUD is not under investigation for an alleged violation of anti-money laundering laws by a governmental authority that enforces such laws.

(w) *Anti-Terrorism Laws.* (i) SMUD is not in violation of any laws relating to terrorism or money laundering (*"Anti-Terrorism Laws"*), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the *"Executive Order"*), and the Patriot Act;

(ii) SMUD is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control (*"OFAC"*) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(iii) SMUD is an electrical utility. To its knowledge, SMUD does not (A) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

ARTICLE FIVE

COVENANTS

Section 5.1. Covenants of SMUD. SMUD will do the following so long as any amounts may be drawn hereunder or any Obligations remain outstanding under this Agreement, unless the Bank shall otherwise consent in writing:

(a) *Reports and Other Information.* SMUD will furnish, or cause to be furnished, at SMUD's expense to the Bank:

(i) As soon as possible and in any event within five (5) Business Days after the knowledge (actual or constructive) or notice of occurrence of any Event of Default, a statement of the Authorized SMUD Representative setting forth details of such Event of Default and the action that SMUD proposes to take with respect thereto;

(ii) As soon as available and in any event within two hundred seventy (270) days after the end of each Fiscal Year of SMUD, a copy of the audited financial statements of SMUD for such year, including a balance sheet of SMUD as at the end of such Fiscal Year and the related statements of revenues, expenses and changes in fund balances and statement of cash flows, all in reasonable detail and reported on by a firm of nationally recognized independent certified public accountants, and the report of such firm of independent certified public accountants shall state, without qualification, that such financial statements present fairly the financial position of SMUD as of the end of such Fiscal Year, the results of operations, the changes in fund balances and cash flows of SMUD for such Fiscal Year then ended in conformity with generally accepted accounting principles;

(iii) Simultaneously with the delivery of each set of financial statements referred to in clause (ii) above, a certificate of an Authorized SMUD Representative stating whether there exists on the date of such certificate any Event of Default or Default and, if any Event of Default or Default then exists, setting forth the details thereof and the action that SMUD is taking or proposes to take with respect thereto;

(iv) *Unaudited Semiannual Financials.* As soon as available and in any event within 60 days after June 30 and December 31 of each calendar year, a copy of the unaudited internally prepared balance sheet and statement of changes in net asset of SMUD for the six month or one year period ended on such date, setting forth in each case in comparative form the corresponding figures for the corresponding fiscal period for the preceding fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied**,** together with a compliance certificate signed by an Authorized SMUD Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(v) As soon as practicable and in any event within ten (10) Business Days after SMUD obtains actual knowledge of: (A) any litigation, arbitration or governmental proceeding pending against SMUD that challenges SMUD's ability to perform its obligations under this Agreement and/or the SMUD Program Documents; or (B) any other event or condition that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement and/or the SMUD Program Documents, in each case a statement of the Authorized SMUD Representative setting forth details describing the same and the steps being taken with respect thereto;

(vi) As soon as practicable, notice of any disclosure documents publicly distributed in connection with any issue of Parity Bonds, Parity Subordinated Debt or Parity Notes;

(vii) As soon as practicable, notice of any change in, or the withdrawal of, any rating of Bonds or Subordinated Bonds (without regard to bond insurance or any other form of credit enhancement) by any Rating Agency; and

(viii) From time to time, such additional information regarding the financial position, results of operations, business or prospects of SMUD as the Bank may reasonably request.

(b) *Books and Records; Inspections.* SMUD will keep proper books of record and account with respect to the Electric System in which full and correct entries shall be made of assets and liabilities, financial transactions and business of SMUD in conformity with generally accepted accounting principles. SMUD will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of SMUD, and to examine the books and financial records of SMUD relating to the Electric System and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of SMUD relating to SMUD with the principal officers of SMUD all at such reasonable times during normal business hours and as often as the Bank may reasonably request.

(c) *Maintain Existence.* SMUD shall take no action that would terminate its existence, rights and franchises as a municipal utility district duly organized and existing under the Constitution and laws of the State of California.

(d) *Compliance with Laws.* SMUD will comply with the requirements of all laws, rules, regulations and orders of any Governmental Authority having jurisdiction over SMUD and/or the Electric System, noncompliance with which would materially adversely affect the ability of SMUD to perform its obligations under this Agreement and the SMUD Program Documents.

(e) *Compliance with Agreements.* SMUD will observe and perform all of its obligations under this Agreement and the SMUD Program Documents.

(f) *Incorporation of Covenants by Reference.* SMUD, by this reference, hereby incorporates into this Agreement those covenants and agreements made by it in the SMUD Program Documents, as such covenants and agreements exist on the date hereof, as if such covenants and agreements were set forth herein in their entirety together with all defined terms and interpretative provisions necessary for a complete understanding thereof. The incorporated provisions shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall the incorporated provisions be a limitation on the express covenants contained herein. In the event of a conflict between the covenants and agreements set forth in this Article V (other than the incorporated provisions) and the incorporated provisions, the covenants and agreements set forth in the other provisions of Article V shall prevail.

(g) *SMUD Program Documents.* SMUD will not amend, supplement or otherwise modify, or agree to the amendment, modification or termination of, any of Sections 3.02, 3.05, 3.06, 5.01, 5.02 and 6.08 of the Master Bond Resolution, Sections 3.02, 3.04, 3.04, 5.01, 5.02 and 6.05 of the Subordinated Bond Resolution or any of the SMUD Program Documents (including, without limitation, an amendment to the Note Resolution reducing the Maximum Interest Rate to a rate below 12%) if such action could reasonably be expected to (i) adversely affect SMUD's ability to perform its obligations under this Agreement or the SMUD Program Documents, (ii) adversely affect the business, financial position or results of operations of SMUD or (iii) adversely affect the rights, interests, security or remedies of the Bank, in each case, without the prior written consent of the Bank (the Bank shall provide SMUD its determination as to whether or not it consents to any amendment, supplement or modification to any SMUD Program Documents within ten (10) Business Days of written notice from SMUD of such amendment, supplement or modification). SMUD shall provide written notice to the Bank of any proposed amendment to the Master Bond Resolution or Subordinated Bond Resolution (and a copy of such proposed amendment) at least ten (10) calendar days prior to its effective date.

(h) *Reserved.*

(i) *Alternate Provider.* SMUD agrees that any termination of the Commitment and this Agreement as a result of the provision of any alternate credit facility will require, as a condition thereto, that SMUD or the issuer of the alternate credit facility will provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of the Commitment all Obligations due to the Bank hereunder.

(j) *Reserved.*

(k) *Reserved.*

(l) *Offering Documents.* SMUD shall not make reference to the Bank in any offering document without the Bank's prior written consent thereto (other than references to the name of the Bank solely in the Bank's capacity as the credit provider with respect to the Revolving Notes). Except as may be required by law (including, but not limited to, federal and state securities laws), SMUD shall not use the Bank's name (other than references to the name of the Bank solely in the Bank's capacity as the credit provider with respect to the Revolving Notes) in any published materials (other than SMUD's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Bank.

(m) *Use of Proceeds.* The proceeds of the Loans and Term Loans will be expended in the manner set forth in the Note Resolution and in not in violation of any applicable law.

(n) *Ranking of Obligation*s. SMUD shall not take any action that would result in the Obligations not ranking at least pari passu in right of payment from Available Revenues with the Revolving Notes, Parity Notes and Parity Notes Reimbursement Agreements.

(o) *Investments.* SMUD will not, directly or indirectly, invest in instruments and securities other than those permitted by, and in accordance with, California Government Code

Sections 53600 to 53609, the Master Bond Resolution, the Subordinated Bond Resolution or the Program Documents. SMUD will not permit SMUD to encumber its cash position nor schedule the interest payment dates and maturities of its investments in a manner which impedes, hinders or interferes with the availability of funds to meet SMUD's expected cash needs.

(p) *Reserved.*

(q) *Plans.* SMUD will (i) remain at all times in compliance with any applicable law (including any legally available grace periods) with respect to any Plan, and (ii) maintain each Plan as to which it may have any liability in compliance in all material respects with the provisions of applicable law, the failure to comply with which could subject SMUD to any tax or penalty which tax or penalty, taken together, with all other taxes and penalties which could be assessed against SMUD by reason of all other non-compliances, would have a material adverse effect on the business, financial position or results of operations of SMUD.

(r) *Payment of Taxes, Etc.* SMUD will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon SMUD on account of the Electric System or any portion thereof and which, if unpaid, might impair the security of the Revolving Notes, when the same shall become due, but nothing herein contained shall require SMUD to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. SMUD will duly observe and conform to all valid material requirements of any Governmental Authority relative to the Electric System or any part thereof.

(s) *Operation and Maintenance of Electric System.* SMUD will operate, maintain and preserve the Electric System in good repair and working order in conformity with standards customarily followed for municipal power supply, transmission and distribution systems of like size and character. SMUD will from time to time make necessary and proper repairs, renewals, replacements and substitutions to the properties of the Electric System, so that business carried on in connection with the Electric System shall and can be conducted in an efficient and economical manner, and will operate the Electric System in an efficient and economical manner. SMUD shall not use the Electric System to conduct any business other than that which is lawfully permitted.

(t) *Amounts of Rates and Charges.* To the extent permitted by law, SMUD hereby covenants to establish, maintain and collect rates and charges with respect to the Electric System sufficient to pay the Parity Bonds, Parity Subordinated Debt, Parity Notes, Parity Notes Reimbursement Agreements, the Revolving Notes and all Obligations due and owing hereunder.

(u) *Maintenance of Insurance.* SMUD maintains self-insurance for general liabilities, property damage and workers' compensation claims. SMUD shall, at all times, continue to maintain such self-insurance or shall use its best efforts to maintain or cause to be maintained insurance or reserves against loss from such hazards and risks to the person or property of others as are usually insured or reserved against by those with rights and interests in property similar to the Electric System. SMUD shall also procure, and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Electric System revenues, such insurance or bonds to be in an aggregate amount at least equal to the maximum

amount of such Electric System revenues at any one time in the custody of all such officers and employees or in the amount of one million dollars ($1,000,000), whichever is less. The insurance described above may be provided as a part of any comprehensive fidelity and other insurance and not separately for the Electric System.

(v) *Sale or Other Disposition of Property*. SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders (as defined in the Master Bond Resolution) or the Bank with respect to Revenues. Subject to the preceding sentence, nothing contained herein shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

Notwithstanding the foregoing or any other provision of the Master Bond Resolution, SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to SMUD *provided* that:

(1) SMUD delivers to the Trustee (as defined in the Master Bond Resolution):

(a) a certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to Section 5.04 of the Master Bond Resolution would not have been reduced to less than 1.40:1.0.

(w) *Liens.* Except as permitted by the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or as otherwise acceptable to the Bank, SMUD will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Electric System revenues pledged under the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution and held or set aside by SMUD thereunder, or (b) create or cause to be created any Lien on the Electric System revenues. SMUD shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any portion of the Electric System revenue that would affect the priority of Liens in existence on the Closing Date.

(x) *Reserved.*

(y) *Further Assurances.* SMUD agrees to do such further acts and things and to execute and deliver to the Bank such additional assignments, agreements, powers and instruments as the Bank may reasonably require or reasonably deem advisable to carry into effect the purposes of this Agreement and the Fee Agreement or to better assure and confirm to the Bank its rights, powers and remedies hereunder and under the SMUD Program Documents.

(z) *Immunity.* SMUD covenants that it will not claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California.

(aa) *Ratings.* SMUD shall maintain long-term unenhanced ratings from at least two Rating Agencies on Bonds and Parity Bonds.

(bb) *Swap Contracts.* Without the prior written consent of the Bank, SMUD shall not enter into any Swap Contracts relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of any Obligation.

(cc) *Shorter Amortization.* In the event that SMUD shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement relating to Parity Notes or other Debt of SMUD secured by a lien on Net Revenues on parity with the Revolving Notes which such Bank Agreement provides such Person with a shorter amortization period than what is set forth in Section 2.22(b) hereof (not taking into account any shorter amortization period that might occur under such Bank Agreement because of a default, termination event, or other similar event under such Bank Agreement) (each a *"Shorter Amortization Period"*), SMUD shall provide the Bank with a copy of each such Bank Agreement and such Shorter Amortization Period shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefit of such Shorter Amortization Period as if specifically set forth herein. SMUD shall promptly enter into an amendment to this Agreement to include such Shorter Amortization Period; *provided* that the Bank shall have and maintain the benefit of such Shorter Amortization Period even if SMUD fails to provide such amendment.

(dd) *Incorporation of Covenants by Reference.* SMUD agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in each of the Program Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against SMUD. To the extent that any such incorporated provision permits SMUD or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to SMUD or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. No termination or amendment to such covenants and agreements or

defined terms or release of SMUD with respect thereto made pursuant to the other Program Documents, shall be effective to terminate or amend such covenants and agreements and defined terms or release SMUD with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the other Program Document, SMUD shall continue to observe the covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of all Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

ARTICLE SIX

DEFAULTS

Section 6.1. Events of Default and Remedies. If any of the following events shall occur, each such event shall be an *"Event of Default"*:

(a) SMUD shall fail to pay when due (i) the principal of any Loan or Term Loan; (ii) the interest on any Loan or Term Loan; or (iii) any other amount payable hereunder or under the Fee Agreement and, solely with respect to clause (iii) hereof, such default shall continue unremedied for five (5) Business Days;

(b) SMUD shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 5.1(a)(i), 5.1(c), 5.1(f), 5.1(g), 5.1(i), 5.1(l), 5.1(m), 5.1(n), 5.1(t), 5.1(v), 5.1(w), 5.1(x) or 5.1(z); (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in Sections 5.1(a)(v), 5.1(a)(vi) or 5.1(a)(vii) and such default shall continue unremedied for a period of 5 Business Days; (iii) default in the due performance or observance by it of any other terms, covenant or agreement continued in Section 5.1(a)(ii), 5.1(a)(iii), 5.1(a)(iv) or 5.1(a)(viii) and such default shall continue unremedied for a period of 5 Business Days after the Bank has provided written notice to SMUD; or (iv) default in the due performance or observance by it of any other term, covenant or agreement hereunder or under the Fee Agreement (other than those referred to in Section 6.1(a), 6.1(b)(i), 6.1(b)(ii) or 6.1(b)(iii) hereof) and such default shall continue unremedied for a period of thirty (30) days;

(c) Any representation, warranty, certification or statement made or deemed made by SMUD in this Agreement, any Program Document or in any certificate, financial statement or other document delivered to the Bank pursuant to this Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(d) SMUD shall (i) default in any payment of (A) any Debt payable from or secured by Net Revenues beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Debt was created or (B) any obligation under any Swap Contract the obligations under which are secured by a lien on

Net Revenues senior to or on a parity with the Obligations, or (ii) default in the observance or performance of any agreement or condition relating to any Debt payable from or secured by Net Revenues on parity with or senior to the Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit (A) the holder or holders (or a trustee or agent on behalf of such holder or holders) of any Debt or (B) the counterparty under any Swap Contract or Bank Agreement, in each case, payable from or secured by Net Revenues on parity with or senior to the Obligations to cause, with the giving of notice if required, such Debt or obligations under such Swap Contract or Bank Agreement to become due prior to its stated maturity; or (iii) any Debt secured by a lien on Net Revenues senior to or on a parity with the Obligations payable from or secured by Net Revenues or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof; or

(e) SMUD shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or in the reasonable judgment of the Bank be unable, to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against SMUD seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within thirty (30) days and dismissed within sixty (60) days; or an order for relief shall be entered against SMUD under the Federal bankruptcy laws as now or hereafter in effect; or

(g) (i) A court of competent jurisdiction or other governmental authority with appropriate jurisdiction over SMUD shall enter a final and non-appealable judgment, order or decree declaring any (x) obligation of SMUD contained in this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or (y) Program Document, the Master Bond Resolution or the Subordinated Bond Resolution, in either case, to be invalid, not binding or unenforceable against SMUD or (ii) any action is taken by the SMUD Board or any officer of SMUD authorized by the SMUD Board to contest the validity or enforceability of this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or the SMUD Board or any officer of SMUD authorized by the SMUD Board repudiates its obligations under any

Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or any provision thereof or with respect to any Debt of SMUD secured by or payable from Net Revenues senior to or on a parity with the Obligations, or SMUD shall seek an adjudication that this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution is not valid and binding; or

(h) A moratorium shall have been declared or announced by a Governmental Authority (whether or not in writing) with respect to any Debt of SMUD secured by Net Revenues, Net Subordinated Revenues or Available Revenues; or

(i) Dissolution or termination of the existence of SMUD; or

(j) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree for the payment of money in excess of $10,000,000 shall be rendered against SMUD and such judgment or order shall continue, unbonded or unsatisfied for a period of 60 days; or

(k) Any of the funds or accounts established pursuant to the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of SMUD relating to an obligation or obligations of SMUD in excess of $10,000,000 and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(l) Any pledge or security interest created by this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution to secure any amount due by SMUD under this Agreement, the Fee Agreement or either Revolving Note shall fail to be fully enforceable with the priority required hereunder or thereunder; or

(m) (i) Any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement shall have occurred and be continuing, (ii) any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under any SMUD Program Document, the Master Bond Resolution or the Subordinated Bond Resolution shall have occurred and be continuing or (iii) either the Master Bond Resolution or the Subordinated Bond Resolution shall be amended and such amendment materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement; or

(n) An "event of default" (or similar event) shall have occurred under any of the Program Documents, the Master Bond Resolution or the Subordinated Bond Resolution; or

(o) There shall be appointed or designated with respect to SMUD, an entity such as an organization, board, commission, authority, agency or body to declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it; or

(p) The (i) downgrade by any Rating Agency of its long-term unenhanced rating with respect to any Bonds to a level below "Baa3" (or its equivalent) in the case of Moody's, "BBB-" (or its equivalent) in the case of S&P or "BBB-" (or its equivalent) in the case of Fitch or (ii) suspension or withdrawal by any Rating Agency of its respective long-term unenhanced rating on any Bonds for credit-related reasons.

Section 6.2. Remedies. Upon the occurrence of any Event of Default or an Optional Termination Event the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare all Obligations to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by SMUD; *provided, however,* that in the case of an Event of Default described in Section 6.1(e), 6.1(f) or 6.1(h) hereof, such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) with respect to Non-Credit Events of Default only, give notice to SMUD that its obligation to make Loans and Term Loans hereunder is terminated (SMUD hereby acknowledges that upon the occurrence of a Credit Event of Default, the Bank's obligation to make Loans and Term Loans shall automatically terminate without the giving of any notice) with respect thereto; or

(c) pursue any rights and remedies it may have under the Program Documents; or

(d) pursue any other action available at law or in equity.

ARTICLE SEVEN

MISCELLANEOUS

Section 7.1. Amendments, Waivers, Etc. No amendment or waiver of any provision of this Agreement, or consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

Section 7.2. Notices. All notices and other communications provided for hereunder (except as provided in Section 2.2(b) hereof) shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile transmission, or regular mail, as follows:

(a)	if to SMUD:	Sacramento Municipal Utility District 6201 S Street Sacramento, California 95817-1899 Attention: Treasurer Telephone: (916) 732-6509 Telecopy: (916) 732-5835
(b)	if to the Bank, with respect to the Loans:	Wells Fargo Bank, National Association _____ _____ _____7 Attention: _____ Telephone: _____ Telecopy: _____
(c)	if to the Bank, with respect to all matters:	Wells Fargo Bank, National Association _____ _____ _____7 Attention: _____ Telephone: _____ Telecopy: _____

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that Notices of Borrowings submitted to the Bank shall not be effective until received by the Bank.

Section 7.3. Survival of Covenants; Successors and Assigns. (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Loan and Term Loan hereunder and shall continue in full force and effect until the Commitment and this Agreement shall have terminated and all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of SMUD which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank and the Noteholders, and their respective permitted successors, transferees and assigns as set forth herein. SMUD may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. This Agreement is made solely for

the benefit of SMUD and the Bank, and no other Person shall have any right, benefit or interest under or because of the existence of this Agreement.

(b) Notwithstanding the foregoing, the Bank and each Noteholder shall be permitted to grant to one or more financial institutions (each a *"Participant"*) a participation or participations in all or any part of the Bank's or such Noteholder's rights and benefits and obligations under this Agreement, the Revolving Notes and the Commitment on a participating basis but not as a party to this Agreement (a *"Participation"*) without the consent of SMUD. In the event of any such grant by the Bank or a Noteholder of a Participation to a Participant, the Bank and such Noteholder shall remain responsible for the performance of its obligations hereunder, and SMUD shall continue to deal solely and directly with the Bank in connection with the Bank's rights and obligations under this Agreement. SMUD agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank or such Noteholder, *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof; *provided further* that SMUD's liability to any Participant shall not in any event exceed that liability which SMUD would owe to the Bank but for such participation.

(c) *Noteholders Generally*. (i) Each Noteholder may, in its sole discretion and in accordance with applicable law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Revolving Notes and the Program Documents in accordance with the provisions of paragraph (ii) or (iii) of this Section. Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (d) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of Section 7.18 hereof. Wells Fargo Bank, National Association shall be the Bank hereunder until such time as the Majority Noteholder designates an alternate Person to serve as the Bank hereunder by delivery of written notice to SMUD and such Person accepts and agrees to act as the Bank hereunder and under the Program Documents. The Majority Noteholder may so designate an alternate Person that is an owner of the Revolving Notes to act as the Bank from time to time. Upon acceptance and notification thereof to SMUD, the successor to the Bank for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bank, and Wells Fargo Bank, National Association or any other Person being replaced as the Bank shall be discharged from its duties and obligations as the Bank hereunder. Notwithstanding anything to the contrary set forth herein, neither Wells Fargo Bank, National Association nor any other Bank may assign its obligations to advance or make Loans or Term Loans pursuant to the terms of this Agreement without the prior written consent of SMUD (such consent not to be unreasonably withheld). In addition, if the Bank makes any Loan or Term Loan hereunder, the Bank has no present intent to assign or sell any such Loan or Term Loan and all or any portion of the Revolving Notes relating thereto.

(ii) *Sales and Transfers by Noteholder to a Bank Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Revolving Notes to a Person that is (A) a Bank Affiliate or (B) a trust or other custodial arrangement established by the Bank or a Bank Affiliate, the owners of any beneficial interest in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the 1933 Act (each, a

"Bank Transferee"). From and after the date of such sale or transfer, Wells Fargo Bank, National Association (and its successors) shall continue to have all of the rights of the Bank hereunder and under the other Program Documents as if no such transfer or sale had occurred; *provided, however,* that (x) no such sale or transfer referred to in clause (ii)(A) or (ii)(B) hereof shall in any way affect the obligations of the Bank hereunder, (y) SMUD shall be required to deal only with the Bank with respect to any matters under this Agreement and (z) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii) hereof, only the Bank shall be entitled to enforce the provisions of this Agreement against SMUD.

(iii) *Sales and Transfers by Noteholder to a Non-Bank Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees which are not Bank Transferees but each of which constitutes (A) a "qualified institutional buyer" as defined in Rule 144A promulgated under the 1933 Act and (B) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (iii), of not less than $5,000,000,000 (each a *"Non-Bank Transferee"*) all or a portion of the Revolving Notes if (1) written notice of such sale or transfer, including that such sale or transfer is to a Non-Bank Transferee, together with addresses and related information with respect to the Non-Bank Transferee, shall have been given to SMUD and the Bank (if different than the Noteholder) by such selling Noteholder and Non-Bank Transferee and (2) the Non-Bank Transferee shall have delivered to SMUD and the selling Noteholder, an investment letter in substantially the form delivered by the Bank on the Closing Date (the *"Investor Letter"*).

From and after the date SMUD and the selling Noteholder have received written notice and an executed Investor Letter for such Non-Bank Transferee, (A) the Non-Bank Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder hereunder and under the other Program Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Bank Transferee, and any reference to the assigning Noteholder hereunder and under the other Program Documents shall thereafter refer to such transferring Noteholder and to the Non-Bank Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Revolving Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Program Documents.

Section 7.4. Unconditional Obligations. The obligations of SMUD under this Agreement and the Fee Agreement shall be primary, absolute, independent, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement and the Fee Agreement, including without limitation the following circumstances:

(a) Any lack of validity or enforceability of the Program Documents or any other agreement or instrument relating to any of the above;

(b) Any amendment or waiver of, or any consent to or departure from, any provision of any of the Program Documents, except for any waiver or consent granted by the Bank;

(c) The existence of any claim, setoff, defense or other rights that SMUD may have at any time against the Bank or any other Person, whether in connection with this Agreement, the Program Documents or any unrelated transaction;

(d) Any breach of contract or other dispute between SMUD and any Noteholder, the Bank or any other Person;

(e) Any demand, statement or any other document presented hereunder proving to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(f) Payment by the Bank hereunder against presentation of a draft or certificate which does not comply strictly with the terms of this Agreement; or

(h) The failure by the Bank to honor any Notice of Borrowing hereunder or to make any payment demanded hereunder on the grounds that the demand for such payment does not conform strictly to the terms and conditions of this Agreement.

Section 7.5. Liability of Bank; Indemnification. (a)(i) Except as provided in this Agreement, the Bank shall not be obligated to issue any further credits, to cure any defaults under any Program Document or otherwise, or in any other manner to extend any financial consideration or accommodation to SMUD.

(ii) The Bank shall not be deemed to have waived or released any of its rights or remedies (whether specified in or arising under this Agreement, the Fee Agreement or otherwise available to it by law or agreement) unless the Bank shall have signed a written waiver or release. Delay or failure to act on the Bank's part shall not constitute a waiver of or otherwise preclude enforcement of any of their rights and remedies. All of the Bank's rights and remedies shall be cumulative and may be exercised separately or concurrently. The Bank need not resort to any particular right or remedy before exercising or enforcing any other, and the Bank's resort to any right or remedy shall not preclude the exercise or enforcement of any other right or remedy.

(iii) Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

(A) The use that may be made of the Commitment or the Loans or Term Loans;

(B) The form, validity, sufficiency, accuracy or genuineness of documents, or of any endorsements thereon, even if such documents should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, so long as the Bank was not grossly negligent or guilty of willful misconduct as determined by a court of competent jurisdiction;

(C) Payment by the Bank against presentation of documents that do not comply strictly with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement;

(D) The validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign this Agreement or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(E) Errors, omissions, interruptions or delays in transmission or delivery of any messages by telex, mail, cable, telegraph, facsimile or otherwise, whether or not they have been in cipher, including any Notices of Borrowing under this Agreement;

(F) Errors in interpretation of technical terms; or

(G) Any consequences arising from causes beyond the control of the Bank, including, without limitation, any Government Acts;

provided that, notwithstanding anything in the preceding clauses (A) through (G) to the contrary, SMUD shall have a claim against the Bank, and the Bank shall be liable to SMUD, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by SMUD that SMUD proves were caused by (A) the Bank's failure to pay under this Agreement after the presentation to it by SMUD of a certificate strictly complying with the terms and conditions of this Agreement or (B) the Bank's willful or grossly negligent payment under this Agreement as determined by a court of competent jurisdiction in a final non-appealable judgment.

In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) (i) To the maximum extent permitted by applicable law, SMUD agrees to indemnify, save and hold harmless each Bank-Related Person from and against: (A) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations) be asserted or imposed against any Bank-Related Person arising out of or relating to this Agreement, the Loans and Term Loans, the Fee Agreement or any Program Document, the use or contemplated use of the proceeds of any Loan or Term Loan, or the relationship of SMUD and the Bank under this Agreement or any Program Document; (B) any investigative, administrative or judicial proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (A) above; and (C) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including attorney costs) that any Bank-Related Person suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, and whether or not a Bank-Related Person is a party to such claim, demand, action, cause of action or proceeding; *provided* that no Bank-Related Person shall be entitled to indemnification for any claim caused by its own gross negligence or willful misconduct.

The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

(ii) To the maximum extent permitted by applicable law, SMUD shall also indemnify and hold harmless the Bank from any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement and the Program Documents or the making available of the Commitment The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

Section 7.6. Expenses. SMUD will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default and (iv) all reasonable costs and expenses, if any, in connection with the administration and enforcement of this Agreement and the Program Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, SMUD agrees to pay, after the occurrence of an Event of Default, all reasonable costs and expenses (including attorneys' and consultants' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from SMUD hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of SMUD under this Section 7.6 shall survive the termination of this Agreement.

Section 7.7. No Waiver; Conflict. No failure by the Bank to exercise, and no delay by the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Program Document are cumulative, and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 7.8. Modification, Amendment, Waiver, Etc. No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

Section 7.9. Dealing with SMUD . The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with SMUD regardless of the capacity of the Bank hereunder.

Section 7.10. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting

the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law.

Section 7.11. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be "written" or "in writing," (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or "printouts," if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, "electronic signature" means a manually-signed original signature that is then transmitted by electronic means; "transmitted by electronic means" means sent in the form of a facsimile or sent via the internet as a "pdf" (portable document format) or other replicating image attached to an e-mail message; and, "electronically signed document" means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

Section 7.12. Table of Contents; Headings. The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

SECTION 7.13. ENTIRE AGREEMENT. THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO AS TO SUCH SUBJECT MATTER.

Section 7.14. Governing Law. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT AND THE FEE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER,* THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS AGREEMENT AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

Section 7.15. Waiver of Jury Trial. (a) TO THE FULL EXTENT PERMITTED BY LAW, SMUD AND THE BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE FEE AGREEMENT, ANY OF THE OTHER PROGRAM DOCUMENTS, THE MASTER BOND RESOLUTION, THE

SUBORDINATED BOND RESOLUTION OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF SMUD AND THE BANK FURTHER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY. WITHOUT LIMITING THE FOREGOING, TO THE EXTENT PERMITTED BY LAW, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE FEE AGREEMENT, AND/OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND/OR THE FEE AGREEMENT.

(b) In the event the waiver of jury trial as set forth in subsection (a) of this Section shall be declared void or unenforceable, each of SMUD and the Bank agrees to refer the dispute to a judicial referee in accordance with the provisions of Section 638 *et seq.* of the California Code of Civil Procedure.

Section 7.16. Right of Setoff; Other Collateral. (a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to SMUD (any such notice being expressly waived by SMUD), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of SMUD (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations of SMUD, whether or not the Bank shall have made any demand for any amount owing to the Bank by SMUD; *provided, however,* that any such setoff, exercise of banker's lien or any right of attachment shall be limited to (i) balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies or (ii) indebtedness owed by the Bank to or for the account of SMUD, the proceeds of which would otherwise be available to pay or satisfy or otherwise secure the Revolving Notes, the Obligations or any other indebtedness or obligations of SMUD secured or payable on a parity with or subordinate to the Lien on Net Revenues securing the Revolving Notes and the Obligations; and *provided further, however,* that the exercise of any such setoff, banker's lien or right of attachment and the application of any such balances, credits, deposits, accounts, monies or proceeds of indebtedness that would constitute Revenues or other funds pledged pursuant to the Master Bond Resolution, Subordinated Bond Resolution or Note Resolution shall be subject to the terms, conditions and lien and payment priorities set forth in the Master Bond Resolution, the Subordinated Bond Resolution and the Note Resolution.

(b) The rights of the Bank under this Section 7.16 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.16, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have hereunder or under the other Program Documents.

Section 7.17. USA Patriot Act. The Bank hereby notifies SMUD that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 signed into law October 26, 2001) (the *"Patriot Act"*), it is required to obtain, verify and record information that identifies SMUD,

which information includes the name and address of SMUD and other information that will allow the Bank to identify SMUD in accordance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act. SMUD hereby agrees that it shall promptly provide such information upon request by the Bank.

Section 7.18. Assignment to Federal Reserve Bank. The Bank and each other Noteholder may assign and pledge all or any portion of the Obligations owing to it to any Federal Reserve Bank or the United States Treasury, including, without limitation, as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that any payment in respect of such assigned Obligations made by SMUD or on its behalf to the Bank in accordance with the terms of this Agreement shall satisfy SMUD's Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

Section 7.19. No Advisory or Fiduciary Relationship. In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Program Document), SMUD acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between SMUD, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) SMUD has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) SMUD is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Program Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise, for SMUD or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to SMUD with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Program Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of SMUD, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to SMUD. To the fullest extent permitted by Law, SMUD hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

Section 7.20. EMMA Postings. In the event SMUD files with EMMA, this Agreement, any Program Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms with respect thereto, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the *"Rule"*) (each such posting, an *"EMMA Posting"*), SMUD shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. SMUD acknowledges and agrees that although the Bank may request or review edits or redactions of such materials prior to filing, the Bank is not responsible for SMUD's or any other entity's (including, but not limited to, any broker-

dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

[Execution Page Follows]

IN WITNESS WHEREOF, SMUD and the Bank have duly executed this Agreement as of the date first above written.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:_____
Name: _____
Title: _____

EXHIBIT A

FORM TAXABLE REVOLVING NOTE

SACRAMENTO MUNICIPAL UTILITY DISTRICT
TAXABLE REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT)

February __, 2022 $100,000,000

The Sacramento Municipal Utility District (*"SMUD"*), for value received, hereby promises to pay to the order of Wells Fargo Bank, National Association (the *"Bank"*), pursuant to that certain Revolving Credit Agreement dated as of February 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Revolving Credit Agreement"*), between SMUD and the Bank and that certain Fee Agreement dated February __, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Fee Agreement"*), between SMUD and the Bank, at the office of the Bank at _____, the aggregate unpaid principal amount of all Obligations (as defined in the Revolving Credit Agreement) pursuant to the Revolving Credit Agreement and the Fee Agreement on the dates and in the amounts provided for in the Revolving Credit Agreement and the Fee Agreement.

SMUD promises to pay interest on the unpaid principal amount of all Taxable Loans, related Term Loans and all other Obligations owed to the Bank under the Revolving Credit Agreement and the Fee Agreement on the dates and at the rate or rates provided for in the Revolving Credit Agreement and the Fee Agreement. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Revolving Credit Agreement.

This Taxable Revolving Note is the Taxable Note referred to in the Revolving Credit Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Revolving Credit Agreement, this Taxable Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Revolving Credit Agreement.

The Bank agrees, by acceptance of this Taxable Revolving Note, that it will make a notation on the schedule attached hereto of all Taxable Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Revolving Credit Agreement; *provided, however,* that the failure to make any such notation shall not limit or otherwise affect the obligation of SMUD hereunder with respect to payments of principal of and interest on this Taxable Revolving Note.

This Taxable Revolving Note is authorized by SMUD to be issued to provide funds to pay the principal amount of Taxable Loans, related Term Loans and all other Obligations theretofore issued to for the purposes set forth in the Note Resolution and for other authorized purposes. This Taxable Revolving Note is issued under and pursuant to and in full compliance with the Revolving Credit Agreement providing for the issuance and sale and fixing the form and details of this Taxable Revolving Note.

This Taxable Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.20 of the Revolving Credit Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Taxable Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Taxable Revolving Note to be executed by an authorized officer of SMUD and this Taxable Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: _____
Title: _____

SCHEDULE FOR TAXABLE REVOLVING NOTE
DATED FEBRUARY __, 2022
BY SACRAMENTO MUNICIPAL UTILITY DISTRICT
PAYABLE TO WELLS FARGO BANK, NATIONAL ASSOCIATION

DATE	AMOUNT OF TAXABLE LOAN MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY

EXHIBIT B

FORM TAX-EXEMPT REVOLVING NOTE

SACRAMENTO MUNICIPAL UTILITY DISTRICT
TAX-EXEMPT REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT)

February __, 2022 $100,000,000

The Sacramento Municipal Utility District (*"SMUD"*), for value received, hereby promises to pay to the order of Wells Fargo Bank, National Association (the *"Bank"*), pursuant to that certain Revolving Credit Agreement dated as of February 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Revolving Credit Agreement"*), between SMUD and the Bank and that certain Fee Agreement dated February __, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Fee Agreement"*), between SMUD and the Bank, at the office of the Bank at _____, the aggregate unpaid principal amount of all Obligations (as defined in the Revolving Credit Agreement) pursuant to the Revolving Credit Agreement and the Fee Agreement on the dates and in the amounts provided for in the Revolving Credit Agreement and the Fee Agreement.

SMUD promises to pay interest on the unpaid principal amount of all Tax-Exempt Loans and related Term Loans owed to the Bank under the Revolving Credit Agreement and the Fee Agreement on the dates and at the rate or rates provided for in the Revolving Credit Agreement and the Fee Agreement. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Revolving Credit Agreement.

This Tax-Exempt Revolving Note is the Tax-Exempt Note referred to in the Revolving Credit Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Revolving Credit Agreement, this Tax-Exempt Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Revolving Credit Agreement.

The Bank agrees, by acceptance of this Tax-Exempt Revolving Note, that it will make a notation on the schedule attached hereto of all Tax-Exempt Loans evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Revolving Credit Agreement; *provided, however,* that the failure to make any such notation shall not limit or otherwise affect the obligation of SMUD hereunder with respect to payments of principal of and interest on this Tax-Exempt Revolving Note.

This Tax-Exempt Revolving Note is authorized by SMUD to be issued to provide funds to pay the principal amount of Tax-Exempt Loans and related Term Loans theretofore issued to for

the purposes set forth in the Note Resolution and for other authorized purposes. This Tax-Exempt Revolving Note is issued under and pursuant to and in full compliance with the Revolving Credit Agreement providing for the issuance and sale and fixing the form and details of this Tax-Exempt Revolving Note.

This Tax-Exempt Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.20 of the Revolving Credit Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Tax-Exempt Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Tax-Exempt Revolving Note to be executed by an authorized officer of SMUD and this Tax-Exempt Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: _____
Title: _____

SCHEDULE FOR TAX-EXEMPT REVOLVING NOTE
DATED FEBRUARY __, 2022
BY SACRAMENTO MUNICIPAL UTILITY DISTRICT
PAYABLE TO WELLS FARGO BANK, NATIONAL ASSOCIATION

DATE	AMOUNT OF TAX-EXEMPT LOAN MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY

EXHIBIT C

FORM OF NOTICE OF BORROWING

[Date]

TO: Wells Fargo Bank, National Association (the *"Bank"*)
_____
_____
Attention: _____
Telephone: _____
E-mail: _____

with a copy to:

Wells Fargo Municipal Capital Strategies, LLC
375 Park Avenue
New York, New York 10152
Telephone: (212) 214-5512
Attention: Yohann Sidhwa/Matthew Antunes
E-mail: yohann.sidhwa@wellsfargo.com
matthew.antunes@wellsfargo.com

Wells Fargo Bank, National Association
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____
E-mail: _____

FROM: Sacramento Municipal Utility District

Re: Revolving Credit Agreement
(the *"Credit Agreement"*) dated as of February 1, 2022, between
Sacramento Municipal Utility District and the Bank

We hereby give notice, pursuant to Section 2.2(a) of the Credit Agreement, of the following proposed Borrowing:

Date of Borrowing ..... **[Date]**
Loan Principal Amount..... **[$xx,xxx,xxx]**
Amount of Loans Outstanding..... **[$xxx,xxx,xxx]**

The Proceeds of such Loan are to be wire transferred to the following account:

Pay: Wells Fargo Bank, N.A.
_____
_____
ABA#: _____
Account #: _____
Account Name: _____
Ref: _____

The Loan constituting such Borrowing is
to be a (check applicable box):
Taxable Loan **[___]**
Tax-Exempt Loan **[___]**

[Attached hereto are executed copies of (1) the related Additional Debt Certificate and (2) the Supplemental Tax Certificate which includes the related form 8038.]

The rates of interest on the Loan will not exceed the Maximum Interest Rate.

The undersigned hereby states and certifies on and as of the date hereof that:

(a) no Default or Event of Default has occurred or is continuing under the Credit Agreement; and

(b) that each representation and warranty set forth in the Credit Agreement and the closing certificate of SMUD dated the Closing Date and relating to the Credit Agreement remains true and correct on the date hereof.

Terms used herein have the meanings assigned to them in the Credit Agreement.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: _____
Name: _____
Title: _____

EXHIBIT D

[FORM OF NOTICE OF CONVERSION]

NOTICE OF CONVERSION

Wells Fargo Bank, National Association (the *"Bank"*)

_____
_____
Attention: _____
Telephone: _____
E-mail: _____

with a copy to:

Wells Fargo Municipal Capital Strategies, LLC
375 Park Avenue
New York, New York 10152
Telephone: (212) 214-5512
Attention: Yohann Sidhwa/Matthew Antunes
E-mail: yohann.sidhwa@wellsfargo.com
matthew.antunes@wellsfargo.com

Wells Fargo Bank, National Association
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____
E-mail: _____

Re: Sacramento Municipal Utility District

Ladies and Gentlemen:

The undersigned, an Authorized SMUD Representative, refers to the Revolving Credit Agreement, dated as of February 1, 2022 (together with any amendments or supplements thereto, the *"Agreement"*), between Sacramento Municipal Utility District and the Bank (the terms defined therein being used herein as therein defined) and hereby gives Bank notice irrevocably, pursuant to Section 2.2(a)(ii) of the Agreement, of the conversion of the Loan(s) specified herein, that:

1. The Business Day of the proposed conversion is _____, 20__ (the *"Conversion Date"*), which is at least **[three Business Days following the date hereof]**.

2. The aggregate amount of the Loan(s) to be converted is $_____.

3. The Loan(s) is/are Tax-Exempt Loan(s) to be converted into a Taxable Loan(s).

4. The principal amount of the Loans to be outstanding following the conversion will not exceed the Commitment as of the Conversion Date set forth in 1 above.

The undersigned hereby states and certifies on and as of the date hereof that:

(a) no Default or Event of Default has occurred or is continuing under the Credit Agreement; and

(b) that each representation and warranty set forth in the Credit Agreement and the closing certificate of SMUD dated the Closing Date and relating to the Credit Agreement remains true and correct on the date of such conversion.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Continuation as of the _____ day of _____, _____.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: _____
Name: _____
Title: _____

EXHIBIT E

FORM OF
REQUEST FOR EXTENDED FUNDED PERIOD

[DATE]

TO: Wells Fargo Bank, National Association (the *"Bank"*)
_____
_____
Attention: _____
Telephone: _____
E-mail: _____

with a copy to:

Wells Fargo Municipal Capital Strategies, LLC
375 Park Avenue
New York, New York 10152
Telephone: (212) 214-5512
Attention: Yohann Sidhwa/Matthew Antunes
E-mail: yohann.sidhwa@wellsfargo.com
matthew.antunes@wellsfargo.com

Wells Fargo Bank, National Association
_____
_____
Attention: _____
Telephone: _____
Facsimile: _____
E-mail: _____

Ladies and Gentlemen:

The undersigned, Sacramento Municipal Utility District (*"SMUD"*), hereby refers to the Credit Agreement dated as of February 1, 2022, as amended, modified, supplemented or restated from time to time (the "*Credit Agreement*"), between SMUD and Wells Fargo Bank, National Association (the "*Bank*"). All capitalized terms contained herein which are not specifically defined shall have the meanings assigned to such terms in the Credit Agreement.

SMUD hereby requests, pursuant to Section 2.22 of the Credit Agreement, that the Term Loans be payable as provided in Section 2.22 of the Credit Agreement with interest as provided in Section 2.22 of the Credit Agreement.

In connection with such request, SMUD hereby represents and warrants that:

(a) no Default or Event of Default has occurred and is continuing under the Agreement on date hereof; and

(b) the representations and warranties of SMUD set forth in Article Four of the Credit Agreement are true and correct on the date hereof.

We have enclosed along with this request the following information:

1. The nature of any and all Defaults and Events of Default; and

2. Any other pertinent information previously requested by the Bank.

Very truly yours,

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: _____
Name:_____
Title:_____

Attachment H
to Resolution No. 22-02-07

FEE AGREEMENT
DATED FEBRUARY __, 2022

Reference is hereby made to that certain Revolving Credit Agreement dated as of February 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the *"Agreement"*), between the SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (*"SMUD"*), and WELLS FARGO BANK, NATIONAL ASSOCIATION (the *"Bank"*), relating to the Sacramento Municipal Utility District, Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) and Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Agreement (this *"Fee Agreement"*) is to confirm the agreement between the Bank and SMUD with respect to, among other things, the Commitment Fees (as defined below), the Taxable Applicable Spread and Tax-Exempt Applicable Spread and certain other fees payable to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. This Fee Agreement and the Agreement are to be construed as one agreement between SMUD and the Bank, and all obligations hereunder are to be construed as obligations thereunder. All references to amounts due and payable under the Agreement will be deemed to include all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. FEES AND OTHER AGREEMENTS.

Section 1.1. Commitment Fees. SMUD hereby agrees to pay to the Bank on April 1, 2022, for the period commencing on the Closing Date and ending on March 31, 2022, and quarterly in arrears on the tenth (10th) calendar of each July, October, January and April (each, a *"Quarterly Payment Date"*) occurring prior to the Termination Date, and on the Termination Date, a non-refundable commitment fee (the *"Commitment Fee"*) in an amount equal to the rate per annum based upon the applicable Level corresponding to the then applicable Rating (as defined below) for each day during the related fee period, as specified below (the *"Commitment Fee Rate"*), on the Unutilized Commitment from time to time in effect for each day during each related period:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.175%
Level 2	A1	A+	A+	0.225%
Level 3	A2	A	A	0.275%
Level 4	A3	A-	A-	0.325%
Level 5	Baa1	BBB+	BBB+	0.475%
Level 6	Baa2	BBB	BBB	0.725%
Level 7	Baa3	BBB-	BBB-	1.075%

The term *"Unutilized Commitment"* as used herein means the Commitment, as of the Closing Date, as permanently reduced from time to time in accordance with the Agreement less the outstanding principal amount of any Loans under the Agreement. The term *"Rating"* as used herein shall mean the long-term unenhanced debt rating assigned by Moody's, Fitch and S&P to any Debt of SMUD secured by or payable from Net Revenues on a parity with Bonds and Parity Bonds. In the event of a split rating (*i.e.*, the Rating of one of the Rating Agencies' is different than the Rating of any of the other Rating Agencies), the Commitment Fee Rate shall be based upon the Level in which the lower of the two highest Rating appears; *provided, however,* if less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds, the Commitment Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Commitment Fee Rate resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings levels above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, including, without limitation, any recalibration or realignment of Rating in connection with the adoption of a "global" rating scale, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. In the event that a Rating is suspended or withdrawn (for the avoidance of doubt, a decision by SMUD to cause a Rating Agency to no longer maintain its Rating, for non-credit related reasons and not for the purpose of avoiding the occurrence of an event of default, shall not constitute a suspension or withdrawal of such Rating) from any Rating Agency or upon the occurrence of and during the continuance of an Event of Default, the Commitment Fee Rate shall increase to the sum of the Commitment Fee Rate specified above for Level 7 above *plus* 1.00% per annum. The Commitment Fees shall be payable as set forth above, together with interest on the Commitment Fees from the date payment is due until payment in full at the Default Rate. The Commitment Fee shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse. SMUD acknowledges that as of the Closing Date the Commitment Fee Rate is that specified above for Level 1.

Section 1.2. Amendment, Consent or Waiver Fee. SMUD agrees to pay to the Bank on the date of each amendment, supplement, or modification to the Agreement or this Fee Agreement (or any Program Document, the amendment, supplement or modification of which requires the consent of, or waiver from, the Bank), a non-refundable fee equal to $2,500**,** or such other fee as may be agreed to between the Bank and SMUD after the Bank has provided SMUD with an estimate of such fee and SMUD has approved such fee estimate in writing plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith in an amount agreed to by the Bank and SMUD after the Bank has provided SMUD with an estimate of such fees and expenses of legal counsel and SMUD has approved such fee and expense estimate in writing.

Section 1.3. Applicable Spread. For purposes of the Agreement, the "Taxable Applicable Spread" and the "Tax-Exempt Applicable Spread," means a rate per annum based upon the applicable Level corresponding to the then applicable Rating in the applicable column, as specified below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	TAXABLE APPLICABLE SPREAD	TAX-EXEMPT APPLICABLE SPREAD
Level 1	Aa3 or above	AA- or above	AA- or above	0.53%	0.44%
Level 2	A1	A+	A+	0.68%	0.59%
Level 3	A2	A	A	0.83%	0.74%
Level 4	A3	A-	A-	0.98%	0.89%
Level 5	Baa1	BBB+	BBB+	1.23%	1.14%
Level 6	Baa2	BBB	BBB	1.58%	1.49%
Level 7	Baa3	BBB-	BBB-	2.08%	1.99%

In the event of a split rating (*i.e.*, the Rating of one of the Rating Agencies' is different than the Rating of any of the other Rating Agencies), the Taxable Applicable Spread and Tax-Exempt Applicable Spread shall be based upon the Level in which the lower of the two highest Rating appears; *provided, however,* if less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds, the Taxable Applicable Spread and Tax-Exempt Applicable Spread shall be based upon the Level in which the lower Rating appears. Any change in the Taxable Applicable Spread and Tax-Exempt Applicable Spread resulting from a change in a Rating shall be and become effective as of and on the date of the announcement of the change in such Rating. References to ratings levels above are references to rating categories as presently determined by the Rating Agencies and in the event of adoption of any new or changed rating system, including, without limitation, any recalibration or realignment of Rating in connection with the adoption of a "global" rating scale, the rating from the Rating Agency in question referred to above shall be deemed to refer to the rating category under the new rating system that most closely approximates the applicable rating category as currently in effect. In the event that a Rating is suspended or withdrawn (for the avoidance of doubt, a decision by SMUD to cause a Rating Agency to no longer maintain its Rating, for non-credit related reasons and not for the purpose of avoiding the occurrence of an event of default, shall not constitute a suspension or withdrawal of such Rating) from any Rating Agency or upon the occurrence of and during the continuance of an Event of Default, the Loans shall bear interest at the Default Rate. SMUD acknowledges that as of the Closing Date the Taxable Applicable Spread and Tax-Exempt Applicable Spread are the spreads that are specified above for Level 1 this Section 1.3.

Section 1.4. Termination and Reduction Fees. (a) Notwithstanding anything set forth herein or in the Agreement to the contrary, SMUD agrees not to terminate, or cause the termination or replacement of, the Agreement and/or the Commitment prior to the one (1) year anniversary of the Closing Date, except upon the payment by SMUD to the Bank of a termination fee (the *"Termination Fee"*) on the date of such termination or replacement in an amount equal to the product of (1) the Commitment Fee Rate in effect on the date of such termination or replacement, (2) the Commitment (without regard to any outstanding Loans) on the date of termination or replacement of the Agreement and/or the Commitment and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination or replacement until and including the one (1) year anniversary of the Closing

Date, and the denominator of which is 360; *provided, however*, that no such Termination Fee shall be payable if the Agreement and/or the Commitment is terminated or replaced as a result of (i) the Bank imposing on SMUD increased costs pursuant to Section 2.17 of the Agreement (*provided* that this clause (i) shall not be construed to relieve SMUD of any of its obligations under Section 2.17 of the Agreement) or (ii) SMUD's objection in writing to the Benchmark Replacement determined by the Bank in replacement of Daily Simple SOFR pursuant to Section 2.12 of the Agreement.

(b) Notwithstanding anything set forth herein or in the Agreement to the contrary, SMUD agrees not to permanently reduce the Commitment prior to the one (1) year anniversary of the Closing Date, without the payment by SMUD to the Bank of a reduction fee (the *"Reduction Fee"*) in connection with each and every permanent reduction of the Commitment on the date of such permanent reduction in an amount equal to the product of (A) the Commitment Fee Rate in effect on the date of such permanent reduction, (B) the difference between the Commitment (without regard to any outstanding Loans) prior to such permanent reduction and the Commitment (without regard to any outstanding Loans) after such permanent reduction, and (C) a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction until and including the one (1) year anniversary of the Closing Date and the denominator of which is 360; *provided, however*, that no such Reduction Fee shall be payable if the Commitment is permanently reduced as a result of (i) the Bank imposing on SMUD increased costs pursuant to Section 2.17 of the Agreement (*provided* that this clause (i) shall not be construed to relieve SMUD of any of its obligations under Section 2.17 of the Agreement) or (ii) SMUD's objection in writing to the Benchmark Replacement determined by the Bank in replacement of Daily Simple SOFR pursuant to Section 2.12 of the Agreement.

ARTICLE II. MISCELLANEOUS.

Section 2.1. Amendments. No amendment to this Fee Agreement shall become effective without the prior written consent of SMUD and the Bank.

Section 2.2. Governing Law. PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS FEE AGREEMENT SHALL BE DEEMED TO BE A CONTRACT UNDER, AND SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK AND APPLICABLE FEDERAL LAW; *PROVIDED, HOWEVER,* THAT THE CAPACITY, POWER AND AUTHORITY OF SMUD TO ENTER INTO THIS FEE AGREEMENT AND THE OBLIGATIONS OF SMUD HEREUNDER SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA AND APPLICABLE FEDERAL LAW WITHOUT REGARD TO CHOICE OF LAW RULES.

Section 2.3. Counterparts. This Fee Agreement may be executed in two or more counterparts, each of which shall constitute an original but both or all of which, when taken together, shall constitute but one instrument. Delivery of an executed counterpart of a signature page of this Fee Agreement by facsimile transmission or by e-mail with a pdf copy or other replicating image attached, will be effective as delivery of a manually executed counterpart of

this Fee Agreement, and any printed or copied version of any signature page so delivered will have the same force and effect as an originally signed version of such signature page.

Section 2.4. Severability. Any provision of this Fee Agreement which is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

Section 2.5. Representation by Legal Counsel; Joint Preparation. The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

Section 2.6. No Disclosure. Unless required by law, SMUD shall not deliver or permit, authorize or consent to the delivery of this Fee Agreement to any Person or for posting on the Electronic Municipal Market Access website as provided by the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent.

Section 2.7. Payment Due on Non-Business Day to Be Made on Next Business Day. If any sum becomes payable pursuant to this Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:_____
Name: _____
Title: _____

WELLS FARGO BANK, NATIONAL ASSOCIATION

By:_____
Name: _____
Title: _____

President Rose then turned to agenda item 9, statements from the public regarding items not on the agenda. He stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

No comments were received for items not on the agenda.

President Rose then turned to Directors' Reports.

Director Bui-Thompson reported on her attendance at the ribbon cutting for the Hedge Battery Storage as well as the Shine awards. She then reported on her participation in the Energy Thought Summit which was held in-person in Austin where she was invited to interview Jason Rodriguez, CEO of Zpryme, and Karl Popham, Manager of Electric Vehicles and Emerging Technologies at Austin Energy.

Director Fishman reported that he was invited to welcome the participants of the Youth Energy Summit. He also reported on his attendance at the Black Chamber of Commerce Mixer where he was able to say a few words of welcome.

Director Herber reported on her attendance at the ribbon cutting of the Hedge Battery Storage. She then reported on her attendance at the employee resource group event provided by GRAIN (Groups Reaching Across International Networks) where musical performances were provided in celebration of the Chinese New Year. She reported on her attendance at Capitol Day hosted by the California Municipal Utilities Association (CMUA). She closed by noting that it was Black History Month, and she was able to present the 2022 Dream All-Star award to Cassandra Pye during a recent Kings game where Chief Diversity Officer Gary King was also honored.

Director Kerth reported on his attendance at the ribbon cutting for the Hedge Battery Facility. He then reported on his participation in a working group for the Solano Wind Farm where discussion was ongoing but progress was being made.

Director Tamayo reported on his attendance at the ribbon cutting for the Hedge Battery Facility. He then reported on his attendance, along with Vice President Sanborn, at a ribbon cutting in Kings County for the first 250MW solar generation station of Aquamarine, a utility-scale solar project within Westlands Solar Park that will eventually provide 2700 MW. He noted that the solar panels have been installed on agricultural land that was not usable because it is drainage impaired. He closed by reporting on his participation, along with his American Leadership Forum colleagues, at a Habitat for Humanity build.

Vice President Sanborn reported on her attendance at the ribbon cutting for the Hedge Battery Storage. She reported on her attendance at a meeting of Mow Better, a group that works to move landscaping equipment toward electric. She reported on her presentation to the Antelope Lions Club as well as her attendance at the Aquamarine solar event. She then reported on her attendance at the Shine awards and noted the Veterans Memorial Building in Carmichael was a recipient and would be installing new energy-efficient windows as well as a new HVAC system due to the funds received. She reported on her attendance at the Galt Chamber Wine, Beer and Food event as well as her virtual attendance at the Metro Chamber Business Awards. She closed by stating she would be speaking at the traveling exhibition of the Negro Motorist Green Book provided by the Smithsonian Institution Traveling Exhibition and sponsored by ExxonMobil Corporation and invited the public to see the exhibition through February 27, 2022.

President Rose reported on his attendance at the Shine Awards as well as the Kings Dream All Star Awards where Chief Diversity Officer, Gary King, was honored. He reported on his attendance at the Metro Chamber Business Awards annual dinner as well as the Sacramento County Farm Bureau annual dinner. He also reported on his participation in the El Dorado County Chamber of Commerce luncheon. He closed by noting that he wanted to acknowledge the 40th anniversary of Mr. Lau's employment with SMUD. He highlighted some of Mr. Lau's many accomplishments, including spearheading $127 million in funding from the SmartGrid grant and his leadership with the

ambitious 2030 Zero Carbon Plan. President Rose extended his thanks on behalf of the Board and congratulated Mr. Lau on the milestone.

Paul Lau, Chief Executive Officer and General Manager, reported on the following items:

1) **Paul's 40th Work Anniversary.** Thank you, President Rose and other Directors, for your kind words. The industry has changed greatly since I came on board as a college intern in 1982. The technologies that powered our homes and businesses had not changed a whole lot since SMUD first started supplying the Sacramento region with power in 1946. The inability to store energy on a large scale was one of the industry's biggest shortcomings. Today, battery storage will play a major role in helping SMUD eliminate all carbon emissions from our power supply - starting with the utility-scale battery storage unit at our Hedge training center. What has not changed since I joined SMUD is our commitment to our customers and community. I have had the pleasure of working in virtually every business unit at SMUD alongside some of the brightest minds in our industry. I am more excited than ever about the impact we can make together on the Sacramento region. With the 2030 Zero Carbon Plan, we are creating a model that other cities and regions can follow, nationally and across the globe. Thank you again.

2) **Annual Forbes Survey.** Here is some good news to share. SMUD has been recognized as one of the top midsize employers in the country in an annual survey conducted by *Forbes*. SMUD not only made the list - we placed 15th overall, and third among utilities. The study identified the companies liked most by 60,000 employees working for businesses with between 1,000 and 5,000 employees. The final list ranked the 500 midsize employers that received the most

recommendations. Joining SMUD in the top 15 were Penguin Random House, the California Institute of Technology, or Caltech, and JEA, the electric utility in Jacksonville, Florida. Ranking first on the *Forbes* list was Vera Bradley, a clothing, shoes and sporting equipment company.

3) **California Mobility Center Showcase.** The California Mobility Center (CMC) will be hosting a showcase event on March 17th to celebrate its first year of operations at the Depot Park facility in South Sacramento. In less than a year, the CMC has signed 40 members, 18 clients and six preferred service providers. SMUD is a founding member of the CMC, which fosters clean e-mobility technologies and solutions that will become engines of economic growth. I serve on the CMC Board of Directors, as does my predecessor as SMUD CEO, Arlen Orchard.

4) **National Electric Vehicle Infrastructure (NEVI).** Last week, Department of Transportation Secretary Buttigieg and Department of Energy Secretary Granholm announced allocations and guidance for the Bipartisan Infrastructure Law's National Electric Vehicle Infrastructure Formula Program, or NEVI. NEVI provides $5 billion over five years to help states, Puerto Rico and the District of Columbia create a network of EV charging stations along designated corridors on the National Highway System. The Joint Office of Energy and Transportation and the electric power industry are working together to connect electric utilities with their peers at transportation departments and state energy offices around the country to support state EV charging efforts. The electric power industry's liaison is Patricia Taylor, Senior Manager of Regulatory Policy for the American Public Power Association. I will keep the Board advised as we learn more, but this is

obviously a welcome development for SMUD, since electric transportation is a critical part of our 2030 Zero Carbon Plan.

5) **SMUD COVID Protocols.** The COVID-19 situation continues to change, most recently for the better. As we have seen public health guidance relax some of the restrictions, SMUD's guidance and practices are evolving as well. The executive team has revised SMUD's COVID-19 travel guidelines to reflect the latest pandemic data. We have also relaxed our guidance on facial coverings. Employees who are vaccinated and boosted are no longer required to wear masks indoors if they provide documentation of their vaccine status to our Integrated Disability Management team. We are continuing to monitor the situation closely and will adjust our approach based on public health guidance to help ensure that we minimize the risk of exposure to our employees and the public.

6) **2022 SMUD Trout Derby.** With the return to many in-person events, I am happy to report that we will be holding the 2022 SMUD Trout Derby on April 9th and 10th at Rancho Seco Recreational Area. We will be stocking the lake with thousands of trout for all participants. Cash prizes, a fishing kayak, fishing equipment and more will be awarded at this year's Derby. The two-day derby fee is $5 per entrant, plus a daily park entry fee of $12 per vehicle. More details are available at smud.org/RanchoSeco. We were forced to cancel this popular event in 2020 and 2021 due to the pandemic and are excited to see it return.

7) **Board Video.** Tonight's Board video looks at how our partnership with Women Escaping a Violent Environment (WEAVE) is bringing nine all-electric homes to an under-resourced community.

President Rose requested the Summary of Board Direction, but there were no items.

No further business appearing, President Rose adjourned the meeting at 6:31 p.m.

Approved:

_____	_____
President	Secretary

Exhibit to Agenda Item #8

Authorize the Chief Executive Officer and General Manager to negotiate and execute:

a. A three-and-one-half-year contract renewal and expansion to $150 million with **Barclays Bank** for a **Letter of Credit** that supports the outstanding **Commercial Paper Series L**, with terms substantially similar to the attached term sheet.

b. A three-year contract renewal and expansion to $150 million with Bank of America, N.A. for a Letter of Credit that supports the outstanding Commercial Paper Series M, with terms substantially similar to the attached term sheet.

c. A four-year contract with Wells Fargo Bank, N.A. for a new Line of Credit that supports a new $100 million Line of Credit Series N, with terms substantially similar to the attached term sheet.

Board of Directors Meeting

Thursday, February 17, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Commercial Paper Characteristics
What is it and how is it used?

Commercial paper is a form of short-term capital borrowing typically issued with 30 to 270 days until maturity

- Primarily issued as Tax-exempt but can be Taxable
- Can be reissued or "rolled" at expiration or refunded with long term debt
- Due to short term nature and based on an index at the time of borrowing, commercial paper is a form of variable rate debt

Commercial Paper Program Benefits

Flexibility to fund capital spending as it arises

- Supports expanded capital spending in support of 2030 Zero Carbon Plan
- Access to capital in a shorter lead time

Lower initial costs vs. long-term fixed rates

- Allows for market timing flexibility to refund with long term fixed-rate bonds
- Provides for better initial asset-liability matching of costs with interest earnings

Additional liquidity viewed favorably by the ratings agencies

- Liquidity provides a form of self-insurance that is less costly than increasing coverage

SMUD®

Credit Facilities – Letters and Lines of Credit What are they and how do they work?

Letter of Credit (LOC) is a bank guarantee that supports the commercial paper program

- Provides investor with safety knowing SMUD has bank liquidity to pay them back if markets are disrupted on maturity
- Without a letter of credit SMUD cannot issue commercial paper

Line of Credit (Line) is a bilateral agreement with a bank

- Provides SMUD with safety and liquidity not dependent on markets functioning
- Allows us to borrow on demand directly from the bank instead of from an investor

SMUD®

Request for Proposal (RFP) Results

10 Banks responded with proposals for various product types and durations from three to five years

- 7 Letter of Credit responses with fees ranging from 0.24% to 0.50% (current program fees average 0.37%)
- 3 Line of Credit/Standby facility responses with fees ranging from 0.17% to 0.375%
- SMUD chose to ladder (stagger) expirations as a risk mitigation

The banks and products selected will have average fees of 0.24%

SMUD®

Current & Restructured Letter/Line of Credit Portfolio

Benefits of restructuring:

- Increases SMUD liquidity especially in turbulent markets
- Results in savings from lower fees
- Better portfolio diversification while total program stays the same size

Program Costs

- Due to strong credit ratings and banking relationships, SMUD was able to secure very strong pricing
  - Program reallocation saves $500k annually and is well below current budget
- Increases liquidity during market disruptions such as Covid in March 2020 or Winter Storm Uri in February 2021

Questions

DRAFT

Sacramento, California

March 8, 2022

The Board of Directors of the Sacramento Municipal Utility District met in special session concurrently with the Board Strategic Development Committee via virtual meeting (online) at 5:33 p.m.

Roll Call:

Presiding: Director Kerth,
Vice Chair of the Strategic Development Committee

Present: Directors Rose, Bui-Thompson (5:40 p.m.), Fishman, Herber, Tamayo, and Sanborn

Present also were Paul Lau, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal & Government Affairs Officer and General Counsel and Secretary, and members of SMUD's executive management; and SMUD employees and visitors.

Committee Vice Chair Kerth turned to Discussion Calendar Item 1, to make findings pursuant to Government Code section 54953(e) to continue holding meetings virtually during proclaimed state of emergency (recurring item, every 30 days). He asked General Counsel Lewis to provide a brief explanation of the item.

Director Herber left the meeting at 5:35 p.m. due to failed internet connection.

General Counsel Lewis stated that a Public Health Order had been issued on February 16, 2022, rescinding the previous order that required public meetings be held virtually. She stated that, as a result, the Board would need to make findings to continue to operate virtually and then continue to make findings every 30 days. She stated that staff's recommendation was to continue operating remotely due to the local COVID rate of 10 percent, and staff would continue to monitor developments so that the Board could revisit the item in April. She stated the item would also be placed on the consent calendar for the March 17, 2022, Board meeting, in addition to the action requested for this evening, which would

trigger another 30-day period and allow the Board to revisit the issue at Committee meetings in April.

No public comment was forthcoming on Discussion Calendar Item 1.

After some discussion, President Rose moved for approval of Discussion Calendar Item 1, Director Tamayo seconded, and Resolution No. 22-03-01 was approved by a vote of 5-0, with Directors Bui-Thompson and Herber absent.

RESOLUTION NO. 22-03-01

WHEREAS, SMUD is committed to preserving public access and participation in meetings of the Board of Directors and to the safety of meeting attendees; and

WHEREAS, all meetings of the Board of Directors are open and public, as required by the Ralph M. Brown Act (Gov't Code, §§ 5495054963) ("Brown Act"), so that any member of the public may attend, participate in, and watch SMUD's governing body conduct its business; and

WHEREAS, the newly enacted Government Code section 54953(e) authorizes a local agency's governing body, during a proclaimed state of emergency, to participate in its public meetings using remote teleconferencing without compliance with the requirements of Government Code section 54953(b)(3), under specified conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, another condition is that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on July 29, 2021, the Sacramento County Health Officer issued an order intended to help limit the spread of COVID-19, and among other things, required face coverings in indoor public spaces for vaccinated and unvaccinated people alike; and

WHEREAS, on February 25, 2022, Executive Order N-04-22 was issued leaving the California State of Emergency due to the threat of COVID-19 in effect for the foreseeable future and extending the authorization for state agency boards to meet virtually through March 31, 2022; and

WHEREAS, on February 28, 2022, the California Department of Public Health rescinded the mask requirement effective March 1, 2022, for all individuals regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking; and

WHEREAS, under current state of emergency conditions it would be impractical for SMUD to take steps necessary to prevent imminent risks to the health and safety of attendees, such as by holding public meetings outdoors, ensuring public meeting attendees are vaccinated, have appropriate face coverings, and wear them consistent with public health guidance; and

WHEREAS, all meetings, agendas, meeting dates, times, and manner in which the public may participate in the public meetings of the SMUD Board and offer public comment by telephone or internet-based service options including video conference are posted on the SMUD website and physically outside of SMUD's Headquarters Building; and

WHEREAS, by Resolution No. 21-10-01 adopted on October 12, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-10-03 adopted on October 21, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-11-05 adopted on November 18, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-12-04 adopted on December 9, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; **NOW, THEREFORE**,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. Risks to Health and Safety of Attendees. The Board has reconsidered the circumstances of the state of emergency and hereby finds that the state of emergency continues to directly impact the ability of the members to meet safely in person and holding SMUD Board meetings in person would present imminent risks to the health and safety of attendees.

Section 2. Remote Teleconference Meetings. SMUD staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with section 54953(e) and other applicable provisions of the Brown Act.

Section 3. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) April 8, 2022, or (ii) such time the Board of Directors adopts a subsequent resolution in accordance with Government Code section 54953(e)(3) to extend the time during which the SMUD Board may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

Approved: March 8, 2022

INTRODUCED: DIRECTOR TAMAYO				
SECONDED: DIRECTOR SANBORN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON				X
FISHMAN	X			
HERBER				X
KERTH	X			
TAMAYO	X			
SANBORN	X			

Committee Vice Chair Fishman then turned to Agenda Item 2, to provide the Board an informational overview of the Federal Energy Regulatory Commission (FERC).

Director Herber rejoined the meeting at 5:38 p.m.

Director Bui-Thompson joined the meeting at 5:40 p.m.

Steve Lins, Deputy General Counsel and Director of Government Affairs, Harvey Reiter, Partner at Stinson, LLP, and Jon Olson, Director of Energy, Trading & Contracts, provided a presentation. A copy of the slides used in their presentation is attached to these minutes.

No public comment was received for Agenda Item 2.

Director Bui-Thompson left the meeting at 6:30 p.m.

Committee Vice Chair Kerth then turned to Agenda Item 3, statements from the public regarding items not on the agenda, but none were forthcoming. He stated that written comments received on items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended.

Committee Vice Chair Kerth requested the Summary of Committee Direction, but there were no items.

No further business appearing, Committee Vice Chair Kerth adjourned the meeting at 6:48 p.m.

Approved:

_____	_____
Committee Vice Chair	Secretary

Exhibit to Agenda Item #2

Provide the Board an informational overview of the **Federal Energy Regulatory Commission (FERC)**.

Board Strategic Development Committee Meeting and Special SMUD Board of Directors Meeting

Tuesday, March 8, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

Federal Energy Regulatory Commission (FERC) Overview

Federal Power Commission established in 1920

FERC in 1977

Independent Federal Agency

5 Commissioners

FERC Commissioners

Chairman Richard Glick
(Dem, June ‘22)

James Danly
(Rep, June ‘23)

Allison Clements
(Dem, June ‘24)

Willie L. Phillips
(Dem, June ‘26)

Mark C. Christie
(Rep, June ‘25)

FERC's Scope of Regulation

Hydro Dams

Natural Gas

Electricity

Hydro Dam Regulation

- FERC's original regulatory responsibility.
- Oversees licensing and safety of hydro projects.
- SMUD's 688 MW Upper American River Project (UARP).
- Stairway of Power: 11 reservoirs and 9 powerhouses.

Upper American River Project (UARP) License

- 50-year FERC license granted in 2014.
- Increased minimum release flows to support recreation, fish and other wildlife.
- Minimum water levels in the reservoirs to provide adequate wildlife habitat and recreational opportunities.
- Upgrades for recreation facilities like campgrounds, day-use facilities, boat launches, and trails.

Electric Regulation

Rates & Services

Reliability

Market Manipulation

Public Utility Regulatory Policies Act (PURPA)

Rates and Services

- Regulates rates, terms and conditions of interstate transmission and sales for resale of electricity by “public utilities.”
- Undue discrimination in transmission and wholesale services.
- Regional Transmission Organizations/Independent System Operators (RTO/ISO).
- Limited regulation of SMUD (not a “public utility”).
  - FERC does not approve SMUD’s transmission rates or Open Access Transmission Tariff (OATT).
  - FERC does not require market-based rate authority or approval of power purchase agreements (PPAs).
  - FERC can issue orders for municipal utilities like SMUD to provide interconnections and transmission to others.

Reliability

- Regulates the reliability of the Bulk Electric System (100kV and over).
- North American Electric Reliability Corporation (NERC) and its regional reliability affiliates.
- Mandatory reliability standards for Operations and Planning (O&P) and Critical Infrastructure Protection (CIP).
- Recent focus on cybersecurity and winter weatherization.
- SMUD audited by the Western Electricity Coordinating Council (WECC).

NERC
NORTH AMERICAN ELECTRIC RELIABILITY CORPORATION

SMUD®

Market Manipulation

- Since 2005, authority to penalize for market manipulation.
- “In connection with” the use of FERC-regulated wholesale and transmission service.
- Extends to municipal utilities that utilize FERC-regulated services.
- Anti-market manipulation employee training.

Public Utilities Regulatory Policies Act (PURPA)

- Interconnect to, and purchase from, qualifying facilities (QFs).
- QFs: co-generation and renewable energy facilities less than 80 MW.
- Utilities pay generator the “avoided cost.”
- SMUD has no PURPA interconnection contracts.

Current Issues in FERC Regulation of Note

Regional Markets

Resource Adequacy (RA)

Distributed Energy Resources (DERs)

Transmission and Interconnection Reform

Regional Markets

- **California Independent System Operator Corporation (CAISO)**
  - Western Energy Imbalance Market (EIM)
  - Extended Day-Ahead Market (EDAM)

- **Southwest Power Pool (SPP)**
  - Western Power Pool (WPP) Western Resource Adequacy Program (WRAP)
  - Markets Plus (Markets +)
  - Western Energy Imbalance Services (WEIS)

Resource Adequacy (RA)

- Changing resource mix.
- Western RA Technical Conference Summer 2021.
- FERC deferring to regional efforts (e.g., WRAP, EDAM, Markets+).
- FERC authority limited around RA.

Distributed Energy Resources (DERs)

- Electrification and the Grid of the Future Technical Conference Spring 2021.
- Order 2222 requires RTOs/ISOs provide wholesale market access for DERs.
- CAISO DER program pending FERC approval.
- SMUD developing Virtual Power Plant (VPP) program for customer DERs.

Transmission and Interconnection Reform

- Advanced Notice of Proposed Rulemaking (ANOPR).
- 200+ questions about transmission planning and cost allocation, generator interconnections, and independent monitor.
- SMUD working with Large Public Power Council (LPPC).
- Joint Federal/State Commissioner Task Force.

Q&A

SSS No. LEG 2022-0029

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
Strategic Development – 03/08/22
Board Meeting Date
March 8, 2022 (Special) March 17, 2022

TO		TO	
1.	Gary King	6.	
2.	Frankie McDermott	7.	
3.	Farres Everly	8.	
4.	Scott Martin	9.	**Legal**
5.		10.	**CEO & General Manager**

Consent Calendar		**Yes**	X	**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Joe Schofield	Legal Department	B406	5446	02/23/22

NARRATIVE:

Requested Action: Make determination pursuant to Government Code section 54953(e) to continue meetings via virtual (online/teleconference) meeting for the next 30 days.

Summary: Pursuant to Executive Order N-29-20 issued on March 17, 2020, and Executive Order N-35-20 issued on March 21, 2020, as well as the Emergency Board Meeting Procedures adopted by this Board via Resolution No. 20-06-08 on June 18, 2020, this Board has conducted regular Board meetings and other public meetings via remote (online/teleconference) meetings.

On September 16, 2021, Governor Newsom signed Assembly Bill 361 (AB 361), which became effective immediately upon signature, containing language that eased Brown Act requirements to allow local agencies to meet remotely. AB 361 allows meetings to continue to be conducted by teleconference, similar to the process used during the current COVID-19 pandemic, but only when there is a declared state of emergency when the local governing body makes findings that there are imminent health risks to meeting in person.

On February 26, 2022, Executive Order N-04-22 was issued leaving the California State of Emergency due to the threat of COVID-19 in effect for the foreseeable future and extending the authorization for State agency boards to meet virtually through March 31, 2022.

On February 28, 2022, the California Department of Public Health rescinded the mask requirement, effective March 1, 2022, for all individuals regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking.

The most recently reported COVID-19 data published on March 3, 2022, by the Sacramento County Department of Public Health on its Epidemiology COVID-19 Dashboard indicated a local COVID-19 case rate of 10.4% and 39 deaths since the last update.

When SMUD Board and Committee meetings were held in person, they could last as long as four hours with all participants in a single room. As feasible, SMUD will encourage physical distanced seating for members of the public. In addition, SMUD will ensure that visitor and attendee wellness screening occur before personnel access the board room.

By Resolution 21-10-01 adopted on October 12, 2021, Resolution No. 21-10-03 adopted on October 21, 2021, Resolution No. 21-11-05 adopted on November 18, 2021, and Resolution No. 21-12-04 adopted on December 9, 2021, this Board has previously made findings to continue to hold regular Board meetings and other public meetings via solely virtual (online/teleconference) format.

Staff's recommendation is to continue to hold regular Board meetings and other public meetings via solely virtual (online/teleconference) meeting and continue to monitor developments related to the COVID-19 pandemic. Pursuant to Government Code section 54953(e), this Board must make findings every 30 days that conditions warrant continuing to meet virtually instead of in-person.

Board Policy: *(Number & Title)*	Governance Process GP-3, Board Job Description – j) Take such other actions as may be required by law.
Benefits:	Making the determination to continue remote meetings will allow for efficient conduct of SMUD business.
Cost/Budgeted:	Contained in Business Unit budget for internal labor.
Alternatives:	Take no action and comply with all original Brown Act requirements.
Affected Parties:	SMUD, Board of Directors, Public
Coordination:	Executive Office, Board Office, Legal Department, Information Technology, Communications
Presenter:	Laura Lewis, Chief Legal & Government Affairs Officer

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Make Findings to Continue Online/Teleconference Meetings	**6**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. _____

WHEREAS, SMUD is committed to preserving public access and participation in meetings of the Board of Directors and to the safety of meeting attendees; and

WHEREAS, all meetings of the Board of Directors are open and public, as required by the Ralph M. Brown Act (Gov't Code, §§ 5495054963) ("Brown Act"), so that any member of the public may attend, participate in, and watch SMUD's governing body conduct its business; and

WHEREAS, the newly enacted Government Code section 54953(e) authorizes a local agency's governing body, during a proclaimed state of emergency, to participate in its public meetings using remote teleconferencing without compliance with the requirements of Government Code section 54953(b)(3), under specified conditions; and

WHEREAS, a required condition is that a state of emergency is declared by the Governor pursuant to Government Code section 8625, proclaiming the existence of conditions of disaster or of extreme peril to the safety of persons and property within the state caused by conditions as described in Government Code section 8558; and

WHEREAS, another condition is that state or local officials have imposed or recommended measures to promote social distancing, or, the legislative body determines that meeting in person would present imminent risks to the health and safety of attendees; and

WHEREAS, on July 29, 2021, the Sacramento County Health Officer issued an order intended to help limit the spread of COVID-19, and among other things,

required face coverings in indoor public spaces for vaccinated and unvaccinated people alike; and

WHEREAS, on September 28, 2021, the Sacramento County Health Officer issued a Teleconferencing Recommendation stating:

> Public meetings bring together many individuals (both vaccinated and potentially unvaccinated), from multiple households, in a single indoor space for an extended time. For those at increased risk for infection, or subject to an isolation or quarantine order, teleconferencing allows for full participation in public meetings, while protecting themselves and others from COVID-19.
>
> Utilizing teleconferencing options for public meetings is an effective and recommended social distancing measure to facilitate participation in public affairs and encourage participants to protect themselves and others from COVID-19

; and

WHEREAS, on January 6, 2022, the Sacramento County Health Officer issued an order directing all public meetings in the county to occur virtually and encouraging workplaces to conduct meetings remotely as business needs permit; and

WHEREAS, on February 16, 2022, the Sacramento County Health Officer rescinded all remaining health orders for Sacramento County; and

WHEREAS, on February 25, 2022, Executive Order N-04-22 was issued leaving the California State of Emergency due to the threat of COVID-19 in effect for the foreseeable future and extending the authorization for state agency boards to meet virtually through March 31, 2022; and

WHEREAS, on February 28, 2022, the California Department of Public Health rescinded the mask requirement effective March 1, 2022, for all individuals

regardless of vaccination status and instead issued a strong recommendation that all persons, regardless of vaccine status, continue indoor masking; and

WHEREAS, under current state of emergency conditions it would be impractical for SMUD to take steps necessary to prevent imminent risks to the health and safety of attendees, such as by holding public meetings outdoors, ensuring public meeting attendees are vaccinated, have appropriate face coverings, and wear them consistent with public health guidance; and

WHEREAS, all meetings, agendas, meeting dates, times, and manner in which the public may participate in the public meetings of the SMUD Board and offer public comment by telephone or internet-based service options including video conference are posted on the SMUD website and physically outside of SMUD's Headquarters Building; and

WHEREAS, by Resolution No. 21-10-01 adopted on October 12, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-10-03 adopted on October 21, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-11-05 adopted on November 18, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct

remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 21-12-04 adopted on December 9, 2021, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; and

WHEREAS, by Resolution No. 22-03-01 adopted on March 8, 2022, this Board made findings that requisite conditions exist for the SMUD Board to conduct remote teleconference meetings without compliance with paragraph (3) of subdivision (b) of section 54953; **NOW, THEREFORE**,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. Risks to Health and Safety of Attendees. The Board has reconsidered the circumstances of the state of emergency and hereby finds that the state of emergency continues to directly impact the ability of the members to meet safely in person and holding SMUD Board meetings in person would present imminent risks to the health and safety of attendees.

Section 2. Remote Teleconference Meetings. SMUD staff are hereby authorized and directed to take all actions necessary to carry out the intent and purpose of this Resolution, including conducting open and public meetings in accordance with section 54953(e) and other applicable provisions of the Brown Act.

Section 3. Effective Date of Resolution. This Resolution shall take effect immediately upon its adoption and shall be effective until the earlier of (i) April 17, 2022, or (ii) such time the Board of Directors adopts a subsequent resolution in

accordance with Government Code section 54953(e)(3) to extend the time during which the SMUD Board may continue to teleconference without compliance with paragraph (3) of subdivision (b) of section 54953.

7

SSS No.
E,S,RES 22-02

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
Policy, March 9, 2022
Board Meeting Date
March 17, 2022

TO		TO	
1.	Frankie McDermott	6.	
2.	Jennifer Davidson	7.	
3.	Stephen Clemons	8.	
4.	Brandy Bolden	9.	**Legal**
5.	Farres Everly	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**	**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Patrick Durham	Energy Delivery and Operations	B203	6327	02/14/2022

NARRATIVE:

Requested Action: Accept the monitoring report for **Strategic Direction SD-6, Safety Leadership**.

Summary: Report on the status of Strategic Direction SD-6, Safety Leadership (SD-6), for safety performance from July through December 2021. The report addresses Safety Leadership accomplishments during the last six months of the year, current Days Away Restricted Time (DART) numbers, and safety opportunities and challenges.

Board Policy: *(Number & Title)* This report supports the SD-6, Core Value of Safety Leadership by providing a safety performance status.

Benefits: Provide the scheduled bi-annual monitoring report as requested by the Board of Directors and Executive Staff. The report provides an opportunity to make recommendations or policy revisions, as necessary.

Cost/Budgeted: None

Alternatives: Provide the Board monitoring report without a presentation.

Affected Parties: Board of Directors, Executive Staff

Coordination: Organization-wide

Presenter: Patrick Durham, Director of Environmental, Safety, and Real Estate Services

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
SD-6, Safety Leadership Board Monitoring Report	7

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

OFFICE MEMORANDUM

TO: Board of Directors **DATE:** 3/1/2022

FROM: Claire Rogers *CR 3/1/22*

SUBJECT: Audit Report No. 28007422
Board Monitoring Report; SD-06: Safety Leadership

Audit and Quality Services (AQS) received the SD-06 *Safety Leadership* second-half 2021 Biannual Board Monitoring Report and performed the following:

- A review of the information presented in the report to determine the possible existence of material misstatements;
- Interviews with report contributors and verification of the methodology used to prepare the monitoring report; and
- Validation of the reasonableness of a selection of the report's statements and assertions.

During the review, nothing came to AQS' attention that would suggest the SD Board Monitoring report did not fairly represent the source data available at the time of the review.

CC:

Paul Lau

Board Monitoring Report
3rd and 4th Quarters, 2021
Strategic Direction SD-6, Safety Leadership

1. Background

Strategic Direction SD-6 states that:

Creating a safe environment for employees and the public is a core value of SMUD.

Through best practice methods and continuous improvement, SMUD will be recognized as a leader in employee safety while also assuring the safety of the public related to SMUD operations and facilities. SMUD commits to a proactive approach, including the active involvement of SMUD leadership, employees, contractors, and the community, as well as comprehensive monitoring of organizational and public safety performance.

Therefore, SMUD will continue to improve safety results to:

Workplace Safety

a) Reduce SMUD's injury severity incidents to 13 or less than by 2025, as measured by OSHA's Days Away Restricted Time (DART), a rate that demonstrates top quartile safety performance for similar size utilities using the Bureau of Labor Statistics (BLS) work-related safety data.

b) Provide timely, quality health care for injured employees that aids their recovery while maintaining positive financial performance of the workers' compensation program.

Contractor Safety

a) Support contractors to reduce and eliminate potential hazards for Serious Injuries and/or Fatality (SIF) when conducting high risk work.

Public Safety

a) Track and report injuries to the public related to SMUD operations or facilities.

b) Implement measures to protect the public from injuries related to SMUD operations or facilities.

2. Executive Summary

SMUD is in compliance with the SD-6 direction and is in alignment with SMUD's new 5-year strategy of working toward a zero-incident culture. In 2021, SMUD met its safety performance targets related to SD-6.

Workplace Safety

In 2021, SMUD recorded 45 OSHA Recordables injuries. This is a 22% decrease from 2020 (58 OSHA Recordables). Of the 45 injuries, 16 (5 Lost Time & 11 Modified Duty injuries) resulted in a 0.79 DART rate. Three of the DART cases in the last two quarters of the year were serious injuries. This represents a continued decrease in injuries which is trending downward to meet our 2025 Target (See Appendix A). As compared with the U.S. Bureau of Labor Statistics (BLS), SMUD was below the DART rate for Electrical Power Generation, Transmission and Distribution total DART rate of 0.9 by 0.11 points *(https://www.bls.gov/web/osh/summ1_00.htm).*

Quality care of injured employees is measured through the Workers' Compensation program's performance, which is assessed annually by an independent actuary. SMUD continues to have a reduction in claims over the past three years, a reduction in injury frequency rates, and a reduction in indemnity benefits as presented below.

	2018	2019	2020	2021
No. of Claims (Medical & Indemnity)	120	85	89	59
Incident rate per 100 employees	5.06	3.6	2.3	2.4
Rates per $100 payroll	.98	.94	.94	.85

This year has continued to present challenges with COVID-19. COVID -19 hasn't only impacted the way SMUD is getting work done but has also resulted in new and emerging legislation surrounding paid leave and workers' compensation liabilities for COVID related injuries. Despite these challenges SMUD's program remains strong and continues to lead when compared with similarly situated organizations. No COVID-19 claims were made in 2021.

Contractor Safety

Safety has completed 182 contractor site safety field visits in 2021. These visits focus on high hazard work performed on SMUD projects focusing on construction safety hazards, such as excavation, working at elevations, and in confined spaces to verify safe working practices by our contractor to reduce the potential for serious injuries or property damage. Contractor reported incidents require an investigation to be completed and typically will warrant additional site safety visits to verify corrective measures have been put into place to reduce further occurrences.

Public and Community Safety

SMUD tracks public and community incidents in the Safety Incident Tracking System (SITS) involving car-pole, electrical contact, dig-in incidents, and injuries to the public that are related to SMUD's operations or facilities. For all of 2021, there have been 246 incidents where the public hit a SMUD pole, with 6 fatalities from such events. Seven electrical contacts were reported, and 85 dig-ins with no reported injuries.

3. Additional Supporting Information

The new SD-6 Safety Direction became effective February 2021. Our goal is to achieve the desired performance objectives by year-end 2025. This report summarizes the second half of 2021 safety performance.

Safety Leadership. The Safety Team continues with its integration efforts to support Executive Leadership's 5-year plan that emphasizes zero incidents and injuries and a focus on a zero-accident safety culture. SMUD's Chief Executive Officer (CEO) Paul Lau, re-emphasized the need to improve safety at SMUD with a greater focus of developing a" Safety for Life" culture, reducing the risk of serious injuries and fatalities, implementing a safety management system, and improving the analysis of injury and incident trends. These goals are outlined in SMUD's Safety Road Map, which was updated in early 2022.

Safety Management System (SMS). Six applications within the SMS were activated in 2021. They include the Inspection Tool, Safety Risk Assessment, and Compliance Calendar, Concern Reporting, Safety Observations, and Ergonomics modules. Job aids and training are complete, and all applications are now in use. During the early part of 2022, Safety anticipates that there will be sufficient data to activate and utilize, new safety dashboards and reports for leadership.

Safety Standards Development. During 2021, the Safety Team continued their efforts to improve the process to be used to route new or updated Health & Safety Standards to appropriate Directors for review. The recently obtained SMS "Doc Manager" application will be used for this process.

Supervisor-Employee Interactions. Safety staff updated and strengthened its supervisor-employee interaction quality program. Improvements included data governance definitions for Supervisor-Employee Interactions, Safety Contacts, Field and Office visits. Emphasis is placed on field visits for work with the highest hazard potential. For office personnel, an emphasis is placed on observing personnel pertaining to ergonomic risk, and slip/trip/fall hazards in walking areas. During 2021, a total of 17,070 Supervisor-Employee interactions were complete that resulted in a 166% percentage observed.

Near Miss Reporting. Leadership continues to support and encourage near miss reporting. In 2021, the Safety Incident Tracking System (SITS), provided a method to

track near miss reporting. The goal of this process is to identify opportunities for learning, prior to an incident occurring. During 2021, SMUD reported 55 near misses through SITS.

Contractor Safety. SMUD continues to use the ISN system to evaluate our contractor's safety record and safety program. The Contractor Safety program focuses on SMUD contractors in Power Generation, Environmental Services, Line, Substation, and Vegetation management contractors that perform high risk work, such as high voltage work, working at heights, vegetation management, confined spaces, excavations, etc.

SMUD currently has 73 contractors in the ISN system. During the past year we have expended our site safety evaluations performed on our high-risk contractors validate safety performance on the jobsites. Through 2021, 182 site safety evaluations were completed which exceeded this year's target of 125. We are also continuing to validate our pre-qualification criteria for contractor selection. SMUD's pre-qualification criteria focuses on Contractor Fatality History, OSHA Citation History, DART and Total Recordable Incident Rates (TRIR), Insurance Experience Ratio, Safety Culture Questions, and Safety Program Review.

In addition, SMUD Procurement and Safety have partnered together working on enhancing contract language as it relates to contractor safety requirements, Request for Proposal (RFP) templates for high-risk work and incorporating contractor safety as part of the onboarding process.

Safely Conducted Observations Reduce Common Hazards (SCORCH). For 2021, SCORCH team members conducted 4,062 Office and Professional interactions and 1,894 Field employee interactions. These interactions resulted in the removal of 8 barriers to employee safety. Based on observation data, exposure mitigation plans encouraged employee use of the 20/20/20 Rule and the scheduling of stretch breaks reminders. The 20-20-20 rule promotes (looking away from computer every 20 minutes, at an object 20 feet away, for 20 seconds) to reduce digital **Eye Strain** from strain. The use of Outlook calendars, smart watch reminders and visible post-it notes to trigger the behavior of stretching and taking micro-breaks routinely throughout day took place. Steps proved effective in minimizing the impact of static posture and promoted increased circulation to the **Hips, Legs and Feet** posture of employees.

Field employees found themselves attending virtual meetings and training sessions more frequently from the cab of their trucks or from remote locations. This led to an action plan focused on elevating employee awareness for **Head & Neck Posture** improvements. An action plan was established highlighting the benefits of a smart setup, vehicle ergonomics and posture awareness. Education was provided on the different hardware solutions to improve vehicle ergonomics and reduce awkward posture.

SMUD wide employee safety involvement opportunities were intentionally created by providing access to Safety Observations via (SMS) to all employees, not just actively participating employee workgroups. This level of engagement was further extended through its successful SCORCHing Summer Safety Days photo contest. Promoting the embracing of SMUD's Safety for Life culture, by asking employees to share photos actively inserting workplace behaviors *at home* and *at play* in a fun and family-oriented style. SCORCH leading indicator data and employee feedback, continues to provide safety representatives, executives, and supervisors with trusted insight on where to make resource and communication adjustments to best meet the safety and wellness needs of employees.

4. Challenges

COVID-19 and Vaccination Guidance. The challenge for Safety in 2021 is managing COVID-19 prevention efforts. SMUD Safety, People, Services, & Strategies, Emergency Planning, Facilities and Communications worked to develop new COVID-19 guidance and testing programs to protect employees, contractors, and the public. This year, SMUD was able to provide employees with COVID-19 vaccinations and antigen testing at our EC-OC clinic, as well as continued PCR testing at our contractor facility.

Data Management. Improving the quality, automation, and use of safety data is an ongoing challenge. SMUD Safety and IT selected the GenSuite Safety Management System (SMS) to automate the generation of data so that we can trend recorded incidents using data analytics. In addition, Safety expanded its dashboard reporting and real-time DART, OSHA Recordable, and Preventable Vehicle Accident (PVA) reporting.

Chronic Muscular Injuries. The SMUD Safety Team continues to work with business units to a reduce all incidents. This year, the following actions were taken to focus on a reduction to chronic muscular injuries: SMUD leadership and employees worked together to continue to build trust, SCORCH (behavior-based) Committees, Safety for Life efforts, crew and contractor safety field visits, and standards, programs, and training. In addition, SMUD continued the field ergonomic program with Power Generation and started a pilot Injury Prevention Outpost with Line Division, at the end of the 4th Quarter.

Wildfire Smoke. This year, wildfire smoke events challenged teams in coordinating work with higher-than-normal Air Quality Index (AQI) levels. Safety was able to use its purple air monitoring system and reporting, in cab vehicle air filters, PPE, scheduling, and training to inform and assist with scheduling work outside of poor air quality days.

5. Recommendation

SMUD is committed to becoming a recognized leader in safety. Both SMUD's leadership team and employees recognize that to achieve success we must integrate safety into all that we do. It is recommended that the Board accept the Monitoring Report for SD-6.

6. Appendices - Business Segment Safety Program Improvement Initiatives

Energy Delivery and Operations (EDO). Grid Assets leadership is continuing its approach, to encourage field staff input and participation on work group specific Joint Labor Management Safety Committees (JLMSCs), with representatives from Field, Supervision, Union, and Safety in attendance. The Quarterly Business Segment JLMSC continues with an "All field teams' approach" at SMUD, allowing for the sharing of ideas and mitigation controls, of similar risks. Due to COVID-19 impacts, the meetings continue to be held via Teams. Response from participants continues to be positive, with the value of improved communication for safety among all teams being recognized and appreciated.

In 2021, SMUD had four Serious Injuries and/or Fatalities (SIFs) and one Potential Serious Injury and/or Fatality (PSIF). With these incidents, the Safety Team uses a root cause analysis to identify the causal factors for these types of incidents. This software has been synced with the SMS program, including the "Action Tracking System" (ATS) application, to record and track identified corrective actions, to reduce workplace hazards and the potential for repeat incidents.

Safety has continued working with the SMUD Power Academy, through the COVID pandemic, reviewing internal and external safety training programs, to ensure continued consistency and quality. An example of this collaboration and teamwork was the rollout of the updated Wildfire Smoke Training. The Safety Team augmented this program with the additional Purple Air sensors; hand-held "real-time" sensors, to be used by field crews (when internet is inaccessible); vehicle air cleaners; updated Air Quality Index (AQI) response guidelines; a fillable tailboard supplement; and Tabletop exercises to ensure appropriate response and understanding during these events.

The Safety Team has continued to provide required safety training to field employees, utilizing smaller maximum capacity limits, due to the COVID-19 social distancing requirements. This includes creating social distancing floor plans for training, providing signage, temperature stations, sanitization, PPE, and other support, as needed.

The Safety for Life events scheduled for 2021 were again postponed due to COVID-19. To ensure the Safety for Life culture continues to evolve during this time of social distancing and remote work, more emphasis will be placed on Safety for Life communications and testimonials. In 2021, Safety re-branded its publications and content to emphasize our Safety for Life culture at SMUD. Safety partnered with Red Cross to offer a virtual class in quarter four to SMUD employees. The class was a Compression Only CPR class. Safety will continue to partner with Red Cross in 2022 for additional classes which will be available to SMUD employees. In addition, Safety hosted two driving rodeos this year and conducted vehicle ergo inspections as needed. Safety for Life Sparky's Crew for SMUD children consisting of birthday cards, safety

newsletters and postcards and the safety calendar with children's artwork, has continued throughout the pandemic.

During 2021, Wellness activities are designed and modified to support all employees, including those working remotely, through virtual wellness programs and activities. These activities focused on improving overall health, by providing on-line stretch breaks, workouts, eating healthy seminars and cooking demos to support physical health. Educational and awareness webinars help supported mental and emotional health, by providing resources and coping mechanisms to address stress and changes in lifestyle. The wellness program embraces a holistic approach that includes physical, financial, social, spiritual, and emotional wellness to support positive behavioral changes.

Health & Wellness realizes the environments in which we live, work and play, and impacts our well-being. This effort focuses on employees and their families empowering themselves to promote and model positive attitudes and behaviors through a lifelong commitment to wellness.

Zero Carbon Energy Solutions (ZCES). Since the beginning of the COVID-19 pandemic, Power Generation has prioritized employee safety while ensuring that critical work is completed. The Upper American River Project (UARP) increased work planning efforts to isolate crews and document work routes in case contact tracing was needed. Gas Pipeline began reporting directly to the field, to limit employee to employee contact. Meetings that include JLMSC updates, tailboards, safety meetings and safety training, including annual crew training, have continued with appropriate modifications to occur virtually, or when an in-person meeting is required social distancing and facial coverings are utilized.

Power Generation employees continued with their Savvy FIT Daily Dozen for soft tissue injury reduction. As a result, soft tissue injuries continue to trend down.

In addition to the COVID-19 Pandemic, Power Generation has also responded to extreme high heat and wildfire smoke events. Work was planned to ensure that employees able to reduce or eliminate potential exposures. Then, on August 17, Hydro Operations at Fresh Pond came under mandatory evacuation orders due to the fast-spreading Caldor Fire. Crews quickly moved vehicles and other equipment to White Rock Powerhouse and moved snow removal equipment from Riverton Yard to the shores of Union Valley Reservoir. Those who could not work from home reported daily to White Rock Powerhouse. Air scrubbers were deployed in areas where employees were working as AQI levels were frequently above 500. Evacuation orders were lifted on September 7. Prior to repopulating the Fresh Pond campus, Power Generation leadership had the campus cleaned of ash and debris, and deployed air scrubbers in all areas to eliminate the smoke.

Although Cal/OSHA's Voluntary Protection Program (VPP) program has been limited in its scope and participation due to the COVID-19 pandemic, both the UARP and Gas Pipeline Operations (GPO) continue to pursue best in class improvements. The UARP

achieved Cal/Reach status in 2019 and provided periodic updates to Cal/OSHA on their continuous improvement efforts.

In December 2021, Hydro completed a Cal/OSHA VPP audit. The auditor was impressed with the many safety improvements achieved over the last two years and Hydro is optimistic they will achieve VPP Star status. The Cal/VPP is designed to recognize employers and their employees who have implemented safety and health programs that effectively prevent and control occupational hazards. These programs go beyond minimal Cal/OSHA standards and provide the best feasible protection at the site.

Management commitment and employee participation are key elements in achieving Cal/VPP recognition. Cal/VPP establishments are considered leaders in the field of workplace safety and health. GPO continues to meet and prepare for the Cal/OSHA audit that is hopeful to be scheduled for early 2022 due to COVID-19 restrictions.

Power Generation also completed the purchase of Chili Bar Powerhouse from PG&E in June 2021. Safety inspections were completed by labor, management, engineering, and safety as soon as we took possession. There were 43 safety deficiencies noted, most of which have been resolved to bring the plant to SMUD's high standards.

Customer & Community Services (CCS). Safety worked with CCS and Security to safely re-open the CSC lobby and re-start selected programs by identifying and implementing appropriate COVID-19 controls to protect employees, contractors, and the public. Business processes were reviewed for potential risk and modified based on the COVID-19 guidance that Safety has provided to the enterprise. To improve the air quality inside the cashier area, an ionizing air purifier was added to remove contaminants and pollutants within the small office space.

Corporate Financial and Administrative Services (CFAS). Facilities and Safety have partnered on the re-entry efforts to ensure current and future workspaces, signage, physical distancing, use of barriers, and cleaning and disinfecting controls are in place and operating affectively. Security Operations has taken an active role in the re-opening of the lobby by coordinating with both Safety and CCS.

Warehouse has implemented controls to limit COVID-19 exposures in the tool room by having their customers call-in for requests while remaining outside to support social distancing efforts. During days with hazardous air quality conditions, the warehouse provides readily available N95 respirators and vehicle air cleaners. Fleet has mitigated COVID-19 exposures by performing vehicle wipe-downs and disinfecting each vehicle before servicing. To address concerns of hazardous air quality in vehicles, Fleet provided an updated list of SMUD vehicles without in-cabin air filters to help determine the need of requesting a portable vehicle air cleaner from the Warehouse. The Safety Team has encouraged all field forces to integrate their Monthly Vehicle Inspections into SMS through the Inspection Tool application for easy access and documentation. The Procurement, Warehouse, and Fleet (PWF) team continues to focus on the health and

safety of their team members, of their customers, and of their families in support of SMUD's North Star strategic plan—Be Safe. Always.

Driver Safety. In 2021 the Driver Safety program was significantly adjusted due to the impacts of COVID-19. In-vehicle, in-person instruction, and ride along activities, such as Supervisor Ride-a-longs, were halted to prevent possible employee COVID-19 exposure. The van pool program was also suspended for the same reason. Changes to the program included the development and implementation of a "virtual" defensive driving refresher training that highlighted Smith System driving techniques and SMUD vehicle inspection information. In addition, Driving Rodeos were modified and resumed with COVID-19 safety protocols in place. Educational information in the form of brief PowerPoint Presentations covering various vehicle related topics were also made available on the Health and Safety SharePoint site for supervisors, when conducting safety meetings.

Appendix A

DART Count and OSHA Recordable 2012-2021

DRAFT

RESOLUTION NO. _____

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

This Board accepts the monitoring report for **Strategic Direction SD-6, Safety Leadership**, substantially in the form set forth in **Attachment __** hereto and made a part hereof.

8

SSS No. SCS 22-052

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit - 03/15/22
Board Meeting Date
March 17, 2022

TO		TO	
1.	Robert Adams	6.	Jennifer Davidson
2.	Casey Fallon	7.	Lora Anguay
3.	Eric Poff	8.	Scott Martin
4.	Frankie McDermott	9.	**Legal**
5.	Gary King	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Jesse Mays	Procurement	EA404	5744	2/25/2022

NARRATIVE:

Requested Action: Approve an increase to the aggregate contract not-to-exceed amount for civil construction services in downtown and other areas of Sacramento by $5 million, from $41.5 million to $46.5 million for Contract No. 4600001313 with Arrow Construction and Contract No. 4600001312 with Clark Bros., Inc.

Summary: By Resolution No. 19-09-06, Contract No. 4600001313 was awarded to Arrow Construction (Arrow Contract) and Contract No. 4600001312 was awarded to Clark Bros., Inc. (Clark Contract) (collectively, the Contracts) in September 2019 for provision of civil construction services in downtown and other areas of Sacramento for a three-year period from approximately September 23, 2019, to September 22, 2022, for a total not-to-exceed aggregate contract amount of $30 million. Contract Change No. to Clark Contract changed foreman labor rates on Bid Schedule Line Items 56 through 60. Contract Change No. 2 to Clark Contract and Contract Change No. 1 to Arrow Contract increased the total aggregate contract not-to-exceed amount by $1.5M, a portion of the allowable 10% contingency amount, to provide funds to respond to unexpected requests through the term of the Contracts. By Resolution No. 21-07-13, adopted on July 19, 2021, the total aggregate not-to-exceed amount of the Contracts was increased by $10M from $31.5M to $41.5M. Contract Change No. 2 to Arrow Contract changed foreman labor rates on Bid Schedule Line Items 56, 57, and 60. Contract Change No. 3 to Arrow Contract added a subcontractor. Contract Change No. 3 to Clark Contract and Contract Change No. 4 to Arrow Contract removed rate schedule items 29 through 49 and directed payment of those items through line items 28 and 50. Contract Change No. 4 to Clark Contract and Contract Change No. 5 to Arrow Contract extended the term of the Contracts from September 22, 2022, to December 31, 2022. The current action requests Board approval to increase the total aggregate not-to-exceed amount for the Contracts by $5M to ensure continuity of necessary work as new contracts are put in place.

Currently, the contract balance is approximately $8,900,000.

Contract Actions	Amount	Cumulative Total	Description
Original Contract	$30,000,000	$30,000,000	Contract Award
4600001312 Change No. 01	$0.00	$30,000,000	Changed Foreman Labor Rates on Bid Schedule Line Items 56 through 60
4600001312 Change No. 02 4600001313 Change No. 01	$1,500,000	$31,500,000	Added Allowable Contingency Amount
Board Approval	$10,000,000	$41,500,000	Increase Total Aggregate Amount
4600001313 Change No. 02	$0.00	$41,500,000	Changed Foreman Labor Rates on Bid Schedule Line Items 56, 57 and 60
4600001313 Change No. 03	$0.00	$41,500,000	Added a Subcontractor
4600001312 Change No. 03 4600001313 Change No. 04	$0.00	$41,500,000	Removed Line Items
4600001312 Change No. 04 4600001313 Change No. 05	$0.00	$41,500,000	Extend Contract Term
Pending Board Approval	$5,000,000	$46,500,000	Increase Total Aggregate Amount

Current commitments under the Contracts total in aggregate $38,118,401.57 as reflected in the table below. With foreseeable work requirements for the next eight months, we anticipate the remaining contract amounts will be depleted prior to the completion of the necessary work, leaving little or no buffer for emergency work.

Contract No.	Vendor	Start	End	Group Award Limit	Invoice amt	Release amt
4600001312	CLARK BROS INC.	9/23/2019	9/22/2022	$41,500,000.00	$15,122,860.10	$15,130,360.14
4600001313	ARROW CONSTRUCTION	9/23/2019	9/22/2022		$17,476,551.03	$22,988,041.43
					$32,599,411.13	$38,118,401.57

Staff has initiated a solicitation process for successor contracts. It will take staff several months to solicit proposals and award contracts. This creates a gap in the aggregate contract funds. To ensure the continuity of this civil construction work, staff is seeking an increase in the aggregate contract funds.

Board Policy: *(Number & Title)* BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; SD-4, Reliability; SD-7, Environmental Leadership; SD-13, Economic Development Policy.

Benefits: Continuity of necessary work and excellence in contract management.

Cost/Budgeted: $46.5 M; Budgeted through 2022 by Grid Assets

Alternatives: Let the contract expire and suspend civil construction work. If emergencies arise, we will have to issue emergency contracts with available contractors.

Affected Parties: Grid Assets, Supply Chain Services, and Contractor.

Coordination: Grid Assets and Supply Chain Services.

Presenter: Eric Poff, Director, Substations, Telecommunications, and Metering Assets

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Approve Increase in Aggregate Contract Amount for Civil Construction Services in Downtown and Other Areas of Sacramento	**8**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. _____

WHEREAS, by Resolution No. 19-09-06, adopted on September 19, 2019, this Board authorized the Chief Executive Officer and General Manager to award Contract No. 4600001313 to **Arrow Construction (Arrow)** and Contract No. 4600001312 to **Clark Bros., Inc. (Clark)** (collectively, the **Contracts**) for provision of civil construction services in downtown and other areas of Sacramento for a three-year period from approximately September 23, 2019, to September 22, 2022, for a total not-to-exceed aggregate amount of $30,000,000; and

WHEREAS, Contract Change 1 to **Clark** Contract No. 4600001312 changed foreman labor rates on Bid Schedule Line Items 56 through 60; and

WHEREAS, Contract Change No. 2 to **Clark** Contract No. 4600001312 and Contract Change No. 1 to **Arrow** Contract No. 4600001313 increased the total aggregate contract not-to-exceed amount by $1,500,000, a portion of the 10% allowed contingency amount, to provide funds to respond to unexpected requests through the term of the **Contracts**; and

WHEREAS, by Resolution No. 21-07-13, adopted on July 19, 2021, this Board increased the aggregate contract not-to-exceed amount for civil construction services in downtown and other areas of Sacramento by $10,000,000, from $31,500,000 to $41,500,000, for the **Contracts**; and

WHEREAS, Contract Change No. 2 to **Arrow** Contract No. 4600001313 changed foreman labor rates on Bid Schedule Line Items 56, 57 and 60; and

WHEREAS, Contract Change No. 3 to **Arrow** Contract No. 4600001313 added a subcontractor; and

WHEREAS, Contract Change No. 3 to **Clark** Contract No. 4600001312 removed rate schedule items 29 through 49 and directed payment for these items through line items 28 and 50 and Contract Change No. 4 to **Arrow** Contract No. 4600001313 removed rate schedule items 29 through 49 and directed payment for these items through line items 28 and 50; and

WHEREAS, Contract Change No. 4 to **Clark** Contract No. 4600001312 and Contract Change No. 5 to **Arrow** Contract No. 4600001313 extended the term of the **Contracts** from September 22, 2022, to December 31, 2022; and

WHEREAS, staff has initiated a solicitation process for successor contracts, but the process will take several months to complete; and

WHEREAS, increasing the aggregate amount for the **Contracts** will ensure continuity of necessary work as the new contracts are put in place; **NOW, THEREFORE**,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to increase the aggregate contract not-to-exceed amount for civil construction services in downtown and other areas of Sacramento by $5 million, from $41.5 million to $46.5 million, for Contract No. 4600001313 with **Arrow Construction** and Contract No. 4600001312 with **Clark Bros., Inc.** (collectively, the Contracts).

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the Contracts that, in his prudent judgment: (a) further the primary purpose of the

Contracts; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

SSS No. SCS 22-050

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit - 03/15/22
Board Meeting Date
March 17, 2022

TO		TO	
1.	Robert Adams	6.	Jennifer Davidson
2.	Casey Fallon	7.	Lora Anguay
3.	Eric Poff	8.	Scott Martin
4.	Frankie McDermott	9.	**Legal**
5.	Gary King	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Jesse Mays	Procurement	EA404	5744	2/25/2022

NARRATIVE:

Requested Action: Approve an increase to the aggregate contract not-to-exceed amount for civil construction services by $5 million, from $25.6 million to $30.6 million for Contract No. 4600001250 with Arrow Construction, Contract No. 4600001251 with Sierra National Construction, Inc., and Contract No. 4600001252 Pacific Gold Marketing, Inc.

Summary: The original contracts were awarded on a competitive basis to Arrow Construction (Arrow), Sierra National Construction, Inc. (Sierra), and Pacific Gold Marketing, Inc. (Pacific) in March 2019 (Board Resolution No. 19-03-07) to provide civil construction services for a contract term of three years from March 25, 2019, to March 25, 2022, for a not-to-exceed aggregate contract amount of $15 million (collectively, the Contracts). Contract Change No. 1 to the Contracts increased the total aggregate not-to-exceed amount by $600,000 to provide funds to respond to unexpected requests through the contract term. Contract Change No. 2 to the Contracts was approved by Resolution No. 21-07-12, adopted on July 19, 2021, and increased the total aggregate not-to-exceed amount of the Contracts by $10M and extended the term of the Contracts by three months to June 25, 2022. Contract Change No. 3 to Arrow Contract No. 4600001250 and Contract Change No. 3 to Sierra Contract No. 4600001251 increased foreman rate schedule items 52, 53, and 54. Contract Change No. 4 for Arrow Contract No. 4600001250, Contract Change No. 4 for Sierra Contract No. 4600001251, and Contract Change No. 3 for Pacific Contract No. 4600001252 removed Rate Schedule Items 29 through 49 and directed payment for these items through 28 and 50. Contract Change No. 5 for Arrow Contract No. 4600001250, Contract Change No. 5 for Sierra Contract No. 4600001251, and Contract Change No. 4 for Pacific Contract No. 4600001252 extended the term of the Contracts by from June 25, 2022, to December 31, 2022.

Currently, the contract balance is approximately $11,900,000.

Contract Actions	**Amount**	**Cumulative Total**	**Description**
Original Contract	$15,000,000	$15,000,000	Contract Award
4600001250 Change No. 01 4600001251 Change No. 01 4600001252 Change No. 01	$600,000	$15,600,000	Added Allowable Contingency Amount
4600001250 Change No. 02 4600001251 Change No. 02 4600001252 Change No. 02	$10,000,000	$25,600,000	Increased Total Aggregate Amount and Extend Contract Term
4600001250 Change No. 03 4600001251 Change No. 03	$0.00	$25,600,000	Increased Foreman Rates
4600001250 Change No. 04 4600001251 Change No. 04 4600001252 Change No. 03	$0.00	$25,600,000	Removed Line Items
4600001250 Change No. 05 4600001251 Change No. 05 4600001252 Change No. 04	$0.00	$25,600,000	Extend Contract Term
Pending Board Approval	$5,000,000	$30,600,000	Increase Total Aggregate Amount

Current commitments under the Contracts total in aggregate $16,091,951.89 as reflected in the table below. With foreseeable work requirements for the next eight months, we anticipate the remaining contract amounts will be depleted prior to the completion of the necessary work, leaving little or no buffer for emergency work.

Contract No.	Vendor	Start	End	Group Award Limit	Invoice amt	Release amt
4600001250	ARROW CONSTRUCTION	6/25/2022	12/31/2022	$25,600,000.00	$2,502,148.46	$2,648,923.44
4600001251	SIERRA NATIONAL CONSTRUCTION INC	6/25/2022	12/31/2022		$7,061,791.90	$8,953,677.34
4600001252	PACIFIC GOLD MARKETING INC.	6/25/2022	12/31/2022		$4,111,504.05	$4,489,351.11
					$13,675,444.41	$16,091,951.89

Staff has initiated a solicitation process for successor contracts. It will take staff several months to solicit proposals and award contracts. This creates a gap in the aggregate contract funds. To ensure the continuity of this civil construction work, staff is seeking an increase in the aggregate contract funds.

Board Policy: *(Number & Title)* BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; SD-4, Reliability; SD-7, Environmental Leadership; SD-13, Economic Development Policy.

Benefits: Continuity of necessary work and excellence in contract management.

Cost/Budgeted: $30.6 M; Budgeted through 2022 by Grid Assets

Alternatives: Let the contract expire and suspend civil construction work. If emergencies arise, we will have to issue emergency contracts with available contractors.

Affected Parties: Grid Assets, Supply Chain Services, and Contractor.

Coordination: Grid Assets and Supply Chain Services.

Presenter: Eric Poff, Director, Substations, Telecommunications, and Metering Assets

Additional Links:

SUBJECT **Approve Increase in Aggregate Contract Amount for Civil Construction Services**

ITEM NO. *(FOR LEGAL USE ONLY)* **9**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. _____

WHEREAS, by Resolution No. 19-03-07, adopted on March 21, 2019, this Board authorized the Chief Executive Officer and General Manager to award Contract No. 4600001250 to **Arrow Construction (Arrow)**, Contract No. 4600001251 to **Sierra National Construction, Inc. (Sierra)**, and Contract No. 4600001252 to **Pacific Gold Marketing, Inc. (Pacific)** (collectively, the **Contracts**) for civil construction services for a contract term of three years from March 25, 2019, to March 25, 2022, for a not-to-exceed aggregate amount of $15,000,000; and

WHEREAS, Contract Change 1 to the **Contracts** increased the total aggregate contract not-to-exceed amount by $600,000, a portion of the 10% allowed contingency amount, to provide funds to respond to unexpected requests through the contract term; and

WHEREAS, by Resolution No. 21-07-12, adopted on July 19, 2021, this Board approved Contract Change 2 to the **Contracts** to increase the aggregate contract not-to-exceed amount by $10,000,000, from $15,600,000 to $25,600,000, and extend the expiration date of the **Contracts** by three months from March 25, 2022, to June 25, 2022; and

WHEREAS, Contract Change No. 3 for **Arrow** Contract No. 4600001250 and Contract Change No. 3 for **Sierra** Contract No. 4600001251 increased foreman rate schedule items 52, 53, and 54; and

WHEREAS, Contract Change No. 4 for **Arrow** Contract No. 4600001250, Contract Change No. 4 for **Sierra** Contract No. 4600001251, and Contract Change No.

3 for **Pacific** Contract No. 4600001252 removed Rate Schedule Items 29 through 49 and directed payment for these items through 28 and 50; and

WHEREAS, Contract Change No. 5 for **Arrow** Contract No. 4600001250, Contract Change No. 5 for **Sierra** Contract No. 4600001251, and Contract Change No. 4 for **Pacific** Contract No. 4600001252 extended the term of the Contracts from June 25, 2022, to December 31, 2022; and

WHEREAS, staff has initiated a solicitation process for successor contracts, but the process will take several months to complete; and

WHEREAS, increasing the aggregate amount for the **Contracts** will ensure continuity of necessary work as the new contracts are put in place; **NOW, THEREFORE**,

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to increase the aggregate contract not-to-exceed amount for civil construction services by $5 million, from $25.6 million to $30.6 million for Contract No. 4600001250 with **Arrow Construction**, Contract No. 4600001251 with **Sierra National Construction, Inc.**, and Contract No. 4600001252 with **Pacific Gold Marketing, Inc.** (collectively, the Contracts).

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the Contracts that, in his prudent judgment: (a) further the primary purpose of the Contracts; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

SSS No. SCS 22-051

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 03/15/22
Board Meeting Date
March 17, 2022

TO		TO	
1.	Robert Adams	6.	Jennifer Davidson
2.	Casey Fallon	7.	Lora Anguay
3.	Eric Poff	8.	Scott Martin
4.	Frankie McDermott	9.	**Legal**
5.	Gary King	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Jesse Mays	Procurement	EA404	5744	2/25/2022

NARRATIVE:

Requested Action: Approve Contract Change No. 03 to Contract No. CW2224258 with Wilson Utility Construction Company (Wilson) to increase the contract not-to-exceed amount by $869,551, from $17,021,365 to $17,890,916, to accelerate the construction schedule and add scope for Station G Substation Project Phase II Electrical.

Summary: This contract was awarded on a competitive basis to Wilson in December 2021 via Resolution No. 21-12-05. The original contract was awarded for the period from December 13, 2021, to June 30, 2023, in an amount not-to-exceed $16,021,365. Contract Change No. 01 added $646,000 of allowable GM Contingency to the contract to accelerate a portion of the construction schedule, and Contract Change No. 02 added an additional $354,000 of allowable GM Contingency to the contract to continue to accelerate the construction schedule. This Contract Change No. 03 requests Board approval to increase the contract amount by $869,551, from $17,021,365 to $17,890,916, to accelerate the construction schedule and complete the 12 kV load cutover of Station A to Station G by October 2022. Acceleration costs account for $646,000 of the requested $869,551. The remaining amount of $223,551 accounts for additional electrical work inside the control building and outdoor substation work to be performed by Wilson. This work was originally planned to be done by SMUD resources but needs to be reassigned to Wilson to support the schedule.

Currently, the contract balance is approximately $16,646,000.

Contract Actions	**Amount**	**Cumulative Total**	**Description**
Original Contract	$16,021,365	$16,021,365	Contract Award
Change No. 01	$646,000	$16,667,365	Allowable GM Contingency
Change No. 02	$354,000	$17,021,365	Allowable GM Contingency
Pending Change No. 03	$869,551	$17,890,916	Accelerated Schedule & Additional Scope

Board Policy: *(Number & Title)* BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; SD-4, Reliability; SD-7, Environmental Leadership; SD-13, Economic Development Policy.

Benefits: Provides SMUD with a qualified contractor to accelerate the construction schedule for Station G Substation which will result in SMUD's increased reliability to our customers.

Cost/Budgeted: $17,890,916; Budgeted through 2023 by Grid Assets

Alternatives: Do not accelerate the construction schedule and rely on Station A to deliver power through the originally planned completion date of June 2023.

Affected Parties:	Grid Assets, Supply Chain Services, and Contractor.
Coordination:	Grid Assets and Supply Chain Services.
Presenter:	Eric Poff, Director, Substations, Telecommunications, and Metering Assets

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Station G Substation Phase II Electrical Construction Contract Change	**10**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. _____

WHEREAS, by Resolution No. 21-12-05, adopted on December 9, 2021, this Board authorized the Chief Executive Officer and General Manager to award Contract No. CW2224258 to **Wilson Utility Construction Company (Wilson)** to provide comprehensive construction services for the **Station G Substation Project Phase II Electrical** for a period of December 13, 2021, to June 30, 2023, in an amount not to exceed $16,021,365; and

WHEREAS, Contract Change 1 increased the contract by the allowed contingency amount of $646,000 to allow **Wilson** to immediately accelerate a portion of the construction schedule; and

WHEREAS, Contract Change 2 increased the contract by the allowed contingency amount of $354,000 to allow **Wilson** to continue to accelerate the construction schedule; and

WHEREAS, the construction schedule must be accelerated to complete the 12 kV load cutover from **Station A** to **Station G** by October 2022; and

WHEREAS, additional work inside the control building as well as outdoor substation work was originally planned to be completed by SMUD resources but needs to be reassigned to **Wilson** to support the accelerated schedule; and

WHEREAS, increasing the contract amount will allow SMUD to continue forward with the accelerated schedule and added scope which will result in SMUD's increased reliability for our customers; **NOW, THEREFORE**,

DRAFT

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. That this Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to execute Contract Change No. 3 to Contract No. CW2224258 with **Wilson Utility Construction Company (Wilson)** to increase the contract not-to-exceed amount by $869,551, from $17,021,365 to $17,890,916, to accelerate the construction schedule and add scope for **Station G Substation Project Phase II Electrical**.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the Contract that, in his prudent judgment: (a) further the primary purpose of the Contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amount and applicable contingencies.

SSS No.
SCS-22-053

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 03/15/22
Board Meeting Date
March 17, 2022

TO		TO	
1.	Robert Adams	6.	Jennifer Davidson
2.	Kevin Hudson	7.	Scott Martin
3.		8.	
4.	Gary King	9.	**Legal**
5.	Lora Anguay	10.	**CEO & General Manager**

Consent Calendar	X	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	X	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Daniel Manfredi	Power Generation	EA404	6283	3/1/2022

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to award contracts to IEC Corporation, Black & Veatch Corporation, and Worley Group, Inc. to provide Thermal Power Plant Engineering Services for the 10-year period from April 1, 2022, to March 30, 2032, for a total aggregate contract not-to-exceed amount of $10,000,000.

Summary: RFP No. Doc3176053345 was issued in October 2021 to solicit qualified professional engineering firms to provide Thermal Power Plant Engineering Services that will help support SMUD's 2030 Zero Carbon Plan which aims to reduce SMUD's carbon footprint. Significant changes for the current thermal plant fleet are therefore expected over the next decade. Currently, at least two thermal plants, McClellan Peaker and Campbell's Cogeneration Plants are projected to cease operations in 2024 and 2025, respectively, subject to confirmation of ongoing reliability studies to verify alternate capabilities in SMUD's overall energy portfolio. The selected Contractors have proven industry expertise and proven capabilities to maneuver in new and innovative territory focused on zero carbon solutions.

A pre-proposal conference was held on October 11, 2021, of which 13 vendors attended. On November 5, 2021, seven proposals were received and evaluated in accordance with the advertised criteria.

Recommendation: Award to the Highest Evaluated Responsive Proposers.

Award to:

IEC Corporation	**Black & Veatch Corporation**	**Worley Group, Inc.**
8795 Folsom Blvd., STE 205	11401 Lamar Avenue	2330 E. Bidwell St. Suite #120
Sacramento, CA 95826	Overland Park, KS 66211	Folsom, CA 95630

Bidders/Proposers Notified by Procurement:	5,179
Bidders/Proposers Downloaded:	75
Pre-Bid/Pre-Proposal Conference Attendance:	13
Bids/Proposals Received:	7

Responsive Proposals Received	Pass/ Fail	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
		10	62	28	100					
IEC Corporation	Passed	10.00	58.25	18.52	86.77	1	$9,365,000.00	$250,000.00	$9,115,000.00	NTE $10,000,000 Aggregate
Black & Veatch Corporation	Passed	10.00	54.17	21.46	85.63	2	$8,114,300.00	$250,000.00	$7,864,300.00	
Worley Group, Inc.	Passed	10.00	46.75	28.00	84.75	3	$6,278,500.00	$250,000.00	$6,028,500.00	

Non-responsive Proposals Received	Comments
WSP USA, INC.	Did not meet the pass/fail requirements
Merrick & Company	Did not meet the pass/fail requirements
Mesa Associates	Did not meet the minimum score threshold
Kiewit Engineering Group	Did not meet the minimum score threshold

Comments:
The contracts include non-standard SMUD contract terms. SMUD staff including Risk and Legal negotiated and accepted the non-standard terms that are listed in the following sections below:

IEC Corporation	Black & Veatch Corporation	Worley Group, Inc.
Terms Sections: 12 D., 13 A.	Terms Sections: 2 A., 10 A., B., C., D., F., 11 A., F., 12 D., 13 A., B., 14, 15 A., 19 D., 20 C., 22 H., K., N., O., P., NDA Sections 3, 4, 5, 7, 8, 9	Terms Sections: 6 B., 10 D., 12 D., 13 A., C., 14, 15 C., 22 H., K., Appendix Insurance: Accepted NDA Sections: 4, 12

Supplier Diversity Program:
The highest ranked proposer, IEC Corporation, is a SEED prime vendor and will self-perform 80% of all work. The second highest ranked proposer, Black & Veatch Corporation, is not a SEED prime vendor and has committed 20% of SEED subcontracting. The third highest ranked proposer, Worley Group, Inc., is not a SEED prime vendor and has committed 20% of SEED subcontracting.

Board Policy: *(Number & Title)* Board-Staff Linkage BL-8, Delegation to the Chief Executive Officer and General Manager with Respect to Procurement; Strategic Direction SD-7, Environmental Leadership; Strategic Direction SD-10, Innovation; Strategic Direction SD-13, Economic Development Policy.

Benefits: SMUD achieved approximately $600,000 in cost savings through a price negotiation with Black & Veatch Corporation and IEC Corporation. The contracts will provide a high level of engineering design expertise in support of SMUD's 2030 Zero Carbon Plan.

Cost/Budgeted: $10M; Budgeted for 2022-2032 by Power Generation.

Alternatives: Alternative 1) Break up the scope of services and solicit contracts for the individual categories of service. This option would require additional SMUD resources to manage the contracts. Alternative 2) SMUD could hire internally specialized engineering resources to perform the work in-house. Due to current staffing shortages nation-wide, this option would likely not materialize in the time and effort needed to onboard internal resources.

Affected Parties: Power Generation, Supply Chain Services, and Contractors.

Coordination: Power Generation and Supply Chain Services.

Presenter: Kevin Hudson, Manager, Engineering

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Thermal Power Plant Engineering Services- Contract Awards	**11**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

RESOLUTION NO. _____

WHEREAS, in October 2021, SMUD issued Request for Proposal No. Doc3176053345 (RFP) to solicit qualified professional engineering firms to provide thermal power plant engineering services; and

WHEREAS, seven (7) proposals received in response to the RFP were evaluated; **NOW, THEREFORE,**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. As a result of such examination, **IEC Corporation**, **Black & Veatch Corporation**, and **Worley Group, Inc.** are hereby determined and declared to be the three highest evaluated responsive proposers to provide thermal power plant engineering services.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized, on behalf of SMUD, to award contracts to **IEC Corporation**, **Black & Veatch Corporation**, and **Worley Group, Inc.** to provide thermal power plant engineering services for the 10-year period from April 1, 2022, to March 30, 2032, for a total aggregate contract not-to-exceed amount of $10,000,000.

Section 3. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contracts that, in his prudent judgment: (a) further the primary purpose of the contracts; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

12

SSS No. ET&C 22-010

BOARD AGENDA ITEM
STAFFING SUMMARY SHEET

Committee Meeting & Date
ERCS March 16, 2022
Board Meeting Date
March 17, 2022

TO		TO	
1.	Jon Olson	6.	Lora Anguay
2.	Jon Anderson	7.	Stephen Clemons
3.	Scott Martin	8.	Frankie McDermott
4.	Jennifer Davidson	9.	**Legal**
5.	Brandy Bolden	10.	**CEO & General Manager**

Consent Calendar	**X**	**Yes**		**No** *If no, schedule a dry run presentation.*	**Budgeted**	**X**	**Yes**		**No** *(If no, explain in Cost/Budgeted section.)*

FROM (IPR)	DEPARTMENT	MAIL STOP	EXT.	DATE SENT
Jon Olson	Energy Trading & Contracts	A404	7378	02/14/2022

NARRATIVE:

Requested Action:

a. Authorize the Chief Executive Officer and General Manager (CEO/GM), or his designee, to negotiate and execute a 10-year **Power Purchase Agreement (PPA)** consisting of two confirmations with **Geysers Power Company, LLC** for 100 MW of geothermal energy, substantially in the form attached.

b. Approve the **California Energy Commission (CEC) Emission Performance Standard (EPS)** compliance filing and authorize the CEO/GM, or his designee, to sign the compliance filing attestation.

Summary:

In 2021, Calpine (the parent company of Geysers Power Company, LLC) approached SMUD with a competitive offer under which SMUD will purchase the energy, capacity, and environmental attributes, including Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs) from its Geysers project in Lake and Sonoma Counties. The Geysers project provides SMUD around-the-clock, carbon-free baseload 100MWs of geothermal energy (including PCC1 RECs) plus 100 MWs of resource adequacy capacity, which SMUD can export from the CAISO as firm capacity. The delivery term is January 1, 2023, through December 31, 2032. The 2030 Zero Carbon Plan specifically identifies the need for incorporation of a geothermal resource into the SMUD portfolio.

Senate Bill 1368 (2006) prohibits publicly-owned utilities from entering into covered long-term procurements that do not meet the greenhouse gas EPS adopted by the CEC. CEC regulations provide that power plants that meet the criteria of a renewable electricity generation facility, as defined by the California Renewables Portfolio Standard (RPS) legislation and guidelines, are "determined to be compliant" with the EPS. The Geysers Power Company's geothermal project qualifies for RPS and is therefore determined to be compliant. The EPS regulations require the SMUD Board make a determination whether this prospective covered procurement complies with the EPS by approving the compliance filing and also requires SMUD submit the compliance filing to the CEC within 10 business days following execution of the PPA.

Board Policy:
(Number & Title)

SD-2, Competitive Rates; SD-4, Reliability; SD-7, Environmental Leadership; SD-9 Resource Planning: This contract provides economic, zero carbon power and will be a key contributor to achieving our 2030 Zero Carbon Plan. Allows access to relatively low cost and carbon-free power generated and delivered to CAISO.

Benefits:

876,000 MWh/year of carbon-free energy and PCC1 RECs generated in California as well as 100MWs of firm capacity each hour for resource adequacy.

Cost/Budgeted:

The expenses for the project have been included in our financial forecast. The annual cost is approximately $61.3 million for energy, RECs, and capacity.

Alternatives:

Rely on other sources for carbon-free energy.

Affected Parties:	Energy Trading & Contracts, Energy Settlements, Resource Strategy, Budget Office, Grid Operations, Treasury, and Commodity Risk Management.
Coordination:	Energy Trading & Contracts and Legal
Presenter:	Jon Olson, Director of Energy Trading & Contracts

Additional Links:

SUBJECT	ITEM NO. *(FOR LEGAL USE ONLY)*
Geysers 100 MW Geothermal PPA	**12**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

DRAFT

CALPINE

Geysers Power Company, LLC
10350 Socrates Mine Road
Middletown, CA 95416

WESTERN SYSTEMS POWER POOL AGREEMENT
CONFIRMATION LETTER (ENERGY)
BETWEEN GEYSERS POWER COMPANY, LLC
AND
SACRAMENTO MUNICIPAL UTILITY DISTRICT

"CONFIDENTIALITY NOTICE: The information is intended only for the use of the individual or entity named below. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution, or taking of any action in reliance on the contents of this information is strictly prohibited. If you have received this transmission in error, please immediately notify us by telephone to arrange for return of the documents."

To: Sacramento Municipal Utility District
Attention: [ ]
Email: [ ]
From: Geysers Power Company, LLC
Re: Deal Number: [...]

This Confirmation sets forth the terms and conditions of the transaction between Buyer and Seller, each individually a "Party" and together the "Parties," as of the Effective Date specified below, in which Seller agrees to sell and deliver, and Buyer agrees to purchase and receive, the Product, as such term is defined herein (the "Transaction"). This Transaction is subject to the terms and conditions of the Western Systems Power Pool Agreement (Effective Version: July 28, 2020) together with any and all exhibits, schedules or supplements thereto or incorporated therein by reference, as amended or modified, each in force and effect from time to time between the Parties (collectively, the "WSPP Agreement"), as amended and supplemented by this Confirmation. The definitions and provisions contained in the WSPP Agreement and in the tariffs and protocols of the California Independent System Operator ("CAISO"), as amended from time to time ("Tariff"), shall apply to this Confirmation Agreement and are incorporated by reference; provided that, to the extent that this Confirmation Agreement is inconsistent with any provision of the WSPP Agreement, this Confirmation shall govern the rights and obligations of the Parties hereunder. This Confirmation, together with the WSPP Agreement will constitute a single agreement between the Parties with respect to the Transaction. This Confirmation supersedes and replaces any prior oral or written confirmation or agreement, including broker confirmations, regarding this Transaction.

We confirm the following terms of our Transaction:

Buyer: Sacramento Municipal Utility District

Seller: Geysers Power Company, LLC

Effective Date: March __, 2022

Delivery Term: The "Delivery Term" shall be from January 1, 2023 to December 31, 2032, inclusive. Notwithstanding the foregoing, for the sole purpose of matching delivery of Renewable Energy Credits (RECs) with Delivered Energy from

the Project, such period will extend through the date that all RECs associated with such energy have been delivered from Seller to Buyer in accordance with this Confirmation.

Product: "Product" means Delivered Energy on an hourly basis which meets the criteria for Section 399.16(b)(1)(A) of the California Public Utilities Code, comprised of: (1) energy, (2) RECs generated by the Project and transferred by Seller through a WREGIS Certificate to Buyer under this Confirmation, and (3) all Green Attributes associated with the renewable energy delivered to Buyer as part of this Confirmation. To the extent not inconsistent with the foregoing, the Product is a Resource Contingent Bundled REC as such is described under Section R-2.3.4 of WSPP Service Schedule R. The Product does not include any other non-renewable and non-environmental attributes (e.g., ancillary services or resource adequacy capacity). Buyer may use the Product for any RPS, voluntary programs, or any other purpose.

Project: The term "Project" means one or more of the geothermal power plants owned or controlled by Seller and located in Lake and Sonoma Counties, California that will be used to provide the Contract Quantity. Due to the portfolio nature of the Geysers, Buyer acknowledges that Seller is making sales and deliveries from the Project to other purchasers. **Exhibit A** identifies each of the plants as of the Effective Date. Following the Effective Date, Seller may add or remove generating facilities to Exhibit A with prior written notice to Buyer, and any added plants will thereafter be considered part of the Project for all purposes under this Confirmation, provided that each facility added is a geothermal power plant certified by the CEC as an ERR and meets the RPS compliance requirements for PCC 1; provided, that, to the extent that addition of the generating facility(ies) was not approved by the CEC prior to delivery, delivery of Product from the added generating facility(ies) is conditioned on the CEC making a final decision pursuant to the California Code of Regulations, Title 20, Section 2910 that the covered procurement complies with EPS, and, in the event the CEC makes a final decision that the added generating facility(ies) does not comply with the EPS, the change to Exhibit A shall be void and all pending Product deliveries from such added generating facility(ies) shall be terminated no later than the effective date of the CEC's decision; provided, further, that Buyer's consent shall be required to remove generating facilities from Exhibit A for reasons other than repair, mothballing, decommissioning, Uncontrollable Forces, or the sale of such facility.

Delivery Point: "Delivery Point" means NP 15 EZ Gen Hub.

Meter Data: To provide evidence of Delivered Energy, in connection with submission of its monthly invoice and upon the request of Buyer, Seller shall provide to Buyer records of metered data, including CAISO metering and transaction data sufficient to document and verify the generation and delivery of the Delivered Energy by the Project (and upon Buyer's reasonable request access to any records, including invoices or settlement data from the CAISO, necessary to verify the invoice).

Payment: For each MWh of Delivered Energy in accordance with this Confirmation, not to exceed the Contract Quantity, Buyer shall pay Seller the Contract Price, which has no escalation during the Delivery Term. "Contract Price" is as follows:

Contract Years	Price ($/MWh)
2023-2032	[redacted]

Contract Quantity:

Contract Years	Contract Quantity
2023-2032	**100 MW delivered each hour on a 7x24 hour schedule**

Renewable Energy Credit Certificates: To provide evidence of Green Attributes, Seller shall transfer to Buyer the RECs to Buyer's WREGIS account(s) within fifteen (15) Business Days after WREGIS creates certificates from each month's meter data (approximately four months after flow under current WREGIS operating conditions). If Buyer's WREGIS account ID is not available as of the start of the Delivery Term, Buyer will provide it to Seller promptly once Buyer receives the WREGIS account ID. REC deliveries will be made by transfer of WREGIS Certificates to Buyer's WREGIS account pursuant to WREGIS Operating Rules. Seller shall, at its option, transfer the WREGIS Certificate using forward certificated transfer or any other transfer permitted under the WREGIS Operating Rules. With respect to REC deliveries, Product flow shall be considered the month in which the WREGIS Certificates are created by WREGIS under current operating conditions.

Scheduling and CAISO Revenues: Seller shall provide (or cause to be provided) all Scheduling Coordinator services for the Project (and all units constituting the Project) and for delivery of Product to the Delivery Point. Buyer shall provide (or cause to be provided) all Scheduling Coordinator services for Product at and from the Delivery Point. The Parties will purchase and sell the Contract Quantity of Product through Inter-SC Trades scheduled on a Day-Ahead basis at the NP15 EZ Gen Hub in compliance with the CAISO Tariff. As between Buyer and Seller, Seller shall be responsible for all CAISO costs (including penalties and other charges) and shall be entitled to all CAISO revenues (including credits and payments) associated with the Project and the delivery of Product to the Delivery Point.

ADDITIONAL TERMS:

a) Seller, and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement that: (i) the Project qualifies and is certified by the CEC as an ERR; and (ii) the Project's output delivered to Buyer qualifies under the requirements of the California Renewables Portfolio Standard. To the extent a Change in Law occurs after execution of this Agreement that causes this representation and warranty to be

materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such Change in Law.

b) Seller shall agree to reasonably assist Buyer with Buyer's California Renewables Portfolio Standard Program compliance filings as requested by Buyer. In connection with the foregoing, neither Seller nor its affiliates shall be required to (i) expend or incur any legal costs (either internal or external) in providing such assistance or (ii) prepare or defend a filing or otherwise advocate on behalf of Buyer.

c) This Agreement and the rights and duties of the Parties hereunder shall be governed by and construed, enforced and performed in accordance with the laws of the state of California, without regard to principles of conflicts of Law.

d) Seller shall, at its sole cost and expense, take all actions and execute all documents or instruments necessary to ensure that the RECs sold hereunder can be transferred to Buyer utilizing WREGIS. Seller shall comply with all laws, including, without limitation, the WREGIS Operating Rules effective as of the date of this Confirmation regarding the certification and transfer of RECs sold hereunder to Buyer. During the Delivery Term, Seller shall have in-place, or shall submit documentation to establish, an account with WREGIS. Seller shall transfer RECs to Buyer in accordance with WREGIS reporting protocols and WREGIS Operating Rules. Seller shall be responsible for all customary expenses associated with WREGIS Certificate issuance fees and utilizing WREGIS to transfer the RECs to Buyer, or its designee, except for any costs incurred by Buyer with respect to Buyer's registration with WREGIS and Buyer's WREGIS account.

e) Seller hereby provides and conveys all Green Attributes associated with the electricity generation from the Project delivered to Buyer as part of the Product. Seller represents and warrants that Seller holds the rights to all such Green Attributes, and Seller agrees to convey and hereby conveys all such Green Attributes to Buyer as included in the delivery of the Product from the Project.

f) Because WREGIS Certificates will only be created for whole MWh amounts of output generated, any fractional MWh amounts will be carried forward during the Delivery Term until sufficient generation is accumulated for the creation of a WREGIS Certificate.

g) Seller shall be responsible, at its sole expense, for validating, adjusting, and disputing data with WREGIS so that the data from the Project's meter(s) corresponds with the quantity of RECs conveyed hereunder. Upon request Seller shall provide Buyer with copies of all correspondence or documentation to or from WREGIS with respect to any such validation, adjustment, or dispute.

h) Without limiting Seller's obligations, if a WREGIS Certificate deficit is caused solely by an error or omission of WREGIS or the California Independent System Operator, the Parties shall cooperate in good faith to cause WREGIS to correct its error or omission. If WREGIS changes the WREGIS Operating Rules after the Effective Date or applies the WREGIS Operating Rules in a manner inconsistent with this Confirmation, the Parties promptly shall modify this Agreement as reasonably required to preserve the intended economic benefits of this transaction for both Parties, and so cause and enable Seller to transfer to Buyer's WREGIS Account the RECs sold to Buyer hereunder.

i) Seller and, if applicable, its successors, represents and warrants that throughout the Delivery Term of this Agreement the RECs transferred to Buyer conform to the definition

and attributes required for compliance with the California Renewables Portfolio Standard, as set forth in California Public Utilities Commission Decision 08-08-028, and as may be modified by subsequent decision of the California Public Utilities Commission or by subsequent legislation. To the extent a Change in Law occurs after execution of this Agreement that causes this representation and warranty to be materially false or misleading, it shall not be an Event of Default if Seller has used commercially reasonable efforts to comply with such Change in Law.

j) Seller warrants that all necessary steps to allow the RECs transferred to Buyer to be tracked in the Western Renewable Energy Generation Information System will be taken prior to the first delivery under the contract.

k) Notwithstanding anything else in this Confirmation, and subject to Seller's obligations under this Confirmation, Buyer acknowledges and agrees that the sale of energy and RECs by Seller from the Project is nonexclusive.

l) Confidentiality: Seller acknowledges that Buyer is a public agency subject to the requirements of the California Public Records Act (Cal. Gov. Code section 6250 et seq.).

m) Change in Law: Seller shall make commercially reasonable efforts to comply with Changes in Law in the California RPS, provided that Seller shall not be required to incur costs greater than an aggregate amount of $500,000 during the entire Delivery Term (the "Capped Amount"). The Parties acknowledge and agree that any such Change in Law shall not (i) entitle Buyer to a change in the Contract Price or Payment terms, (ii) result in any change to the Contract Quantity, (iii) give either Party the right to terminate this Agreement, or (iv) allow for the severability of any provisions of this Confirmation pursuant to the WSPP Agreement. This provision shall not apply to any Product that was Delivered and Accepted prior to any Change in Law if such Product complies with the California RPS.

n) Seller Credit Requirements: Concurrently with the execution of this Confirmation, Seller and Buyer are entering into that certain Non-RA Export Capacity Transaction Confirmation of even date herewith (the "Non-RA Export Capacity Confirmation"). Seller shall post and maintain from time to time security in the amounts and for the periods set forth on **Schedule 1** to secure its obligations under both this Confirmation and the Non-RA Export Capacity Confirmation; provided that Buyer may only draw on such security pursuant to this Confirmation to recover damages payable under this Confirmation. If the Non-RA Export Capacity Confirmation is terminated for any reason, but this Confirmation continues in force, the amounts on **Schedule 1** will be reduced to reflect the proportionate reduction in Buyer's overall exposure as a result of the termination of the Non-RA Export Capacity Confirmation, and the Parties will amend and replace **Schedule 1** to reflect this reduction within thirty (30) days after termination of the Non-RA Export Capacity Confirmation. Such security may be provided in cash or by a letter of credit in the form attached hereto as **Exhibit D**. On the dates when the required amount of such security is reduced as set forth on **Schedule 1**, if the security has been provided in cash, Buyer shall return any cash security that it holds in excess of the required amount, and if the security has been provided in the form of a letter of credit, Buyer will cooperate with Seller in substituting a revised letter of credit in the appropriate amount for the one held by Buyer. Once Seller has achieved an Investment Grade Rating, Seller shall no longer be required to post security under this Confirmation or the Non-RA Export Capacity Confirmation. Buyer shall return any cash or letters of credit held as security hereunder to Seller within 30 days after written notice from Seller that it has achieved an Investment Grade Rating.

o) Buyer Credit Requirements. As long as Buyer maintains an Investment Grade Rating, Buyer will not be required to provide security for the performance of its obligations hereunder and under the Non-RA Export Capacity Confirmation. If Buyer ceases to maintain an Investment Grade Rating, Buyer will promptly provide Seller notice thereof and will, within 30 days after ceasing to maintain an Investment Grade Rating, post and thereafter maintain from time to time security in the amounts and for the periods set forth on **Schedule 1** (as amended, if applicable) to secure its obligations under both this Confirmation and the Non-RA Export Capacity Confirmation; provided that Seller may only draw on such security pursuant to this Confirmation to recover damages payable under this Confirmation. Such security may be provided in cash or by a letter of credit in the form attached hereto as **Exhibit D** (with such changes as are necessary for a letter of credit to be delivered by Buyer to Seller). On the dates when the required amount of such security is reduced as set forth on **Schedule 1**, if the security has been provided in cash, Seller shall return any cash security that it holds in excess of the required amount, and if the security has been provided in the form of a letter of credit, Seller will cooperate with Buyer in substituting a revised letter of credit in the appropriate amount for the one held by Seller. If Buyer subsequently regains an Investment Grade Rating, shall not be required to post security under this Confirmation. Seller shall return any cash or letters of credit held as security hereunder to Buyer within 30 days after written notice from Buyer that it has achieved an Investment Grade Rating.

p) Buyer Limited Assignment Right: Notwithstanding anything to the contrary in Section 14 of the Master Agreement, the Buyer may from time to time assign the right to receive all or a portion of the Delivered Energy that would otherwise be delivered to Buyer hereunder. In connection with any such assignment, Buyer and Seller agree to negotiate in good faith the execution of the limited assignment agreement attached hereto as **Exhibit B**. For the avoidance of doubt, any limited assignment will not affect Seller or Buyer's rights or responsibilities under this Agreement except to the extent set forth in the limited assignment, and Buyer will remain responsible for all its obligations under this Agreement related to such assignment, including (i) the obligation to pay for such Delivered Energy to the extent the assignee thereof does not do so, and (ii) any damages associated with such assignee's failure to take any such Delivered Energy.

q) Seller Permitted Assignment: Notwithstanding anything to the contrary in Section 14 of the Master Agreement, Seller may, without the prior written consent of Buyer, transfer or assign this Agreement to a Qualified Transferee. A Qualified Transferee is : (1) any affiliate of Seller, or (2) any person succeeding to all or substantially all of the assets of Seller (whether voluntary or by operation of law) that (i) for the three (3) preceding years, has owned or operated (or had access to the expertise required to operate through committed management agreements with its affiliates at least 100MWs of renewable energy generation facilities and (ii) either itself or its direct or indirect parent, has (x) a tangible net worth of at least $50,000,000 or (y) a credit rating of "BB-" or higher by S&P or "Ba3" or higher by Moody's; provided that Seller shall provide at least fifteen (15) Business Days notice to Buyer prior to any such transfer or assignment, Seller shall not be relieved of its obligations under the Agreement prior to the effective date of the transfer or assignment, and Seller's assignee shall agree in writing to assume all of Seller's obligations and liabilities under this Agreement.

r) Seller Collateral Assignment: Seller may also assign this Agreement as collateral for any financing or refinancing of the Facility. In connection with any financing or refinancing of the Facility by Seller, Buyer shall in good faith work with Seller and its lender to execute a consent to collateral assignment of this Agreement substantially in the form attached

hereto as **Exhibit C**.

s) Governing Law. Notwithstanding anything in the WSPP Agreement, including Section 24 thereof, to the contrary, the Agreement shall be governed by the laws of the State of California (without reference to conflict of laws rules that would apply the law of another jurisdiction).

t) Counterparts. This Confirmation may be signed in any number of counterparts with the same effect as if the signatures to the counterparts were upon a single instrument. The Parties may rely on electronic, or scanned signatures as originals under this Confirmation. Delivery of an executed signature page of this Confirmation by electronic mail transmission (including PDF) shall be the same as delivery of a manually executed signature page.

u) Emission Performance Standard. This Agreement is a "covered procurement" under the CEC's EPS and Buyer shall make the required compliance filing with the CEC within 10 Business Days of the Effective Date. The Parties agree that this Agreement shall be void and all pending Product deliveries terminated no later than the effective date of any final decision by the CEC pursuant to the California Code of Regulations, Title 20, Section 2910 that the covered procurement fails to comply with EPS. The Parties acknowledge that the Project is "determined to be compliant" pursuant to 20 CCR §§ 2903(b)(1) or (2).

v) WSPP Agreement Amendments**.** For this Transaction, the WSPP Agreement shall be amended as follows:

1. Section 21.1 of the WSPP Agreement is amended by deleting "other direct" in the ninth line thereof. The Parties also agree that the waiver on the fifth line of that section does not apply to any damages or other remedies expressly provided for in this Confirmation.

2. Section 21.3(a) of the WSPP Agreement is modified by (i) deleting the words "as follows" in the sixth line of the first sentence thereof and substituting the phrase "as set forth in the applicable Confirmation", (ii) deleting subsections (1), (2) and (3) thereof, (iii) deleting the phrase "and the Contract Price of the Confirmation to which the non-performed transaction is identified, and the Contract Quantity of the non-performed transaction, shall be applied to the calculation of amounts due under Section 21.3(a)(1) through (3), as applicable" at the end of the first paragraph of subsection (5) thereof and substituting the phrase "and damages shall be calculated in accordance with the applicable Confirmations", and (iv) deleting the balance of subsection (5) after the first two paragraphs thereof.

3. Section 21.3(d) of the WSPP Agreement is modified by (i) changing "the full amount of damages" on the second and third lines to "the undisputed amount of damages", and (ii) deleting the second sentence thereof.

4. Section 22.1 of the WSPP Agreement is modified by deleting subsection (d) and replacing it with [intentionally omitted]" and by inserting the following new text at the end thereof:

   "(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive the

quantities of Product due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within thirty (30) days after written notice;

(g) the termination of the Non-RA Export Capacity Confirmation as the result of a default by the Defaulting Party thereunder;

(h) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party's admission in a writing that is unable to generally pay its debts as they become due;

(i) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(j) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets."

5. Section 22.2(b) of the WSPP Agreement is amended by (i) inserting in Section 22.2, "and is continuing" after "Event of Default occurs" in the first line of the first paragraph thereof, (ii)deleting the second sentence in the first paragraph thereof, and (iii) deleting the second paragraph thereof in its entirety.

6. Section 22.3 of the WSPP Agreement is amended by:

   (a) In Section 22.3(b), replacing the second sentence thereof with "The "Present Value Rate" shall mean an annual rate equal to the "prime rate" as published in the Wall Street Journal from to time plus 2%.";

   (b) In Section 22.3(c), deleting the third sentence thereof and replacing it with the following: "If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement or a Confirmation, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section or Agreement to the contrary."

   (c) In Section 22.3(e), delete the entire provision (including subsections) and replace it with the following: "[Intentionally omitted]"

   (d) In Section 22.3(f), delete the entire provision and replace it with the following:

   "If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party as provided under Section 22.3(c), and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation issue to Dispute Resolution pursuant to Section 34."

7. Section 24 of the WSPP Agreement is amended by deleting "Utah" in the second line thereof and replacing it with "California".

8. Section 27 of the WSPP Agreement is deleted in its entirety and replaced with "[intentionally omitted]".

9. The netting provisions of Section 28, NETTING, of the WSPP Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A, NETTING, to the WSPP Agreement. Both Parties intend for the netting provisions of Exhibit A to the WSPP Agreement to be effective on the first day of the Delivery Term.

10. Section 30.1 of the WSPP Agreement is amended by inserting "or requested" after the word "required" in Section 30.1(4), by deleting "or" immediately before clause (7), and by adding the following at the end of the first sentence: "; or (8) to the Party's and such Party's affiliates' lenders and potential lenders, investors or potential investors, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential".

11. Section 31 of the WSPP Agreement is amended by deleting the second sentence thereof.

12. The second and third sentences of Section 32.5 of the WSPP Agreement are deleted.

13. Sections 34.1 and 34.2 of the WSPP Agreement are hereby deleted and replaced with the following:

"34.1 INFORMAL DISPUTE RESOLUTION

IN THE EVENT OF ANY DISPUTE ARISING UNDER THIS TRANSACTION, WITHIN TEN (10) DAYS FOLLOWING THE RECEIPT OF A WRITTEN NOTICE FROM EITHER PARTY IDENTIFYING SUCH DISPUTE, THE PARTIES SHALL MEET, NEGOTIATE AND ATTEMPT, IN GOOD FAITH, TO RESOLVE THE DISPUTE QUICKLY, INFORMALLY AND INEXPENSIVELY. IF THE PARTIES ARE UNABLE TO RESOLVE A DISPUTE ARISING HEREUNDER WITHIN THIRTY (30) DAYS AFTER RECEIPT OF SUCH NOTICE, THEN EITHER PARTY MAY SEEK ANY AND ALL REMEDIES AVAILABLE TO IT AT LAW OR IN EQUITY, SUBJECT TO THE LIMITATIONS SET FORTH IN THIS TRANSACTION."

"34.2 EXCLUSIVE JURISDICTION

EACH PARTY SUBMITS TO THE EXCLUSIVE JURISDICTION OF THE STATE OR FEDERAL COURTS LOCATED IN SAN FRANCISCO, CALIFORNIA, FOR ANY ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY TRANSACTION, AND EXPRESSLY WAIVES ANY OBJECTION IT MAY HAVE TO SUCH JURISDICTION OR THE CONVENIENCE OF SUCH FORUM."

14. The phrase "arbitration or" is hereby deleted from the first line of Section 34.4.

15. The following shall be inserted as a new Section 34.5:

"34.5 LIMITATION OF DAMAGES. FOR BREACH OF ANY PROVISION OF THIS CONFIRMATION AGREEMENT FOR WHICH AN EXPRESS REMEDY OR

MEASURE OF DAMAGES IS PROVIDED, THE EXPRESS REMEDY OR MEASURE OF DAMAGES PROVIDED IS THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED IN THIS AGREEMENT FOR A PARTICULAR BREACH, LIABILITY FOR THE BREACH IS LIMITED TO DIRECT DAMAGES ONLY, WHICH SHALL BE THE SOLE AND EXCLUSIVE REMEDY UNDER THIS AGREEMENT FOR SUCH BREACH, AND ALL OTHER REMEDIES FOR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. NEITHER PARTY IS LIABLE FOR ANY OTHER TYPE OF DAMAGE, INCLUDING INCIDENTAL, PUNITIVE, EXEMPLARY, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES OF ANY NATURE (INCLUDING DAMAGES ASSOCIATED WITH LOST PROFITS, BUSINESS INTERRUPTION AND LOSS OF GOODWILL) ARISING AT ANY TIME, WHETHER IN TORT (INCLUDING THE SOLE OR CONTRIBUTORY NEGLIGENCE OF EITHER PARTY OR ANY RELATED PERSON), WARRANTY, STRICT LIABILITY, CONTRACT OR STATUTE, UNDER ANY INDEMNITY PROVISION, OR OTHERWISE; PROVIDED, HOWEVER, THAT THE FOREGOING SHALL NOT LIMIT EITHER PARTY'S RIGHT TO RECOVER DAMAGES UNDER EXPRESS INDEMNITY PROVISIONS SET FORTH IN THE CONFIRMATION."

16. Section 37 of the WSPP Agreement is amended by inserting the following in the beginning of the section: "On the date of entering into this Confirmation,".

17. Section 41 "Witness" of the WSPP Agreement is renumbered Section 42 and the following new Section 41 entitled "Standard of Review" shall be inserted between Sections 40 and 42:

41. STANDARD OF REVIEW

The Parties agree as follows:

41.1 Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting sua sponte, shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co*., 350 U.S. 348 (1956)(the "Mobile-Sierra" doctrine) and clarified in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish* 554 U.S. 527 (2008) and *NRG Power Marketing LLC v. Maine Pub. Util. Comm'n*, 558 U.S. 165 (2010).

41.2 The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard.

ADDITIONAL DEFINITIONS:

"Agreement" or "agreement" has the meaning specified in the introductory paragraph hereof.

"CAISO" means the California Independent System Operator Corporation or any successor entity performing similar functions.

"CAISO Grid" means the system of transmission lines and associated facilities of the Participating Transmission Owner that have been placed under the CAISO's operational control.

"CAISO Tariff" means the CAISO Operating Agreement and Tariff, including the rules, protocols, procedures and standards attached thereto, as it may be amended, modified, supplemented or replaced (in whole or in part) from time to time.

"California Renewables Portfolio Standard" or "RPS" means the renewable energy program and policies established by California State Senate Bills 1038 and 1078 as amended, and codified in California Public Utilities Code Sections 399.11 through 399.31 and California Public Resources Code Sections 25740 through 25751, as such provisions are amended or supplemented from time to time and as defined by the CEC RPS Eligibility Guidebook, as those obligations may be amended or supplemented from time to time or otherwise consistent with applicable regulations promulgated by the CEC.

"CEC" means the California Energy Commission, or any successor entity.

"CPUC" means the California Public Utilities Commission, or any successor entity.

"Credit Rating" means, with respect to Seller, the rating on its senior secured long-term debt obligations by S&P or Moody's. If Seller is rated by both S&P and Moody's, and the Credit Ratings are not equivalent, the lower Credit Rating shall govern.

"Delivered Energy" means energy generated and metered from the Project with associated Green Attributes that is scheduled in accordance with this Confirmation.

"Eligible Renewable Energy Resource" or "ERR" means an Eligible Renewable Energy Resource as defined in California Public Utilities Code Section 399.12 or 399.16 and California Public Resources Code Section 25471, as either code may be amended or supplemented from time to time, as defined in the CEC Renewables Portfolio Standard Eligibility Guidebook, as may be amended or supplemented from time to time.

"Emission Performance Standard" or "EPS" means the requirements set-forth in California Code of Regulations (CCR) Title 20, Chapter 11, Article 1. Section 2900 et seq.

"Green Attributes" means any and all credits, benefits, emissions reductions, offsets, and allowances, howsoever entitled, attributable to the generation from the Project, and its avoided emission of pollutants. Green Attributes include but are not limited to RECs, as well as: (1) any avoided emission of pollutants to the air, soil or water such as sulfur oxides (Sox), nitrogen oxides (Nox), carbon monoxide (CO) and other pollutants; (2) any avoided emissions of carbon dioxide (CO2), methane (CH4), nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride and other greenhouse gases (GHGs) that have been determined by the United Nations Intergovernmental Panel on Climate Change, or otherwise by law, to contribute to the actual or potential threat of altering the Earth's climate by trapping heat in the atmosphere; (3) the reporting rights to these avoided emissions, such as Green Tag Reporting Rights. Green Tag Reporting

Rights are the right of a Green Tag Purchaser to report the ownership of accumulated Green Tags in compliance with federal or state law, if applicable, and to a federal or state agency or any other party at the Green Tag Purchaser's discretion, and include without limitation those Green Tag Reporting Rights accruing under Section 1605(b) of The Energy Policy Act of 1992 and any present or future federal, state, or local law, regulation or bill, and international or foreign emissions trading program. Green Tags are accumulated on a MWh basis and one Green Tag represents the Green Attributes associated with one (1) MWh of Energy. Green Attributes do not include (i) any energy, capacity, reliability or other power attributes from the Project, (ii) production tax credits associated with the construction or operation of the Project and other financial incentives in the form of credits, reductions, or allowances associated with the project that are applicable to a state or federal income taxation obligation, (iii) fuel-related subsidies or "tipping fees" that may be paid to Seller to accept certain fuels, or local subsidies received by the generator for the destruction of particular preexisting pollutants or the promotion of local environmental benefits, or (iv) emission reduction credits encumbered or used by the Project for compliance with local, state, or federal operating and/or air quality permits.

"Green Tag Purchaser" means Buyer.

"Investment Grade Rating" means a rating of BBB- or better from S&P or a rating of Baa3 or better from Moody's.

"Locational Marginal Price" has the meaning specified in the CAISO Tariff.

"Moody's" means Moody's Investors Service, Inc.

"NERC" means the North American Electric Reliability Corporation.

"Non-RA Export Capacity Confirmation" has the meaning defined in Section (n) of the "Additional Terms" above.

"NP15 EZ Gen Hub" has the meaning specified in the CAISO Tariff.

"Participating Transmission Owner" means Pacific Gas and Electric Company in its capacity as the owner of certain transmission facilities placed under the operational control of the CAISO pursuant to the terms of the CAISO Tariff.

"Portfolio Content Category 1" or "PCC1" means renewable energy comprised of energy and Green Attributes meeting the criteria defined by the CEC Renewables Portfolio Standard Eligibility Guidebook, for Portfolio Content Category 1, as may be amended or supplemented from time to time, and meeting any applicable regulations promulgated by the CEC.

"Renewable Energy Credit" or "REC" has the meaning set forth in the California Public Utilities Code Section 399.12, as may be amended or supplemented from time to time or as further supplemented by applicable law, is evidenced by a WREGIS Certificate, and is equivalent to one (1) MWh of energy from the Project which shall be qualified and certified as an ERR.

"S&P" means Standard & Poor's Financial Services LLC.

"Scheduling Coordinator" means an entity certified by CAISO as qualifying as a Scheduling Coordinator pursuant to the CAISO Tariff for the purposes of undertaking the functions specified in "Responsibilities of a Scheduling Coordinator," of the CAISO Tariff, as amended from time to time.

“WREGIS” means Western Renewable Energy Generating Information System.

“WREGIS Certificate” has the same meaning as “Certificate” as defined by WREGIS in the WREGIS Operating Rules and are designated by applicable law as eligible for complying with the California Renewables Portfolio Standard.

“WREGIS Operating Rules” means the operating rules and requirements adopted by WREGIS, as amended from time to time.

[*SIGNATURE PAGE FOLLOWS*]

ACKNOWLEDGED AND AGREED TO AS OF THE EFFECTIVE DATE:

Geysers Power Company, LLC	**Sacramento Municipal Utility District**
By: _____	By: _____
Name: _____	Name: _____
Title: _____	Title: _____

SCHEDULE 1

Amount of Required Security

Period	Amount
1/1/2023-12/31/2023	$5,000,000
1/1/2024-12/31/2024	$5,000,000
1/1/2025-12/31/2025	$5,000,000
1/1/2026-12/31/2026	$5,000,000
1/1/2027-12/31/2027	$4,000,000
1/1/2028-12/31/2028	$4,000,000
1/1/2029-12/31/2029	$3,000,000
1/1/2030-12/31/2030	$3,000,000
1/1/2031-12/31/2031	$2,000,000
1/1/2032-3/31/2032	$2,000,000
4/1/2032-6/30/2032	$1,500,000
7/1/2032-9/30-2032	$1,000,000
10/1/2032-12/31/2032	$500,000

EXHIBIT A

Project Information

Name of Facility	CEC RPS ID
Aidlin Power Plant	60115A
Sonoma Power Plant	60010A
Geysers Units 5&6	60002A
Geysers Units 7&8	60003A
Geysers Unit 11	60025A
Geysers Unit 12	60004A
Geysers Unit 13	60005A
Geysers Unit 14	60026A
Geysers Unit 16	60006A
Geysers Unit 17	60007A
Geysers Unit 18	60008A
Calistoga Power Plant	60117A
Geysers Unit 20	60009A

EXHIBIT B

Form of Limited Assignment Agreement

This Limited Assignment Agreement (this "**Assignment Agreement**" or "**Agreement**") is entered into as of [____], 20__ by and among [____], a [____] ("**PPA Seller**"), [Participant], a [____] ("**PPA Buyer**"), and [Assignee], and relates to that certain power purchase agreement (the "**PPA**") between PPA Buyer and PPA Seller as described on Appendix 1. Unless the context otherwise specifies or requires, capitalized terms used but not defined in this Agreement have the meanings set forth in the PPA. To the extent there is any inconsistency between this Assignment Agreement and the PPA, the terms of the PPA shall prevail.

In consideration of the premises above and the mutual covenants and agreements herein set forth, PPA Seller, PPA Buyer and [Assignee] (the "**Parties**" hereto; each is a "**Party**") agree as follows:

1. Limited Assignment and Delegation.

(a) PPA Buyer hereby assigns, transfers and conveys to [Assignee] all right, title and interest in and to the rights of the Delivered Energy under the PPA described on Appendix 1 (the "**Assigned Products**") during the Assignment Period (as defined in Appendix 1), as such rights may be limited or further described in the "Further Information" section on Appendix 1 (the "**Assigned Product Rights**"). All Assigned Products shall be delivered pursuant to the terms and conditions of this Agreement during the Assignment Period as provided in Appendix 1. All other rights of PPA Buyer under the PPA are expressly reserved for PPA Buyer.

(b) PPA Buyer hereby delegates to [Assignee] the obligation to pay for all Assigned Products that are actually delivered to [Assignee] pursuant to the Assigned Product Rights during the Assignment Period (the "**Delivered Product Payment Obligation**" and together with the Assigned Product Rights, collectively the "**Assigned Rights and Obligations**"). All other obligations of PPA Buyer under the PPA are expressly retained by PPA Buyer. To the extent [Assignee] fails to pay for any Assigned Products by the due date for payment set forth in the PPA, PPA Buyer agrees that it will remain jointly and severally responsible as primary obligor (and not as surety) for such payment within five (5) Business Days (as defined in the PPA) of receiving notice of such non-payment from PPA Seller and that, regardless of receiving such notice, it will indemnify and hold PPA Seller harmless from and against all losses, costs, damages, liabilities and expenses of any kind as a result of or arising from assignment, transfer, conveyance and delegation described in clauses (a) and (b) of this paragraph 1, the failure of [Assignee] to make any such payment in respect of Delivered Product Payment Obligation as and when due under the PPA (and disregarding the effects of any stay or other suspension rights, including without limitation under sections 362 or 365 of the Bankruptcy Code or similar laws), whether due to bankruptcy, insolvency or any other cause.

(c) [Assignee] hereby accepts and PPA Seller hereby consents and agrees to the assignment, transfer, conveyance and delegation described in clauses (a) and (b) above.

(d) All scheduling of Assigned Products and other communications related to the PPA shall take place between PPA Buyer and PPA Seller pursuant to the terms of the PPA; provided

that (i) title to Assigned Product will pass from PPA Seller to [Assignee] upon delivery by PPA Seller of Assigned Product in accordance with the PPA; (ii) PPA Buyer is hereby authorized by [Assignee] to and shall act as [Assignee]'s agent with regard to scheduling Assigned Product; (iii) PPA Buyer will promptly provide copies to [Assignee] of any Notice (as defined in the PPA) that PPA Buyer sends or receives pursuant to the PPA; (iv) PPA Seller will provide copies to [Assignee] of all invoices and supporting data provided to PPA Buyer pursuant to the PPA (provided that failure to provide such copies shall not excuse the performance of any other Party hereunder so long as in the case of [Assignee], it has received notices of any payments required to be made by it hereunder); and (v) PPA Buyer and PPA Seller, as applicable, will provide copies to [Assignee] of any other information reasonably requested by [Assignee] relating to Assigned Products (provided that failure of PPA Seller to provide such information shall not excuse the performance of any other Party hereunder).

(e) [PPA Seller acknowledges that (i) [Assignee] intends to immediately transfer title to any Assigned Products received from PPA Seller through one or more intermediaries such that all Assigned Products will be re-delivered to PPA Buyer, and (ii) [Assignee] owns or has the right to purchase receivables due from PPA Buyer for any such Assigned Products. To the extent [Assignee] owns or purchases any valid, lien-free receivables due from PPA Buyer for Assigned Product, [Assignee] may transfer good, marketable and lien-free title to such receivables to PPA Seller and, so long as PPA Buyer does not have any defense in respect of such receivables other than a defense that would have arisen under the PPA if this Assignment Agreement were not in effect apply the face amount thereof as a reduction to any Delivered Product Payment Obligation owed by [Assignee] to PPA Seller; provided that no such transfer or application shall reduce or limit PPA Buyer's obligations under Section 1(b) above].

(f) In the event the PPA described on Appendix 1 or the Assigned Product Rights are rejected or terminated or both, in or as a result of any bankruptcy, insolvency, reorganization or similar proceeding affecting [Assignee], PPA Buyer shall, at the option of PPA Seller exercised within 30 days after such rejection or termination, enter into a new agreement with PPA Seller having identical terms as the PPA described on Appendix 1 (subject to any conforming changes necessitated by the substitution of parties and other changes as the parties may mutually agree), provided that the term under such new agreement shall be no longer than the remaining balance of the term specified in the PPA described on Appendix 1.

2. Assignment Early Termination.

(a) The Assignment Period may be terminated early upon the occurrence of any of the following:

(1) delivery of a written notice of termination by either [Assignee] or PPA Buyer to each of the other Parties hereto;

(2) delivery of a written notice of termination by PPA Seller to each of [Assignee] and PPA Buyer following [Assignee]'s failure to pay when due any amounts owed to PPA Seller in respect of any Delivered Product Payment Obligation and such failure continues for one business day following receipt by [Assignee] of written notice thereof;

(3) delivery of a written notice by PPA Seller to the other Parties hereto if any of the events described in Section [__] [Bankruptcy] of the PPA occurs with respect to [Assignee]; or

(4) delivery of a written notice by [Assignee] if any of the events described in Section [__] [Bankruptcy] of the PPA occurs with respect to PPA Seller.

(b) The Assignment Period will end at the end of last delivery hour on the date specified in the termination notice provided pursuant to Section 2(a), which date shall not be earlier than the end of the last day of the calendar month in which such notice is delivered if termination is pursuant to clause (a)(1) or (a)(2) above. All Assigned Rights and Obligations shall revert from [Assignee] to PPA Buyer upon the early termination of the Assignment Period, provided that (i) [Assignee] shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to [Assignee] prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period in respect of the Parties not subject inter se to such restrictions, provided that [Assignee] will not have any further obligations (other than the obligation pursuant to the foregoing clause (i)) hereunder following an early termination of the Assignment Period regardless of any such legal restrictions on the effectiveness of such reversion.

(c) The Assignment Period will automatically terminate upon the expiration or early termination of the PPA. All Assigned Rights and Obligations shall revert from [Assignee] to PPA Buyer upon the expiration of or early termination of the PPA, provided that (i) [Assignee] shall remain responsible for the Delivered Product Payment Obligation with respect to any Assigned Product delivered to [Assignee] prior to the end of the Assignment Period, and (ii) any legal restrictions on the effectiveness of such reversion (whether arising under bankruptcy law or otherwise) shall not affect the expiration or early termination of the Assignment Period in respect of the Parties not subject inter se to such restrictions, provided that [Assignee] will not have any further obligations (other than the obligation pursuant to the foregoing clause (i)) hereunder following an early termination of the Assignment Period regardless of any such legal restrictions on the effectiveness of such reversion.

3. Representations and Warranties. The PPA Seller and the PPA Buyer represent and warrant to [Assignee], each with respect to itself only, that as of the date hereof (a) the PPA is in full force and effect; (b) to the best of its knowledge, no event or circumstance exists (or would exist with the passage of time or the giving of notice) that would give either of them the right to terminate the PPA or suspend performance thereunder; and (c) all of its obligations under the PPA required to be performed on or before the date hereof have been fulfilled.

4. Notices. Any notice, demand, or request required or authorized by this Assignment Agreement to be given by one Party to another Party shall be delivered in accordance with Section [__] and the Cover Sheet of the PPA and to the addresses of each of PPA Seller and PPA Buyer specified in the PPA. PPA Buyer agrees to notify [Assignee] of any updates to such notice information, including any updates provided by PPA Seller to PPA Buyer. Notices to [Assignee] shall be provided to the following address, as such address may be updated by [Assignee] from time to time by notice to the other Parties:

[_____

_____
_____
_____]

5. Miscellaneous. Sections [__] (Buyer's Representations and Warranties), [__] (Confidential Information), Sections [__] (Severability), [__] (Counterparts), [__] (Amendments), [__] (No Agency), [__] (Mobile-Sierra), [__] (Counterparts), [__] (Facsimile or Electronic Delivery), Section [__] (Binding Effect) and [__] (No Recourse to Members of Buyer) of the PPA are incorporated by reference into this Agreement, *mutatis mutandis*, as if fully set forth herein.

6. U.S. Resolution Stay Provisions.

(a) In the event that [Assignee] becomes subject to a proceeding under (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder or (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder (a "U.S. Special Resolution Regime") the transfer from [Assignee] of this Agreement, and any interest and obligation in or under, and any property securing, this Agreement, will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement, and any interest and obligation in or under, and any property securing, this Agreement were governed by the laws of the United States or a state of the United States.

(b) In the event that [Assignee] or an Affiliate becomes subject to a proceeding under a U.S. Special Resolution Regime, any Default Rights (as defined in 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable ("Default Right")) under this Agreement that may be exercised against [Assignee] are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States.

(1) Limitation on Exercise of Certain Default Rights Related to an Affiliate's Entry Into Insolvency Proceedings. Notwithstanding anything to the contrary in this Agreement, the Parties expressly acknowledge and agree that:

i. PPA Buyer and PPA Seller shall not be permitted to exercise any Default Right with respect to this Agreement or any Affiliate Credit Enhancement that is related, directly or indirectly, to an Affiliate of [Assignee] becoming subject to receivership, insolvency, liquidation, resolution, or similar proceeding (an "Insolvency Proceeding"), except to the extent that the exercise of such Default Right would be permitted under the provisions of 12 C.F.R. 252.84, 12 C.F.R. 47.5 or 12 C.F.R. 382.4, as applicable; and

ii. Nothing in this Agreement shall prohibit the transfer of any Affiliate Credit Enhancement, any interest or obligation in or under such Affiliate Credit Enhancement, or any property securing such Affiliate

Credit Enhancement, to a transferee upon or following an Affiliate of [Assignee] becoming subject to an Insolvency Proceeding, unless the transfer would result in PPA Buyer or PPA Seller being the beneficiary of such Affiliate Credit Enhancement in violation of any law applicable to PPA Buyer or PPA Seller, as applicable.

(2) U.S. Protocol. To the extent that PPA Buyer and PPA Seller each adhere to the ISDA 2018 U.S. Resolution Stay Protocol, as published by the International Swaps and Derivatives Association, Inc. as of July 31, 2018 (the "ISDA U.S. Protocol"), after the date of this Agreement, the terms of the ISDA U.S. Protocol will supersede and replace the terms of this Section 6.

(3) For purposes of this Section 6:

"Affiliate" is defined in, and shall be interpreted in accordance with, 12 U.S.C. § 1841(k).

"Credit Enhancement" means any credit enhancement or credit support arrangement in support of the obligations of [Assignee] under or with respect to this Agreement, including any guarantee, collateral arrangement (including any pledge, charge, mortgage or other security interest in collateral or title transfer arrangement), trust or similar arrangement, letter of credit, transfer of margin or any similar arrangement.

7. Governing Law, Jurisdiction.

(a) **Governing Law.**

THIS ASSIGNMENT AGREEMENT AND THE RIGHTS AND DUTIES OF THE PARTIES UNDER THIS ASSIGNMENT AGREEMENT WILL BE GOVERNED BY AND CONSTRUED, ENFORCED AND PERFORMED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REFERENCE TO ANY CONFLICTS OF LAWS PROVISIONS THAT WOULD DIRECT THE APPLICATION OF ANOTHER JURISDICTION'S LAWS; PROVIDED, HOWEVER, THAT THE AUTHORITY OF THE PPA BUYER TO ENTER INTO AND PERFORM ITS OBLIGATIONS UNDER THIS ASSIGNMENT AGREEMENT SHALL BE DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF CALIFORNIA.

(b) **[Reserved].**[1]

[Remainder of Page Intentionally Blank]

[1] NOTE: Parties to negotiate and agree upon jurisdiction provision, if any, at the time of execution.

EXHIBIT C

FORM OF

CONSENT AND AGREEMENT

among

[***Insert Name of Contracting Party***],
a [_____]
(Contracting Party)

and

GEYSERS POWER COMPANY, LLC,
a Delaware limited liability company
(Assignor)

and

MUFG UNION BANK, N.A.,
(First Lien Collateral Agent)

Dated as of [___]

This CONSENT AND AGREEMENT, dated as of [_____], 20[__] (this "Consent"), is *entered into by and among* ***[Insert name of Contracting Party]***, a [_____] [organized][formed] and existing under the laws of the State of [_____] (together with its permitted successors and assigns, "Contracting Party"), MUFG UNION BANK, N.A., in its capacity as collateral agent for the First Lien Secured Parties referred to below (together with its successors, designees and assigns in such capacity, "First Lien Collateral Agent"), and GEYSERS POWER COMPANY, LLC, a limited liability company formed and existing under the laws of the State of Delaware (together with its permitted successors and assigns, "Assignor").

RECITALS

A. Assignor owns the following geothermal electric generating facilities located in the Geysers area of Northern California (Sonoma and Lake Counties) (collectively, the "Projects"):

(a) The Aidlin project, an approximately 18 megawatt geothermal facility located in Sonoma County, CA.

(b) The Sonoma project, an approximately 53 megawatt geothermal facility located in Sonoma County, CA.

(c) The two-unit McCabe project, an approximately 84 megawatt geothermal facility located in Sonoma County, CA.

(d) The two-unit Ridge Line project, an approximately 76 megawatt geothermal facility located in Sonoma County, CA.

(e) The Eagle Rock project, an approximately 68 megawatt geothermal facility located in Sonoma County, CA.

(f) The Cobb Creek project, an approximately 51 megawatt geothermal facility located in Sonoma County, CA.

(g) The Big Geysers project, an approximately 61 megawatt geothermal facility located in Lake County, CA.

(h) The Sulphur Springs project, an approximately 47 megawatt geothermal facility located in Sonoma County, CA.

(i) The Quicksilver project, an approximately 53 megawatt geothermal facility located in Lake County, CA.

(j) The Lake View project, an approximately 54 megawatt geothermal facility located in Sonoma County, CA.

(k) The Socrates project, an approximately 50 megawatt geothermal facility located in Sonoma County, CA.

(l) The two-unit Calistoga project, an approximately 69 megawatt geothermal facility located in Lake County, CA.

(m) The Grant project, an approximately 41 megawatt geothermal facility located in Sonoma County, CA.

B. In order to finance the operation and maintenance of the Projects, Assignor has

entered into that certain Credit Agreement, dated as of June 9, 2020 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), with GEYSERS INTERMEDIATE HOLDINGS LLC, a Delaware limited liability company, as Holdings ("Holdings"), GEYSERS COMPANY, LLC, a Delaware limited liability company ("Geysers Company"), WILD HORSE GEOTHERMAL, LLC, a Delaware limited liability company ("Wild Horse") and CALISTOGA HOLDINGS, LLC, a Delaware limited liability company ("Calistoga," and, together with Holdings, Geysers Company and Wild Horse, each a "Guarantor" and together, the "Guarantors"), MUFG BANK, LTD., as administrative agent for the Lenders, MUFG UNION BANK, N.A., as collateral agent for the First Lien Secured Parties, and the financial institutions from time to time parties thereto in such other capacities as described therein (collectively, the "Lenders").

C. Contracting Party and Assignor have entered into that certain [***Insert description of relevant Major Project Contract(s)***], dated as of [_____] [____], [_____] (as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the "Assigned Agreement").

D. As security for Assignor's obligations under the Credit Agreement and related financing documents with respect to the Loans and related obligations, Assignor has granted, pursuant to a security agreement executed by Assignor and First Lien Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"), to the First Lien Collateral Agent, for the benefit of the First Lien Secured Parties, a first priority lien on all of Assignor's right, title and interest in the Projects and other rights and interests relating thereto, whenever arising, including, without limitation, the Assigned Agreement and all of Assignor's right, title and interest under (but not any of Assignor's obligations, liabilities or duties with respect thereto) the Assigned Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree, notwithstanding anything in the Assigned Agreement to the contrary, as follows:

1. Assignment and Agreement.

1.1 Consent to Assignment. Contracting Party (a) is hereby notified and acknowledges that the Lenders have entered into the Credit Agreement and made the extensions of credit contemplated thereby in reliance upon the execution and delivery by Contracting Party of the Assigned Agreement and this Consent, (b) consents to the collateral assignment under the Security Agreement of all of Assignor's right, title and interest in, to and under the Assigned Agreement, including, without limitation, all of Assignor's rights to receive payment and all payments due and to become due to Assignor under or with respect to the Assigned Agreement (collectively, the "Assigned Interests") and (c) acknowledges the right of First Lien Collateral Agent or a Subsequent Owner (as defined below), in the exercise of First Lien Collateral Agent's rights and remedies pursuant to the Security Agreement, upon written notice to Contracting Party, to make all demands, give all notices, take all actions and exercise all rights of Assignor under the Assigned Agreement.

1.2 Subsequent Owner.

(a) Contracting Party agrees that, if First Lien Collateral Agent notifies Contracting Party in writing that, pursuant to the Security Agreement, it has assigned, foreclosed or sold the Assigned Interests or any portion thereof, then (i) First Lien Collateral Agent or its successor, assignee and/or designee, or any purchaser of the Assigned Interests (a "Subsequent Owner") shall be substituted for Assignor under the Assigned Agreement and (ii) Contracting Party shall (1) recognize First Lien Collateral Agent or the Subsequent Owner, as the case may be, as its counterparty under the Assigned Agreement and (2) continue to perform its obligations under the Assigned Agreement in favor of First Lien Collateral Agent or the Subsequent Owner, as the case may be; provided that First Lien Collateral Agent or such Subsequent Owner, as the case may be, has assumed in writing all of Assignor's rights and obligations (including, without limitation, the obligation to cure any then existing payment and performance defaults, but excluding any obligation to cure any then existing performance defaults which by their nature are incapable of being cured) under the Assigned Agreement.

(b) [***Insert the following only if warranties are provided by Contracting Party under the relevant Assigned Agreement:*** Without limiting anything herein, the warranties provided by Contracting Party under the Assigned Agreement shall continue in full force and effect (until the expiration of the applicable warranty periods set forth in the Assigned Agreement) in the event that First Lien Collateral Agent or a Subsequent Owner succeeds to Assignor's right, title and interest in the Assigned Agreement.]

1.3 Right to Cure. If Assignor defaults in the performance of any of its obligations under the Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable Contracting Party to terminate or suspend its performance under the Assigned Agreement (each hereinafter a "default"), Contracting Party shall not terminate or suspend its performance under the Assigned Agreement until it first gives written notice of such default to First Lien Collateral Agent and affords First Lien Collateral Agent a period of at least 15 days (or if such default is a nonmonetary default, such longer period (not to exceed 60 days) as may be required to cure such default) from receipt of such notice to cure such default; provided, however, that (a) if possession of the Projects is necessary to cure such nonmonetary default and First Lien Collateral Agent has commenced foreclosure proceedings, First Lien Collateral Agent shall be allowed a reasonable time to complete such proceedings, and (b) if First Lien Collateral Agent is prohibited from curing any such nonmonetary default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving Assignor, then the time periods specified herein for curing a default shall be extended for the period of such prohibition.

1.4 No Amendments.

(a) [reserved]

(b) Except for the Buyer Limited Assignment Right under section (p) of the Additional Terms of the Assigned Agreement, Contracting Party agrees that it shall not, without the prior written consent of First Lien Collateral Agent, which consent shall not be unreasonably withheld, (i) sell, assign or otherwise transfer any of its rights under the Assigned Agreement, (ii) terminate, cancel or suspend its performance under the Assigned Agreement (unless it has given First Lien Collateral Agent notice and an opportunity to cure in accordance with Section 1.3 hereof), (iii) consent to any

assignment or other transfer by Assignor of its rights under the Assigned Agreement, or (iv) consent to any voluntary termination, cancellation or suspension of performance by Assignor under the Assigned Agreement.

1.5 Replacement Agreements. In the event the Assigned Agreement is rejected or terminated as a result of any bankruptcy, insolvency, reorganization or similar proceeding affecting Assignor, Contracting Party shall, at the option of First Lien Collateral Agent exercised within 30 days after such rejection or termination, enter into a new agreement with First Lien Collateral Agent having identical terms as the Assigned Agreement (subject to any conforming changes necessitated by the substitution of parties and other changes as the parties may mutually agree), provided that (i) the term under such new agreement shall be no longer than the remaining balance of the term specified in the Assigned Agreement, and (ii) upon execution of such new agreement, First Lien Collateral Agent cures any outstanding payment and performance defaults under the Assigned Agreement, excluding any performance defaults which by their nature are incapable of being cured.

1.6 Limitations on Liability. Unless and until First Lien Collateral Agent has assumed Assignor's rights and obligations under the Assigned Agreement or entered into a new agreement, Contracting Party acknowledges and agrees that First Lien Collateral Agent shall not have any liability or obligation to Contracting Party under the Assigned Agreement as a result of this Consent, the Security Agreement or otherwise, nor shall First Lien Collateral Agent be obligated or required to (a) perform any of Assignor's obligations under the Assigned Agreement, except during any period in which First Lien Collateral Agent has assumed Assignor's rights and obligations under the Assigned Agreement pursuant to Section 1.2[(a)] above, or (b) take any action to collect or enforce any claim for payment assigned under the Security Agreement. If First Lien Collateral Agent has assumed Assignor's rights and obligations under the Assigned Agreement pursuant to Section 1.2[(a)] above or has entered into a new agreement pursuant to Section 1.5 above, First Lien Collateral Agent shall be subject to liability and obligations to Contracting Party under the Assigned Agreement or such new agreement for the period that it is party to the Assigned Agreement or such new agreement.

1.7 Delivery of Notices. Contracting Party shall deliver to First Lien Collateral Agent, concurrently with the delivery thereof to Assignor, a copy of each notice, request or demand given by Contracting Party to Assignor pursuant to the Assigned Agreement relating to (a) a default by Assignor under the Assigned Agreement, and (b) any matter that would require the consent of First Lien Collateral Agent pursuant to Section 1.4 above.

1.8 Transfer. First Lien Collateral Agent shall have the right to assign all of its interest in the Assigned Agreement or a new agreement entered into pursuant to the terms of this Consent; provided that such transferee assumes in writing the obligations of Assignor or First Lien Collateral Agent, as applicable, under the Assigned Agreement or such new agreement. Upon such assignment, First Lien Collateral Agent shall be released from any further liability under the Assigned Agreement or such new agreement to the extent of the interest assigned.

1.9 Refinancing. [Contracting Party hereby acknowledges that Assignor may, from time to time during the term of the Assigned Agreement, refinance the indebtedness incurred under the Credit Agreement pursuant to another bank financing, an institutional financing, a capital markets financing, a lease financing or any other combination thereof or other form of financing. In connection with any such refinancing, Contracting Party hereby consents to any collateral assignment or other assignment of the Assigned Agreement in connection therewith and agrees that the terms and provisions of this Consent

shall apply with respect to such assignment and shall inure to the benefit of the parties providing such refinancing. In furtherance of the foregoing, Contracting Party agrees that (i)(1) references in this Consent to the "First Lien Collateral Agent" and the "First Lien Secured Parties" shall be deemed to be references to the applicable financing parties providing such refinancing, and (2) references in this Consent to the "Credit Agreement" and the "Security Agreement" shall be deemed to be references to the corresponding agreements entered into in connection with such refinancing, and (ii) if reasonably requested by Assignor, it shall enter into a new consent, substantially in the form of this Consent (including any material changes from this form of Consent as may be agreed by Contracting Party) in favor of the parties providing such refinancing.][2]

[***Insert the following only if Contracting Party is an Affiliate of Assignor under the relevant Assigned Agreement:*** 1.10 No Obligations. Notwithstanding anything to the contrary herein or in the Assigned Agreement, in the event that First Lien Collateral Agent or its designee(s) or assignee(s) succeed to the Assignor's interest under the Assigned Agreement or foreclose on the equity interests of Assignor, First Lien Collateral Agent or its designee or assignee shall have the right, which must be exercised within thirty (30) days following such person succeeding to Assignor's interest under the Assigned Agreement or such foreclosure on the Assignor's equity interests, to terminate the Assigned Agreement upon written notice to Contracting Party and neither it nor any First Lien Secured Party nor the Assignor shall have any further obligations under the Assigned Agreement, including without limitation, obligations in respect of the payment of any fees, commissions or expenses, provided that such termination shall not affect obligations incurred prior to the date of termination for services provided.]

2. Payments under the Assigned Agreement.

2.1 Payments. Contracting Party shall pay all amounts (if any) payable by it under the Assigned Agreement in the manner and as and when required by the Assigned Agreement directly into the account specified on Exhibit A hereto, or to such other person, entity or account as shall be specified from time to time by First Lien Collateral Agent to Contracting Party in writing. Notwithstanding the foregoing, if any entity or person has become a Subsequent Owner pursuant to the terms hereof, then Contracting Party shall pay all such amounts directly to such Subsequent Owner or an account designated by Subsequent Owner.

2.2 No Offset, Etc. All payments required to be made by Contracting Party under the Assigned Agreement shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than those allowed by the terms of the Assigned Agreement.

3. Representations and Warranties of Contracting Party. Contracting Party hereby represents and warrants, in favor of First Lien Collateral Agent, as of the date hereof, that:

(a) Contracting Party (i) is a [_____] duly [**formed**][**organized**] and validly existing under the laws of the State of [_____], (ii) is duly qualified, authorized to do business and in good standing in every jurisdiction necessary to perform its obligations under the Assigned Agreement and this Consent, and (iii) has all requisite power and authority to enter into and to perform its obligations hereunder and under the Assigned Agreement, and to carry out the terms hereof and thereof and the transactions

[2] This Section 1.9 to be included at Borrowers election and with such changes as Borrower may reasonably request.

contemplated hereby and thereby;

(b) the execution, delivery and performance by Contracting Party of this Consent and the Assigned Agreement have been duly authorized by all necessary corporate or other action on the part of Contracting Party and do not require any approvals, filings with, or consents of any entity or person which have not previously been obtained or made;

(c) each of this Consent and the Assigned Agreement is in full force and effect, has been duly executed and delivered on behalf of Contracting Party by the appropriate officers of Contracting Party, and constitutes the legal, valid and binding obligation of Contracting Party, enforceable against Contracting Party in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally, and (ii) general equitable principles (whether considered in a proceeding in equity or at law);

(d) there is no litigation, action, suit, proceeding or investigation pending or (to the best of Contracting Party's knowledge) threatened against Contracting Party before or by any court, administrative agency, arbitrator or governmental authority, body or agency which, if adversely determined, individually or in the aggregate, (i) could adversely affect the performance by Contracting Party of its obligations hereunder or under the Assigned Agreement, or which could modify or otherwise adversely affect any required approvals, filings or consents which have previously been obtained or made, (ii) could have a material adverse effect on the condition (financial or otherwise), business or operations of Contracting Party, or (iii) questions the validity, binding effect or enforceability hereof or of the Assigned Agreement, any action taken or to be taken pursuant hereto or thereto or any of the transactions contemplated hereby or thereby;

(e) the execution, delivery and performance by Contracting Party of this Consent and the Assigned Agreement, and the consummation of the transactions contemplated hereby and thereby, will not result in any violation of, breach of or default under any term of its formation or governance documents, or of any contract or agreement to which it is a party or by which it or its property is bound, or of any license, permit, franchise, judgment, injunction, order, law, rule or regulation applicable to it, other than any such violation, breach or default which could not reasonably be expected to have a material adverse effect on Contracting Party's ability to perform its obligations under the Assigned Agreement;

(f) neither Contracting Party nor, to the best of Contracting Party's knowledge, any other party to the Assigned Agreement, is in default of any of its obligations thereunder;

(g) to the best of Contracting Party's knowledge, (i) no event of force majeure exists under, and as defined in, the Assigned Agreement, and (ii) no event or condition exists which would either immediately or with the passage of any applicable grace period or giving of notice, or both, enable either Contracting Party or Assignor to terminate or suspend its obligations under the Assigned Agreement; and

(h) the Assigned Agreement, this Consent, the Limited Assignment (a form of which is attached as Exhibit B to the Assigned Agreement0, if and when signed, and that certain [WSPP Export Non-Resource Adequacy Confirmation] dated [____] between Assignor and Contracting Party are the only agreements between Assignor and Contracting Party with respect to the Project, and all of the conditions precedent to effectiveness under the Assigned Agreement have been satisfied or waived.

Each of the representations and warranties set forth in this Section 3 shall survive the execution and delivery of this Consent and the Assigned Agreement and the consummation

of the transactions contemplated hereby and thereby.

4. Miscellaneous.

4.1 Notices. Any communications between the parties hereto or notices provided herein to be given may be given to the following addresses:

If to Assignor:

[***Insert Address of GEYSERS POWER COMPANY, LLC***]
Facsimile: [___]
Telephone: [___]
Attention: [___]

If to Contracting Party:

_____
_____
_____
Facsimile: _____
Telephone: _____
Attention: _____

If to First Lien Collateral Agent:

_____
_____
_____
Facsimile: _____
Telephone: _____
Attention: _____

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery service (including Federal Express, UPS, DHL and other similar overnight delivery services), (c) in the event overnight delivery services are not readily available, if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, (d) if sent by prepaid telegram or by facsimile or (e) if sent by other electronic means (including electronic mail) confirmed by facsimile or telephone. Any party may change its address for notice hereunder by giving of 30 days' notice to the other parties in the manner set forth hereinabove.

4.2 Governing Law; Submission to Jurisdiction.

(a) THIS CONSENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH, AND BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) Any legal action or proceeding with respect to this Consent and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Consent, Contracting Party hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal

thereof. Contracting Party irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Contracting Party at its notice address provided pursuant to Section 4.1 hereof. Contracting Party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Consent brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of First Lien Collateral Agent to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Contracting Party in any other jurisdiction.

4.3 Counterparts. This Consent may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart to this Consent by facsimile or "pdf" transmission shall be as effective as delivery of a manually signed original.

4.4 Headings Descriptive. The headings of the several sections and subsections of this Consent are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Consent.

4.5 Severability. In case any provision in or obligation under this Consent shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

4.6 Amendment, Waiver. Neither this Consent nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by Contracting Party and First Lien Collateral Agent.

4.7 Successors and Assigns. This Consent shall bind and benefit Contracting Party, First Lien Collateral Agent, and their respective successors and assigns.

4.8 Third Party Beneficiaries. Contracting Party and First Lien Collateral Agent hereby acknowledge and agree that the First Lien Secured Parties are intended third party beneficiaries of this Consent.

4.9 [intentionally omitted]

4.10 Entire Agreement. This Consent and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings between the parties hereto in respect of the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Consent and any such agreement, document or instrument (including, without limitation, the Assigned Agreement), the terms, conditions and provisions of this Consent shall prevail.

4.11 Termination of Consent. This Consent shall terminate upon the earliest to occur of (a) the termination or cancellation of the Assigned Agreement in accordance with its terms and in accordance with the terms of this Consent (it being understood that this Consent shall not terminate but shall remain in effect in the circumstances described in Section 1.5 above in respect of any new agreement entered into in accordance with such Section), (b) the expiration of the term of the Assigned Agreement and (c) the termination

of the Security Agreement in accordance with its terms.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, intending to be legally bound, have caused this Consent and Agreement to be duly executed and delivered as of the date first above written.

GEYSERS POWER COMPANY, LLC,
a Delaware limited liability company,
as Assignor

By: _____
Name:
Title:

[*Insert Name of Contracting Party*],
a [_____],
as Contracting Party

By: _____
Name:
Title:

Accepted and Agreed to:

MUFG UNION BANK, N.A.,
solely in its capacity as First Lien Collateral Agent

By: _____
Name:
Title:
By: _____
Name:
Title:

EXHIBIT A to
Consent and Agreement

PAYMENT INSTRUCTIONS

[*INSERT PAYMENT INSTRUCTIONS FOR APPROPRIATE ACCOUNT(S)*]

EXHIBIT D

FORM OF LETTER OF CREDIT

IRREVOCABLE STANDBY LETTER OF CREDIT NO. _____
MUFG UNION BANK, N.A.
TRADE SERVICE OPERATIONS
1980 SATURN STREET, V02-906
MONTEREY PARK, CALIFORNIA 91755-7417
ATTENTION: STANDBY LETTER OF CREDIT SECTION

DATE: _____, 20__

BENEFICIARY	APPLICANT
Sacramento Municipal Utility District	Calpine Corporation on behalf of Geysers Power Company, LLC.

LADIES AND GENTLEMEN:

AT THE REQUEST AND FOR THE ACCOUNT OF CALPINE CORPORATION (THE 'APPLICANT"), 717 TEXAS AVENUE, SUITE 1000, HOUSTON, TEXAS 77002, AND ON BEHALF OF GEYSERS POWER COMPANY, LLC (THE "ACCOUNT PARTY") WE, MUFG UNION BANK, N.A (THE "ISSUER"), HEREBY ESTABLISH, EFFECTIVE IMMEDIATELY, IN YOUR FAVOR SACRAMENTO MUNICIPAL UTILITY DISTRICT THE "BENEFICIARY") OUR IRREVOCABLE STANDBY LETTER OF CREDIT NO._____ IN THE AGGREGATE AMOUNT OF _____ NO/100 UNITED STATES DOLLARS (U.S. $_____.00) (AS SUCH AMOUNT MAY BE REDUCED FROM TIME TO TIME BY PARTIAL DRAWS HEREUNDER, THE "STATED AMOUNT").

WE ARE INFORMED BY THE APPLICANT THAT THIS LETTER OF CREDIT IS BEING ISSUED PURSUANT TO, AND IN ACCORDANCE WITH THAT CERTAIN TRANSACTION CONFIRMATION, DATED AS OF _____, BETWEEN THE ACCOUNT PARTY AND THE BENEFICIARY (THE "AGREEMENT").

THIS LETTER OF CREDIT IS ISSUED, PRESENTABLE AND PAYABLE AT THE OFFICE LOCATED AT MUFG UNION BANK, N.A. TRADE SERVICE OPERATIONS, 1980 SATURN STREET V02-906 MONTEREY PARK CALIFORNIA 91755-7417 ATTENTION: STANDBY LETTER OF CREDIT SECTION, AND EXPIRES WITH OUR CLOSE OF BUSINESS ON _____, 20__ (THE "EXPIRATION DATE"); PROVIDED THAT THIS LETTER OF CREDIT SHALL BE DEEMED AUTOMATICALLY EXTENDED WITHOUT AN AMENDMENT FOR A ONE YEAR PERIOD BEGINNING ON SUCH EXPIRATION DATE HEREOF, AND UPON EACH ANNIVERSARY OF SUCH DATE, UNLESS AT LEAST SIXTY (60) DAYS PRIOR TO ANY SUCH EXPIRATION DATE, WE HAVE SENT YOU WRITTEN NOTICE BY COURIER SERVICE OR OVERNIGHT MAIL AT THE ABOVE ADDRESS THAT WE ELECT NOT TO PERMIT THIS LETTER OF CREDIT TO BE SO EXTENDED BEYOND, AND WILL EXPIRE ON ITS THEN CURRENT

EXPIRATION DATE. NO PRESENTATION MADE UNDER THIS LETTER OF CREDIT AFTER SUCH EXPIRATION DATE WILL BE HONORED..

FUNDS IN PAYMENT OF A DRAWING UNDER THIS LETTER OF CREDIT ARE AVAILABLE TO THE BENEFICIARY BY PAYMENT AGAINST PRESENTATION AT THE OFFICE AS STIPULATED HEREIN ABOVE, OF THE BENEFICIARY'S SIGNED AND APPROPRIATELY COMPLETED SIGHT DRAFT(S) IN THE FORM OF EXHIBIT 1 ATTACHED HERETO, THE BENEFICIARY'S SIGNED AND APPROPRIATELY COMPLETED DRAWING CERTIFICATE(S) IN THE FORM OF EXHIBIT 2 ATTACHED HERETO AND COPIES OF THE ORIGINAL LETTER OF CREDIT AND AMENDMENTS (IF ANY).

IF A DRAWING IS PRESENTED, ON OR PRIOR TO THE EXPIRATION DATE, AT THE ADDRESS NOTED ABOVE, DELIVERED TO US BY OVERNIGHT COURIER OR FAXED TO US AT XXX-XXX-XXXX AT OR PRIOR TO 11:00 A.M. CALIFORNIA TIME ON A BUSINESS DAY, PAYMENT OF THE AMOUNT SPECIFIED IN SUCH DRAFT SHALL BE MADE ON THE THIRD SUCCEEDING BUSINESS DAY. IF SUCH DRAFT IS PRESENTED AT OUR COUNTERS, DELIVERED TO US BY OVERNIGHT COURIER OR FAXED TO US AFTER 11:00 A.M. CALIFORNIA TIME ON A BUSINESS DAY, PAYMENT OF THE AMOUNT SPECIFIED IN SUCH DRAFT SHALL BE MADE ON THE FOURTH SUCCEEDING BUSINESS DAY.

PARTIAL AND MULTIPLE DRAWINGS ARE PERMITTED HEREUNDER. ANY DRAWING HONORED HEREUNDER BY THE ISSUER SHALL REDUCE THE STATED AMOUNT AVAILABLE FOR DRAWINGS BY THE AMOUNT OF ANY DRAWING HONORED BY THE ISSUER.

THIS LETTER OF CREDIT IS NOT TRANSFERABLE.

ALL BANKING CHARGES ASSOCIATED WITH THIS LETTER OF CREDIT ARE FOR THE ACCOUNT OF THE APPLICANT.

AS USED HEREIN, "BUSINESS DAY" MEANS ANY DAY OTHER THAN SATURDAY, SUNDAY OR A LEGAL HOLIDAY IN LOS ANGELES, CALIFORNIA.

THIS LETTER OF CREDIT IS SUBJECT TO AND GOVERNED BY THE INTERNATIONAL STANDBY PRACTICES, INTERNATIONAL CHAMBER OF COMMERCE (ICC) PUBLICATION NO. 590 ("ISP98"). AS TO MATTERS NOT ADDRESSED BY THE ISP98, AND TO THE EXTENT NOT INCONSISTENT WITH THE ISP98, THIS LETTER OF CREDIT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (INCLUDING, WITHOUT LIMITATION, ARTICLE 5 OF THE UNIFORM COMMERCIAL CODE OF THE STATE OF NEW YORK).

THIS LETTER OF CREDIT SETS FORTH IN FULL THE TERMS OF OUR UNDERTAKING AND SUCH UNDERTAKING SHALL NOT IN ANY WAY BE MODIFIED, AMENDED OR AMPLIFIED BY REASON OF OUR REFERENCE TO ANY AGREEMENTS OR INSTRUMENT REFERRED TO OR IN WHICH THIS LETTER OF CREDIT IS REFERRED TO. ANY SUCH AGREEMENTS OR INSTRUMENT SHALL NOT BE DEEMED INCORPORATED HEREIN BY REFERENCE.

SINCERELY,

MUFG UNION BANK, N.A.

NAME: _____

TITLE: _____

EXHIBIT 1

[BENEFICIARY LETTERHEAD]

SIGHT DRAFT

[DATE]

MUFG UNION BANK, N.A.
TRADE SERVICE OPERATIONS
1980 SATURN STREET, V02-906
MONTEREY PARK, CALIFORNIA 91755-7417
ATTENTION: STANDBY LETTER OF CREDIT SECTION

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER ¬¬¬¬¬¬_____

FOR THE VALUE RECEIVED, PAY TO THE ORDER OF _____ BY WIRE TRANSFER OF IMMEDIATELY AVAILABLE FUNDS TO THE FOLLOWING ACCOUNT:

[NAME OF ACCOUNT]
[ACCOUNT NUMBER]
[NAME AND ADDRESS OF BANK AT WHICH ACCOUNT IS MAINTAINED]
[ABA NUMBER]
[REFERENCE]

THE FOLLOWING AMOUNT:

[INSERT NUMBER OF DOLLARS IN WRITING] UNITED STATES DOLLARS
(US$ [INSERT NUMBER OF DOLLARS IN FIGURES])

DRAWN UPON YOUR LETTER OF CREDIT NO. _____ DATED _____, 2010

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 2

DRAWING CERTIFICATE

[DATE]

MUFG UNION BANK, N.A.
TRADE SERVICE OPERATIONS
1980 SATURN STREET, V02-906
MONTEREY PARK, CALIFORNIA 91755-7417
ATTENTION: STANDBY LETTER OF CREDIT SECTION

RE: IRREVOCABLE STANDBY LETTER OF CREDIT NUMBER _____

LADIES AND GENTLEMEN:

THE UNDERSIGNED, A DULY AUTHORIZED OFFICER OF _____ (THE “BENEFICIARY”) OF THE CAPTIONED LETTER OF CREDIT (THE "LETTER OF CREDIT"), HEREBY CERTIFIES TO MUFG UNION BANK, N.A. (THE “ISSUER”) WITH RESPECT TO THE LETTER OF CREDIT (THE TERMS DEFINED THEREIN AND NOT OTHERWISE DEFINED HEREIN BEING USED HEREIN AS THEREIN DEFINED) THAT:

(1) [_____] (THE “ACCOUNT PARTY") HAS DEFAULTED UNDER [THAT CERTAIN WESTERN STATES POWER POOL CONFIRMATION LETTER (ENERGY) DATED MARCH __, 2022 BETWEEN THE ACCOUNT PARTY AND THE BENEFICIARY] [AND] THAT CERTAIN NON-RA EXPORT CAPACITY CONFIRMATION DATED MARCH __, 2022 BETWEEN THE ACCOUNT PARTY AND THE BENEFICIARY] (THE “AGREEMENT[S]”); AND

(2) THE AMOUNT BEING DRAWN PURSUANT TO THIS CERTIFICATE IS THE AMOUNT DUE AND OWING TO BENEFICIARY BEYOND ANY APPLCIABLE NOTICE GRACE PERIODS APPLICABLE UNDER THE AGREEMENT[S].

– OR –

(1) THIS LETTER OF CREDIT WILL EXPIRE IN THIRTY (30) CALENDAR DAYS OR LESS AND THE ACCOUNT PARTY HAS NOT PROVIDED ALTERNATE SECURITY AS REQUIRED PER THE TERMS OF THE AGREEEMENT.

IN WITNESS WHEREOF, THE UNDERSIGNED HAS EXECUTED THIS DRAWING CERTIFICATE AS OF THE _____ DAY OF _____ 20___.

BY:

NAME:

TITLE:

NON-RA EXPORT CAPACITY
TRANSACTION CONFIRMATION

This Non-RA Export Capacity Transaction Confirmation ("**Confirmation**"), dated March __, 2022 (the "**Effective Date**"), is made and entered into by Geysers Power Company, LLC ("**Seller**") and the Sacramento Municipal Utility District ("**Buyer**") pursuant to the Western Systems Power Pool Agreement (Effective Version: July 28, 2020) together with any and all exhibits, schedules or supplements thereto or incorporated therein by reference, but no further modification unless agreed by the Parties (the "**WSPP Agreement**"), and is subject to the terms and conditions of the WSPP Agreement, except as modified by this Confirmation. Seller and Purchaser are sometimes each referred to herein as a "**Party**" and collectively as the "**Parties**". Terms used but not defined herein shall have the meanings ascribed to them in the WSPP Agreement. In the event of any inconsistency between any of the terms herein and in the WSPP Agreement, the terms of this Confirmation shall control. This Confirmation and the WSPP Agreement are referred to collectively as the "**Agreement**".

NOW, THEREFORE, the Parties agree as follows:

Seller:	Geysers Power Company, LLC:
Buyer:	Sacramento Municipal Utility District
Product:	Capacity from the Project (as defined below) to support Self-Schedules for the export from the CAISO Balancing Area Authority to an external Balancing Area Authority of energy purchased by Buyer from Seller. Buyer intends to use capacity from the Project identified by Seller as provided below (the "**Non-Resource Adequacy Capacity**" or "**Non-RA Capacity**"), to support the export of Self-Scheduled energy as a high priority non-recallable export, which will be defined as the priority established for "Self-Schedules of exports at Scheduling Points explicitly sourced by Non-Resource Adequacy Capacity" pursuant to Section 31.4 of the CAISO Tariff or for "Price Taker (PT) exports" pursuant to Section 2.5.5.1 of the CAISO Market Operations Business Practice Manual. The Non-Resource Adequacy Capacity in support of exports from the CAISO Balancing Area Authority to an external Balancing Area Authority is sometimes referred to as a "**Supporting Resource**." Buyer's rights hereunder to the Product do not include any rights to the electrical output of the Units or the Alternate Capacity, and no Energy or Ancillary Services associated with any Unit is required to be made available to Buyer pursuant to this Confirmation.
Project:	Subject to the provisions in the section titled "Alternate Capacity", the Product will be provided from one or more geothermal power plants ("**Units**") owned or controlled by Seller in Lake and Sonoma Counties, California. The Units as of the Effective Date are listed on Exhibit A attached hereto. However, due to the portfolio nature of the Geysers

	geothermal facility, Buyer acknowledges that Seller is making sales and deliveries from the Project to other purchasers. Following the Effective Date, Seller may add or remove generating facilities and/or Designated Alternate Capacity Units to or from Exhibit A with prior written notice to Buyer, and any added generating facility(ies) will thereafter be considered Units for all purposes under this Confirmation; provided that, to the extent that addition of the generating facility(ies) was not approved by the CEC prior to delivery, the delivery of Product from the added generating facility(ies) is conditioned on the CEC making a final decision pursuant to the California Code of Regulations, Title 20, Section 2910 that the covered procurement complies with EPS, and in the event the CEC makes a final decision that the added generating facility(ies) does not comply with the EPS, the change to Exhibit A shall be void and all pending Product deliveries from such added generating facility(ies) shall be terminated no later than the effective date of the CEC's decision. The Unit or Units from which the Product is delivered and the amount of Product delivered from each Unit may change from time to time during the Delivery Term, and the capacity of a Unit may be allocated wholly or partially to the delivery of the Product.
Contract Quantity:	100 MW, measured on the same basis as NQC. Any difference between the actual capacity of a Unit and such Unit's NQC due to operating conditions will be treated as an Unexcused Outage if Seller does not provide Alternate Capacity.
Contract Price:	[redacted]
Delivery Term:	January 1, 2023 through December 31, 2032
Monthly Payment:	Buyer will make a monthly payment to Seller calculated as follows: Monthly Payment = ([Contract Quantity – Planned Outage Quantity – Designated Unexcused Outage Quantity] X Contract Price X Monthly Shape Factor) + NPD Amount – Damage Payment Amount where "**Planned Outage Quantity**" means the amount of Product not provided due to a Planned Outage to the extent that Seller does not replace such Product with Alternate Capacity. For any month, the Planned Outage Quantity will be equal to the Contract Quantity times a fraction, the numerator of which is the number of hours of Planned Outage in such month and the denominator of which is the total number of hours in such month. For purposes of the foregoing calculation, if the amount of Product is only partially reduced as a result of a Planned Outage, such reduction will be treated as a portion

	of an hour of Planned Outage equal to the pro rata portion of the Product that was not provided. "**Designated Unexcused Outage Quantity**" means the amount of Product not provided due to a Designated Unexcused Outage to the extent that Seller does not replace such Product with Alternate Capacity. For any month, the Designated Unexcused Outage Quantity will be equal to the Contract Quantity times a fraction, the numerator of which is the number of hours of Designated Unexcused Outage in such month and the denominator of which is the total number of hours in such month. For purposes of the foregoing calculation, if the amount of Product is only partially reduced as a result of a Designated Unexcused Outage, such reduction will be treated as a portion of an hour of Designated Unexcused Outage equal to the pro rata portion of the Product that was not provided. "**Monthly Shape Factor**" means the applicable percentage for the month set forth on Exhibit B. "**NPD Amount**" means the total negative price differential amount, if any, for the month, as provided in the section titled "Delivery of Product". "**Damage Payment Amount**" means the amount of damages, if any, payable by Seller as provided in the section titled "Damages for Unexcused Failure to Provide Product".
Delivery of Product:	Seller will notify Buyer at least 30 days before the beginning of each calendar month during the Delivery Term of the Unit or Units from which the Product will be provided for that month, the amount of Product (in MW) that will be provided from each such Unit, and the CAISO Resource ID number(s) for such Unit(s). Seller may revise the Units and quantities of Product from each Unit designated in such notice (or designate Alternate Capacity as provided below, as applicable) from time to time until two (2) hours before the scheduling deadline for the submission of Bids into the Day Ahead Market or such later time (including real time) to the extent allowed by the CAISO. Buyer and Seller will cooperate and take reasonable actions to enable substitution of other Units or Alternate Capacity after the foregoing deadline to the extent allowed by the CAISO. Seller will be deemed to have delivered the Product in a given hour to the extent it has done the following:

	(1) Seller has designated an amount of capacity equal to the Contract Quantity from one or more Units and/or from Alternate Capacity that satisfy the following requirements: (a) The Units or Alternate Capacity designated by Seller are identified in their respective Master Files as eligible for sale to an out-of-balancing authority area Load Serving Entity; (b) No CAISO Load Serving Entity has a right to the designated capacity; (c) The capacity is capable of supporting energy exports during the entire hour; and (d) The capacity is deliverable and has Full Capacity Deliverability Status as identified on the CAISO's Net Qualifying Capacity (NQC) list. (2) Seller offers the designated capacity in the Day-Ahead Residual Unit Commitment Market ("**RUC Market**") to support the Contract Quantity; provided that, not more than ten (10) times in any contract year (or as otherwise agreed by Buyer and Seller), Buyer may, by notice to Seller no later than 0500 Pacific time on the applicable WECC Pre-Schedule Day, direct Seller not to offer any of the designated capacity into the RUC Market on a given day and instead to offer all (but not less than all) of the designated capacity in the Real Time Market (RTM) on that day. Bids into the RUC Market shall be at a price of zero dollars ($0.00) per MW. (3) Seller has given Buyer timely notice of the Units or Alternate Capacity from which the Product will be provided and the information necessary for Buyer to schedule energy exports supported by such Units or Alternate Capacity as a Supporting Resource. (4) The designated capacity has not been reduced as the result of forced outages or derates of the designated Units and/or Alternate Capacity that has been allocated to Buyer, it being understood that any reduction will reduce the amount of Product delivered. For those days that Buyer directs Seller to offer all of the designated capacity in the RTM instead of the RUC Market as provided in clause (2), Buyer will hold Seller harmless from any negative price differential between the prices in the Day Ahead Market and RTM at the PNode(s) for the designated capacity. The price differential (defined as the Day Ahead Market price minus the RTM price) for the Contract Quantity will be calculated on an hourly basis for all hours in

	an applicable day, and the cumulative differential amount will be payable by Buyer to Seller monthly as provided below, but the monthly amount will not be less than zero (i.e. Seller will not be required to make a payment to Buyer.
Scheduling Coordinator; Other CAISO Revenues:	Seller will be the Scheduling Coordinator for the Units and will take such actions as may be reasonably necessary to enable Seller to perform its obligations under this Confirmation. Except as otherwise expressly provided herein or in another agreement between Buyer and Seller, Seller shall be entitled to retain any revenues it may receive from the CAISO or a third party from sales of other products from the Units, including energy, ancillary services and unit contingent call rights to provide energy, so long as such sales to not interfere with or confer any right to any Product sold hereunder.
Adjustments to Contract Quantity:	If and to the extent the Units are not available to provide the full amount of the Contract Quantity in any given hour, Seller may elect either not to provide the unavailable portion of the Contract Quantity or to provide Alternate Capacity to replace the unavailable portion of the Contract Quantity. Except as provided section titled "Excused Outages and Other Delivery Excuses", if Seller elects not to provide Alternate Capacity to replace unavailable Contract Quantity, Seller will be liable for damages as provided below.
Alternate Capacity:	If Seller is unable to provide the full amount of the Contract Quantity from the Units initially designated to provide the Product, Seller may supply capacity from other Units, from a Designated Alternate Capacity Unit, or from other generating resources in the CAISO Balancing Authority Area that satisfy the requirements for Non-RA Capacity set forth above in the section titled "Delivery of Product" ("**Alternate Capacity**"); provided, however, that such Alternate Capacity provided from other generating resources in the CAISO Balancing Authority Area that are not Units or Designated Alternate Capacity Units shall not exceed 15% of the forecasted Product to be delivered over the entire Delivery Term; provided, further, commencing on August 1, 2029, and on each August 1 thereafter during the Delivery Term, Buyer may inform Seller that Buyer does not want to continue to allow Seller to provide Alternate Capacity from resources other than the Units from and after January 1, 2030, or the January 1 following the date of the notice, as applicable, through the remainder of the Delivery Term, in which case Seller shall not designate a resource that is not a Unit as Alternate Capacity after such date; provided, further, that if Buyer's board of directors adopts a policy (or revises an existing policy) that requires Buyer not to purchase energy or capacity from resources that emit greenhouse gases earlier than January 1, 2030, Buyer shall have the foregoing option as

	of the date five (5) months before the effective date of such new or revised policy. For the avoidance of doubt, Designated Alternate Capacity Units shall only be used as Alternate Capacity.
Planned Outages:	Planned Outage shall be scheduled in accordance with applicable CAISO procedures during the Non-Summer Months. Planned Outages will be limited to 45 days per calendar year. Planned Outages where the affected Contract Quantity is replaced by Alternate Capacity shall not be counted against the 45 days per year allowance for Planned Outages. Planned Outages affecting less than all of the Contract Quantity will be considered a Planned Outage for a part of a day corresponding to the pro rata amount of the affected Contract Quantity.
Excused Outages and Other Excused Events:	Seller shall be excused from providing the Product or Alternate Capacity to the extent such failure is due to (i) an Excused Outage, (ii) Buyer's failure to perform any of its obligations hereunder, or (iii) any curtailment or reduction in priority of Buyer's export of energy outside of the CAISO Balancing Authority Area, including transmission outages and system emergencies, that is not the result of a failure of performance by Seller hereunder. If Buyer notifies Seller that Seller may not provide Alternate Capacity from resources other than the Units as provided above in the section titled "Alternate Capacity", Seller shall thereafter be excused from providing Product or Alternate Capacity to the extent the Units are not available to provide the full Contract Quantity except as the result of a Designated Unexcused Outage. Each of the foregoing reasons for Seller being excused from providing the Product or Alternate Capacity is referred to herein as an "**Excused Event**". Buyer accepts the risk of Excused Events and agrees that there shall be no reduction in the monthly payment as a result of any failure to provide Product or Alternate Capacity due to an Excused Event.
Damages for Unexcused Failure To Provide Product:	If in any month Seller fails to deliver at least 94.5% of the Contract Quantity from the Units or Alternate Capacity on average, calculated over all of the Assessment Hours in such month for reasons that are not Excused Events, Seller shall be subject to damages equal to the penalties that would be payable under the CAISO Tariff for failure to deliver the same amount of Resource Adequacy Capacity. Buyer and Seller acknowledge and agree that, as of the Effective Date, those penalties are RAAIM penalties equal to 60% of the CPM Soft-Cap Price (as provided in Section 40.9.6.1(b) of the CAISO Tariff), but those penalties may change as provided in the preceding sentence. Damages (if any) will be calculated on an hourly basis, but paid

	monthly as provided in the section title "Monthly Payment". Upon Buyer's reasonable request, Seller will provide access to any records, including outage reporting or settlement data from the CAISO necessary to verify the invoice.
Review of Unit Availability:	After the first year of the Delivery Term, and thereafter as reasonably requested by Buyer, the Parties will meet and confer regarding the availability of the Unit(s). If the availability of the Unit(s) persistently is materially less than 100 MW, the Parties will discuss in good faith opportunities to improve such availability and, if they agree (each in its sole discretion) to make any appropriate amendments to this Transaction, including, but not limited to, adjustments to the Contract Quantity. However, unless and until the Parties enter into any such amendments, this Transaction shall continue in full force and effect.
Change In Law:	In the event of any change in law or regulations, including but not limited to the CAISO Tariff, Software Infrastructure Business Rules (SIBR), and/or Business Practice Manuals, that materially affects the requirements for capacity that supports energy exports from the CAISO Balancing Authority Area to an external Balancing Authority Area (i.e., a Supporting Resource) or that materially changes the rights or obligations of a Party or the costs, benefits or burdens of performance by a Party under this Confirmation, then, at the request of the affected Party, the Parties will meet and negotiate in good faith to make such revisions to this Transaction as may be necessary to restore the costs, benefits and burdens of performance by each Party to those existing as of the Effective Date. If the Parties are unable to agree on such amendments after 90 days, this Transaction will continue in force, but Buyer may, at its option, resell the Product as Resource Adequacy Capacity, and Seller will cooperate with Buyer in effectuating such resale. Without limiting the foregoing, if during the Delivery Term the CAISO or the CPUC either replaces NQC as the value utilized to measure the qualifying capacity of a Unit with a successor value such as unforced capacity ("**UCAP**"), or utilizes such successor value as a supplemental means of measuring the qualifying capacity of a Unit together with NQC, then, at Seller's request, the Parties shall negotiate an amendment to this Confirmation so that, from and after the effective date of such replacement or supplement, the amount of Product to be provided by Seller to Buyer is no less than Buyer's pro rata share of the total qualifying capacity of the Units after such replacement or supplement (based on the ratio of the Contract Quantity to the total qualifying capacity of the Units before such replacement); provided that Seller may, at its option, agree to provide Product in excess of such amount up to the Contract Quantity.

Credit Support:	Seller and Buyer are entering into the RPS Agreement concurrently with the execution of this Confirmation. The security posted by Seller under the RPS Agreement shall secure its obligations under both this Confirmation and the RPS Agreement; provided that Buyer may only draw on such security pursuant to this Confirmation to recover damages payable under this Confirmation. The provisions of the RPS Agreement shall govern the posting, maintenance and release of this security. However, if the RPS Agreement is terminated for any reason, but this Confirmation continues in force, the Parties will amend this Confirmation within thirty (30) days after such termination to include the relevant portions of the RPS Agreement relating to posting, maintenance, reduction and release of the security (with such changes as may be necessary to reflect the differences between the two confirmations) and **Schedule 1**, except that the amounts on **Schedule 1** to the RPS Agreement will be reduced to reflect the proportionate reduction in Buyer's overall exposure as a result of the termination of the RPS Agreement. Once Seller has achieved an Investment Grade Rating, Seller shall no longer be required to post security under this Confirmation or the RPS Agreement, and Buyer shall return any cash or letters of credit held as security as provided in the RPS Agreement. As long as Buyer maintains an Investment Grade Rating, Buyer will not be required to provide security for the performance of its obligations hereunder and under the RPS Agreement. If Buyer ceases to maintain an Investment Grade Rating, Buyer will post and maintain security for its obligations hereunder and under the RPS Agreement as provided in the RPS Agreement; provided that Seller may only draw on such security pursuant to this Confirmation to recover damages payable under this Confirmation. If Buyer subsequently regains an Investment Grade Rating, shall not be required to post security under this Confirmation or the RPS Agreement, and Seller shall return any cash or letters of credit held as security as provided in the RPS Agreement.
Early Termination:	The Parties have entered into a separate agreement for the purchase and sale of renewable energy from the Units, which is dated concurrently with the Effective Date (the "**RPS Agreement**"). In the event the RPS Agreement is terminated for reasons other than as the result a default by a Party thereunder, either Party may also terminate this Agreement by written notice to the other Party within thirty (30) days after the termination of the RPS Agreement. Any such termination shall be "without fault", and neither Party shall be subject to damages or ongoing obligations as a result of such termination.

Assignment:	Notwithstanding anything in Section 14 of the WSPP Agreement to the contrary, Seller may, without the prior written consent of Buyer, transfer or assign this Confirmation and its rights and obligations hereunder to a Qualified Transferee; provided that Seller shall provide at least fifteen (15) Business Days notice to Buyer prior to any such transfer or assignment, and Seller shall not be relieved of its obligations under the Agreement prior to the effective date of such transfer or assignment and Seller's assignee having agreed in writing to assume all of Seller's obligations and liabilities under this Agreement. Upon any such assignment and the assumption in writing by the Affiliated assignee of all of Seller's obligations hereunder, Seller shall be released from any further obligation or liability under this Confirmation. Seller may also assign this Confirmation as collateral for any financing or refinancing of some or all of the Units. In connection with any financing or refinancing of some or all of the Units by Seller, Buyer shall in good faith work with Seller and its lender to execute a consent to collateral assignment of this Agreement substantially in the form attached hereto as Exhibit D.
Limitation on Damages:	THE PARTIES CONFIRM THAT THE EXPRESS REMEDIES AND MEASURES OF DAMAGES PROVIDED IN THIS AGREEMENT SATISFY THE ESSENTIAL PURPOSES HEREOF. IF ANY PROVISION OF THIS AGREEMENT PROVIDES FOR AN EXPRESS REMEDY OR MEASURE OF DAMAGES, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY FOR BREACH OF THAT PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY FOR A BREACH OF SUCH PROVISION ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED, A PARTY'S LIABILITY FOR BREACH SHALL BE LIMITED TO DIRECT DAMAGES ONLY. EXCEPT FOR DAMAGES OWED TO UNAFFILIATED THIRD PARTIES WHICH MAY BE SUBJECT TO INDEMNIFICATION, NEITHER PARTY SHALL HAVE ANY LIABILITY FOR ANY CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT, PUNITIVE OR EXEMPLARY DAMAGES OF ANY KIND, INCLUDING LOSS OF PROFITS OR BUSINESS OPPORTUNITIES, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR THE ACTIVITIES CONTEMPLATED HEREBY, WHETHER ASSERTED IN CONTRACT, TORT OR OTHERWISE AND NOTWITHSTANDING THE INADEQUACY OR CLAIMED INADEQUACY OF ANY LIMITED REMEDY. NOTWITHSTANDING ANYTHING HEREIN TO THE CONTRARY, SELLER'S TOTAL LIABILITY HEREUNDER AND UNDER THE RPS AGREEMENT SHALL NOT EXCEED THE AMOUNTS SET FORTH ON SCHEDULE 1 TO THE RPS AGREEMENT FOR THE PERIOD IN QUESTION.

Emission Performance Standard	This Agreement is a "covered procurement" under the CEC's EPS and Buyer shall make the required compliance filing with the CEC within 10 Business Days of the Effective Date. The Parties agree that this Agreement shall be void and all pending Product deliveries terminated no later than the effective date of any final decision by the CEC pursuant to the California Code of Regulations, Title 20, Section 2910 that the covered procurement fails to comply with EPS. The Parties acknowledge that the Project is a "determined to be compliant" power plant pursuant to 20 CCR §§ 2903(b)(1) or (2).
General Representations:	In addition to the representations and warranties contained in Section 37 of the Master Agreement, each of Purchaser and Seller represents and warrants to the other party that, as of the Effective Date: (a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation; (b) it has all contractual, governmental, regulatory and legal authorizations necessary for it to legally perform its obligations under this Confirmation; (c) the execution, delivery and performance of this Confirmation are within its powers, have been duly authorized by all necessary action; (d) this Confirmation and each other document executed and delivered in accordance with this Confirmation constitutes its legally valid and binding obligation enforceable against it in accordance with its terms, subject to any bankruptcy, insolvency, reorganization and other laws affecting creditors' rights generally, and with regard to equitable remedies, the discretion of the court before which proceedings to obtain same may be pending; and (e) it is acting for its own account, has made its own independent decision to enter into this Confirmation and as to whether this Confirmation is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in doing so, and is capable of assessing the merits of and understanding, and understands and accepts, the terms and conditions and risks of this Confirmation.
Certain Modifications of the WSPP Agreement:	The WSPP Agreement is hereby modified as follows: (1) Section 21.1 of the WSPP Agreement is amended by deleting "other direct" in the ninth line. The Parties also agree that the waiver

	on the fifth line of that section does not apply to any damages or other remedies expressly provided for in this Confirmation. (2) Section 21.3(a) of the WSPP Agreement is modified by (i) deleting the words "as follows" in the sixth line of the first sentence thereof and substituting the phrase "as set forth in the applicable Confirmation", (ii) deleting subsections (1), (2) and (3) thereof, (iii) deleting the phrase "and the Contract Price of the Confirmation to which the non-performed transaction is identified, and the Contract Quantity of the non-performed transaction, shall be applied to the calculation of amounts due under Section 21.3(a)(1) through (3), as applicable" at the end of the first paragraph of subsection (5) thereof and substituting the phrase "and damages shall be calculated in accordance with the applicable Confirmations", and (iv) deleting the balance of subsection (5) after the first two paragraphs thereof (3) Section 21.3(d) of the WSPP Agreement is revised by (i) changing "the full amount of damages" on the second and third lines to "the undisputed amount of damages", and (ii) deleting the second sentence thereof. (4) Section 22.1 of the WSPP Agreement is modified as follows: (a) Subsection (d) is deleted and replaced with [intentionally omitted]": (b) Subsections (f) through (j) are added as follows: "(f) the failure of the Defaulting Party to perform any material covenant or obligation set forth in this Agreement (except to the extent constituting a separate Event of Default, and except for such Party's obligations to deliver or receive the quantities of Product due under this Agreement, the exclusive remedy for which is provided in Section 21.3) if such failure is not remedied within thirty (30) days after written notice; (g) the termination of the RPS Agreement as the result of a default by the Defaulting Party thereunder; (h) the failure of the Defaulting Party to pay its debts generally as they become due or the Defaulting Party's admission in a writing that is unable to generally pay its debts as they become due; (i) the institution, by the Defaulting Party, of a general assignment for the benefit of its creditors; or

(j) the application for, consent to, or acquiescence to, by the Defaulting Party, the appointment of a receiver, custodian, trustee, liquidator, or similar official for all or a substantial portion of its assets."

(5) Section 22.2(b) of the WSPP Agreement is amended by (i) inserting "and is continuing" after "Event of Default occurs" in the first line of the first paragraph, (ii) deleting the second sentence in the first paragraph, and (iii) deleting the second paragraph in its entirety.

(6) Section 22.3 of the WSPP Agreement is amended as follows:

(a) The second sentence of Section 22.3(b) is deleted and replaced with the following: "The "Present Value Rate" shall mean an annual rate equal to the "prime rate" as published in the Wall Street Journal from to time plus 2%."

(b) The third sentence of Section 22.3(c) is deleted and replaced with the following: "If the Non-Defaulting Party's aggregate Gains exceed its aggregate Losses and Costs, if any, resulting from the termination of this Agreement or a Confirmation, the Termination Payment for all such Terminated Transactions shall be zero, notwithstanding any provision in this Section or Agreement to the contrary."

(c) Section 22.3(e) (including all subsections) is deleted in its entirety and replaced with the following: "[intentionally omitted]"

(d) Section 22.3(f) is deleted in its entirety and replaced with the following:

"If the Defaulting Party disagrees with the calculation of the Termination Payment and the Parties cannot otherwise resolve their differences, and provided that Defaulting Party has paid the undisputed part of the Termination Payment to the Non-Defaulting Party and that any amounts disputed by the Defaulting Party are disputed in good faith, then the Defaulting Party may submit the calculation to dispute resolution pursuant to Section 34."

(7) Section 24 is amended by deleting "Utah" in the second line and replacing it with "California".

(8) Section 27 is deleted in its entirety and replaced with the following: "[intentionally omitted]".

	(9) The netting provisions of Section 28 of the WSPP Agreement shall apply to the transaction covered by this Confirmation as if Buyer and Seller had both executed Exhibit A to the WSPP Agreement. Both Parties intend for the netting provisions of Exhibit A to the WSPP Agreement to be effective on the first day of the Delivery Term. (10) Section 30.1 is amended by (a) inserting "or requested" after the word "required" in clause (4), (b) deleting "or" immediately before clause (7), and (c) adding the following at the end of the first sentence: "; or (8) to the Party's and such Party's affiliates' lenders and potential lenders, investors or potential investors, counsel, accountants, advisors and agents who have a need to know such information and have agreed to keep such terms confidential". (11) The second sentence of Section 31 of the WSPP Agreement is deleted. (12) The second and third sentences of Section 32.5 of the WSPP Agreement are deleted. (13) Sections 34.1 and 34.2 are deleted in their entirety and replaced with the following: 34.1 INFORMAL DISPUTE RESOLUTION In the event of any dispute arising under this Confirmation, within ten (10) days following the receipt of a written notice from either Party identifying such dispute, the Parties shall meet, negotiate and attempt in good faith to resolve the dispute informally. If the Parties are unable to resolve a dispute arising hereunder within thirty (30) days after receipt of such notice, then each Party may seek any and all remedies available to it at law or in equity, subject to the limitations set forth in this Confirmation. 34.2 JURISDICTION; VENUE Each Party submits to the jurisdiction of the state and federal courts located in Sacramento County, California, for any action or proceeding relating to this Confirmation or any transaction, and expressly waives any objection it may have to such jurisdiction or the convenience of such forum. Any litigation brought to enforce or interpret this Agreement shall be brought in the state or federal courts located in Sacramento County, California.

	(14) The phrase "arbitration or" in the first line of Section 34.4 is deleted. (15) The phrase "as of the date of execution of this Confirmation," is inserted after "to the other(s)" in the first line of Section 37. (16) Section 41 of the WSPP Agreement is renumbered Section 42 and the following new Section 41 entitled "Standard of Review" is inserted between Sections 40 and 42: **41. STANDARD OF REVIEW** The Parties agree as follows: 41.1 Absent the agreement of all Parties to the proposed change, the standard of review for changes to any section of this Agreement (including all Transactions and/or Confirmations) specifying the rate(s) or other material economic terms and conditions agreed to by the Parties herein, whether proposed by a Party, a non-party or FERC acting *sua sponte*, shall be the "public interest" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956)(the "Mobile-Sierra" doctrine) and clarified in *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish* 554 U.S. 527 (2008) and *NRG Power Marketing LLC v. Maine Pub. Util. Comm'n*, 558 U.S. 165 (2010). 41.2 The Parties, for themselves and their successors and assigns, (i) agree that this "public interest" standard shall apply to any proposed changes in any other documents, instruments or other agreements executed or entered into by the Parties in connection with this Agreement and (ii) hereby expressly and irrevocably waive any rights they can or may have to the application of any other standard of review, including the "just and reasonable" standard.
Notices:	All notices hereunder will be in writing and will be sent to the Parties at the notice addresses set forth on Exhibit C attached hereto.
Definitions:	In addition to the defined terms in the WSPP Agreement, the following capitalized terms used in this Confirmation will have the meanings set forth below or defined elsewhere in this Confirmation. Excepted as otherwise defined herein, capitalized terms used in this Confirmation

	and defined in the CAISO Tariff will have the meanings defined in the CAISO Tariff. "**Alternate Capacity**" has the meaning defined in the section titled "Alternate Capacity". "**Assessment Hour**" means an "Availability Assessment Hour", as defined in the CAISO Tariff, established by the CAISO pursuant to Section 40.9.3.1 of the CAISO Tariff. "**Bid**" has the meaning defined in the CAISO Tariff. "**CAISO**" means the California Independent System Operator Corporation or successor entity, or entities, with similar function(s). "**CAISO Tariff**" means the CAISO's open access transmission tariff filed with, and approved by, the Federal Energy Regulatory Commission, as that tariff may be amended from time-to-time. "**Day Ahead Market**" has the meaning defined in the CAISO Tariff. "**Designated Unexcused Outage**" means Seller's failure to deliver the Product due to (i) its failure to designate in the applicable Master File(s) sufficient capacity at the Project or Alternate Capacity as eligible for sale to a Load Serving Entity outside of the CAISO Balancing Authority Area, (ii) its designation of capacity as Non-RA Capacity hereunder that has also been designated on a Supply Plan as a Resource Adequacy Resource, or (iii) its failure to provide Alternate Capacity after it has notified Buyer that it would provide Alternate Capacity. "**Effective Date**" has the meaning defined in the preamble to this Confirmation. "**Emission Performance Standard**" or "**EPS**" means the requirements set-forth in California Code of Regulations (CCR) Title 20, Chapter 11, Article 1. Section 2900 et seq. "**Excused Event**" has the meaning defined in the section titled "Excused Outages and Other Excused Events". "**Excused Outage**" means (i) an outage due to Uncontrollable Force, system emergencies, full or partial transmission outages (including public safety power shutoffs), actions by the CAISO or similar events or circumstances, and (ii) a Planned Outage.

	"**Governmental Authority**" means any federal, state, local or municipal government, governmental department, commission, board, bureau, agency, or instrumentality, or any judicial, regulatory or administrative body, having jurisdiction as to the matter in question. "**Investment Grade Rating**" means a rating of BBB- or better from S&P or a rating of Baa3 or better from Moody's. "**Load Serving Entity**" has the meaning defined in the CAISO Tariff. "**Master File**" has the meaning defined in the CAISO Tariff. "**Moody's**" means Moody's Investors Service, Inc. "**Planned Outage**" means a Maintenance Outage (as defined in the CAISO Tariff) of any of the Units and any other outage characterized by the CAISO as a "planned outage" of any of the Units. "**Net Qualifying Capacity**" or "**NQC**" has the meaning defined in the CAISO Tariff. "**Non-Resource Adequacy Capacity**" or "**Non-RA Capacity**" has the meaning defined in the section titled "Product". "**Qualified Transferee**" means (1) an Affiliate of Seller, or (2) any person succeeding to all or substantially all of the assets of Seller (whether voluntarily or by operation of law) that either itself or its direct or indirect parent, has (x) a tangible net worth of at least $50,000,000 or (y) a credit rating of "BB-" or higher by S&P or "Ba3" or higher by Moody's "**Real Time Market**" or "**RTM**" has the meaning defined in the CAISO Tariff. "**Resource Adequacy Capacity**" has the meaning defined in the CAISO Tariff. "**RPS Agreement**" has the meaning defined in the section titled "Early Termination". "**RUC Market**" has the meaning defined in the section titled "Delivery of Product". "**S&P**" means Standard & Poor's Financial Services LLC.

	"**Supporting Resource**" has the meaning defined in the section titled "Product". "**Unexcused Outage**" means and outage that is not an Excused Outage. "**Units**" has the meaning defined in the section titled "Project". "**WECC Pre-Schedule Day**" means, with respect to any day, the prescheduling day set forth in the applicable prescheduling calendar issued from time to time by the Western Electricity Coordinating Council.

EXHIBIT A

UNITS

Name of Facility	**CAISO Resource ID**
Aidlin Power Plant	ADLIN_1_UNITS
Sonoma Power Plant	SMUDGO_7_UNIT 1
Geysers Units 5&6	GYS5X6_7_UNITS
Geysers Units 7&8	GYS7X8_7_UNITS
Geysers Unit 11	GEYS11_7_UNIT11
Geysers Unit 12	GEYS11_7_UNIT12
Geysers Unit 13	GEYS11_7_UNIT13
Geysers Unit 14	GEYS11_7_UNIT14
Geysers Unit 16	GEYS11_7_UNIT16
Geysers Unit 17	GEYS11_7_UNIT17
Geysers Unit 18	GEYS11_7_UNIT18
Calistoga Power Plant	SANTFG_7_UNITS
Geysers Unit 20	GEYS11_7_UNIT20

EXHIBIT A

DESIGNATED ALTERNATE CAPACITY UNITS

Name of Facility	CAISO Resource ID
Delta Energy Center	DELTA_2_PL1X4

Exhibit B

MONTHLY SHAPE FACTOR

Month	Percentage of Average Annual Price
January	75.00%
February	75.00%
March	50.00%
April	41.67%
May	41.67%
June	100.00%
July	200.00%
August	200.00%
September	200.00%
October	100.00%
November	41.67%
December	75.00%

EXHIBIT C

NOTICES

EXHIBIT D

FORM OF CONSENT TO ASSIGNMENT

FORM OF

CONSENT AND AGREEMENT

among

[***Insert Name of Contracting Party***],
a [_____]
(Contracting Party)

and

GEYSERS POWER COMPANY, LLC,
a Delaware limited liability company
(Assignor)

and

MUFG UNION BANK, N.A.,
(First Lien Collateral Agent)

Dated as of [___]

This CONSENT AND AGREEMENT, dated as of [_____], 20[__] (this "Consent"), is *entered into by and among* ***[Insert name of Contracting Party]***, a [_____] [organized][formed] and existing under the laws of the State of [_____] (together with its permitted successors and assigns, "Contracting Party"), MUFG UNION BANK, N.A., in its capacity as collateral agent for the First Lien Secured Parties referred to below (together with its successors, designees and assigns in such capacity, "First Lien Collateral Agent"), and GEYSERS POWER COMPANY, LLC, a limited liability company formed and existing under the laws of the State of Delaware (together with its permitted successors and assigns, "Assignor").

RECITALS

A. Assignor owns the following geothermal electric generating facilities located in the Geysers area of Northern California (Sonoma and Lake Counties) (collectively, the "Projects"):

The Aidlin project, an approximately 18 megawatt geothermal facility located in Sonoma County, CA.

The Sonoma project, an approximately 53 megawatt geothermal facility located in Sonoma County, CA.

The two-unit McCabe project, an approximately 84 megawatt geothermal facility located in Sonoma County, CA.

The two-unit Ridge Line project, an approximately 76 megawatt geothermal facility located in Sonoma County, CA.

The Eagle Rock project, an approximately 68 megawatt geothermal facility located in Sonoma County, CA.

The Cobb Creek project, an approximately 51 megawatt geothermal facility located in Sonoma County, CA.

The Big Geysers project, an approximately 61 megawatt geothermal facility located in Lake County, CA.

The Sulphur Springs project, an approximately 47 megawatt geothermal facility located in Sonoma County, CA.

The Quicksilver project, an approximately 53 megawatt geothermal facility located in Lake County, CA.

The Lake View project, an approximately 54 megawatt geothermal facility located in Sonoma County, CA.

The Socrates project, an approximately 50 megawatt geothermal facility located in Sonoma County, CA.

The two-unit Calistoga project, an approximately 69 megawatt geothermal facility located in Lake County, CA.

The Grant project, an approximately 41 megawatt geothermal facility located in Sonoma County, CA.

B. In order to finance the operation and maintenance of the Projects, Assignor has entered into that certain Credit Agreement, dated as of June 9, 2020 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Credit Agreement"), with GEYSERS INTERMEDIATE HOLDINGS LLC, a Delaware limited liability company, as Holdings ("Holdings"), GEYSERS COMPANY, LLC, a Delaware limited liability company ("Geysers Company"), WILD HORSE GEOTHERMAL, LLC, a Delaware limited liability company ("Wild Horse") and CALISTOGA HOLDINGS, LLC, a Delaware limited liability company ("Calistoga," and, together with Holdings, Geysers Company and Wild Horse, each a "Guarantor" and together, the "Guarantors"), MUFG BANK, LTD., as administrative agent for the Lenders, MUFG UNION BANK, N.A., as collateral agent for the First Lien Secured Parties, and the financial institutions from time to time parties thereto in such other capacities as described therein (collectively, the "Lenders").

C. Contracting Party and Assignor have entered into that certain [***Insert description of relevant Major Project Contract(s)***], dated as of [_____] [____], [_____] (as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the terms thereof and hereof, the "Assigned Agreement").

D. As security for Assignor's obligations under the Credit Agreement and related financing documents with respect to the Loans and related obligations, Assignor has granted, pursuant to a security agreement executed by Assignor and First Lien Collateral Agent (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement"), to the First Lien Collateral Agent, for the benefit of the First Lien Secured Parties, a first priority lien on all of Assignor's right, title and interest in the Projects and other rights and interests relating thereto, whenever arising, including, without limitation, the Assigned Agreement and all of Assignor's right, title and interest under (but not any of Assignor's obligations, liabilities or duties with respect thereto) the Assigned Agreement;

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and intending to be legally bound, the parties hereto hereby agree, notwithstanding anything in the Assigned Agreement to the contrary, as follows:

1. Assignment and Agreement.

1.1 Consent to Assignment. Contracting Party (a) is hereby notified and acknowledges that the Lenders have entered into the Credit Agreement and made the extensions of credit contemplated thereby in reliance upon the execution and delivery by Contracting Party of the Assigned Agreement and this Consent, (b) consents to the collateral assignment under the Security Agreement of all of Assignor's right, title and interest in, to and under the Assigned Agreement, including, without limitation, all of Assignor's rights to receive payment and all payments due and to become due to Assignor under or with respect to the Assigned Agreement (collectively, the "Assigned Interests") and (c) acknowledges the right of First Lien Collateral Agent or a Subsequent Owner (as defined below), in the exercise of First Lien Collateral Agent's rights and remedies pursuant to the Security Agreement, upon written notice to Contracting Party, to make all demands, give all notices, take all actions and exercise all rights of Assignor under the Assigned Agreement.

1.2 Subsequent Owner.

(a) Contracting Party agrees that, if First Lien Collateral Agent notifies Contracting Party in writing that, pursuant to the Security Agreement, it has assigned, foreclosed or sold the Assigned Interests or any portion thereof, then (i) First Lien Collateral Agent or its successor, assignee and/or designee, or any purchaser of the Assigned Interests (a "Subsequent Owner") shall be substituted for Assignor under the Assigned Agreement and (ii) Contracting Party shall (1) recognize First Lien Collateral Agent or the Subsequent Owner, as the case may be, as its counterparty under the Assigned Agreement and (2) continue to perform its obligations under the Assigned Agreement in favor of First Lien Collateral Agent or the Subsequent Owner, as the case may be; provided that First Lien Collateral Agent or such Subsequent Owner, as the case may be, has assumed in writing all of Assignor's rights and obligations (including, without limitation, the obligation to cure any then existing payment and performance defaults, but excluding any obligation to cure any then existing performance defaults which by their nature are incapable of being cured) under the Assigned Agreement.

(b) [***Insert the following only if warranties are provided by Contracting Party under the relevant Assigned Agreement:*** Without limiting anything herein, the warranties provided by Contracting Party under the Assigned Agreement shall continue in full force and effect (until the expiration of the applicable warranty periods set forth in the Assigned Agreement) in the event that First Lien Collateral Agent or a Subsequent Owner succeeds to Assignor's right, title and interest in the Assigned Agreement.]

1.3 Right to Cure. If Assignor defaults in the performance of any of its obligations under the Assigned Agreement, or upon the occurrence or non-occurrence of any event or condition under the Assigned Agreement which would immediately or with the passage of any applicable grace period or the giving of notice, or both, enable Contracting Party to terminate or suspend its performance under the Assigned Agreement (each hereinafter a "default"), Contracting Party shall not terminate or suspend its performance under the Assigned Agreement until it first gives written notice of such default to First Lien Collateral Agent and affords First Lien Collateral Agent a period of at least 15 days (or if such default is a nonmonetary default, such longer period (not to exceed 60 days) as may be required to cure such default) from receipt of such notice to cure such default; provided, however, that (a) if possession of the Projects is necessary to cure such nonmonetary default and First Lien Collateral Agent has commenced foreclosure proceedings, First Lien Collateral Agent shall be allowed a reasonable time to complete such proceedings, and (b) if First Lien Collateral Agent is prohibited from curing any such nonmonetary default by any process, stay or injunction issued by any governmental authority or pursuant to any bankruptcy or insolvency proceeding or other similar proceeding involving Assignor, then the time periods specified herein for curing a default shall be extended for the period of such prohibition.

1.4 No Amendments.

(a) [reserved]

(b) Except for the Buyer Limited Assignment Right under section (p) of the Additional Terms of the Assigned Agreement, Contracting Party agrees that it shall not, without the prior written consent of First Lien Collateral Agent, which consent shall not be unreasonably withheld, (i) sell, assign or otherwise transfer any of its

rights under the Assigned Agreement, (ii) terminate, cancel or suspend its performance under the Assigned Agreement (unless it has given First Lien Collateral Agent notice and an opportunity to cure in accordance with Section 1.3 hereof), (iii) consent to any assignment or other transfer by Assignor of its rights under the Assigned Agreement, or (iv) consent to any voluntary termination, cancellation or suspension of performance by Assignor under the Assigned Agreement.

1.5 Replacement Agreements. In the event the Assigned Agreement is rejected or terminated as a result of any bankruptcy, insolvency, reorganization or similar proceeding affecting Assignor, Contracting Party shall, at the option of First Lien Collateral Agent exercised within 30 days after such rejection or termination, enter into a new agreement with First Lien Collateral Agent having identical terms as the Assigned Agreement (subject to any conforming changes necessitated by the substitution of parties and other changes as the parties may mutually agree), provided that (i) the term under such new agreement shall be no longer than the remaining balance of the term specified in the Assigned Agreement, and (ii) upon execution of such new agreement, First Lien Collateral Agent cures any outstanding payment and performance defaults under the Assigned Agreement, excluding any performance defaults which by their nature are incapable of being cured.

1.6 Limitations on Liability. Unless and until First Lien Collateral Agent has assumed Assignor's rights and obligations under the Assigned Agreement or entered into a new agreement, Contracting Party acknowledges and agrees that First Lien Collateral Agent shall not have any liability or obligation to Contracting Party under the Assigned Agreement as a result of this Consent, the Security Agreement or otherwise, nor shall First Lien Collateral Agent be obligated or required to (a) perform any of Assignor's obligations under the Assigned Agreement, except during any period in which First Lien Collateral Agent has assumed Assignor's rights and obligations under the Assigned Agreement pursuant to Section 1.2[(a)] above, or (b) take any action to collect or enforce any claim for payment assigned under the Security Agreement. If First Lien Collateral Agent has assumed Assignor's rights and obligations under the Assigned Agreement pursuant to Section 1.2[(a)] above or has entered into a new agreement pursuant to Section 1.5 above, First Lien Collateral Agent shall be subject to liability and obligations to Contracting Party under the Assigned Agreement or such new agreement for the period that it is party to the Assigned Agreement or such new agreement.

1.7 Delivery of Notices. Contracting Party shall deliver to First Lien Collateral Agent, concurrently with the delivery thereof to Assignor, a copy of each notice, request or demand given by Contracting Party to Assignor pursuant to the Assigned Agreement relating to (a) a default by Assignor under the Assigned Agreement, and (b) any matter that would require the consent of First Lien Collateral Agent pursuant to Section 1.4 above.

1.8 Transfer. First Lien Collateral Agent shall have the right to assign all of its interest in the Assigned Agreement or a new agreement entered into pursuant to the terms of this Consent; provided that such transferee assumes in writing the obligations of Assignor or First Lien Collateral Agent, as applicable, under the Assigned Agreement or such new agreement. Upon such assignment, First Lien Collateral Agent shall be released from any further liability under the Assigned Agreement or such new agreement to the extent of the interest assigned.

1.9 Refinancing. [Contracting Party hereby acknowledges that Assignor may, from time to time during the term of the Assigned Agreement, refinance the indebtedness incurred under the Credit Agreement pursuant to another bank financing, an institutional

financing, a capital markets financing, a lease financing or any other combination thereof or other form of financing. In connection with any such refinancing, Contracting Party hereby consents to any collateral assignment or other assignment of the Assigned Agreement in connection therewith and agrees that the terms and provisions of this Consent shall apply with respect to such assignment and shall inure to the benefit of the parties providing such refinancing. In furtherance of the foregoing, Contracting Party agrees that (i)(1) references in this Consent to the "First Lien Collateral Agent" and the "First Lien Secured Parties" shall be deemed to be references to the applicable financing parties providing such refinancing, and (2) references in this Consent to the "Credit Agreement" and the "Security Agreement" shall be deemed to be references to the corresponding agreements entered into in connection with such refinancing, and (ii) if reasonably requested by Assignor, it shall enter into a new consent, substantially in the form of this Consent (including any material changes from this form of Consent as may be agreed by Contracting Party) in favor of the parties providing such refinancing.][1]

[***Insert the following only if Contracting Party is an Affiliate of Assignor under the relevant Assigned Agreement:*** 1.10 No Obligations. Notwithstanding anything to the contrary herein or in the Assigned Agreement, in the event that First Lien Collateral Agent or its designee(s) or assignee(s) succeed to the Assignor's interest under the Assigned Agreement or foreclose on the equity interests of Assignor, First Lien Collateral Agent or its designee or assignee shall have the right, which must be exercised within thirty (30) days following such person succeeding to Assignor's interest under the Assigned Agreement or such foreclosure on the Assignor's equity interests, to terminate the Assigned Agreement upon written notice to Contracting Party and neither it nor any First Lien Secured Party nor the Assignor shall have any further obligations under the Assigned Agreement, including without limitation, obligations in respect of the payment of any fees, commissions or expenses, provided that such termination shall not affect obligations incurred prior to the date of termination for services provided.]

2. Payments under the Assigned Agreement.

2.1 Payments. Contracting Party shall pay all amounts (if any) payable by it under the Assigned Agreement in the manner and as and when required by the Assigned Agreement directly into the account specified on Exhibit A hereto, or to such other person, entity or account as shall be specified from time to time by First Lien Collateral Agent to Contracting Party in writing. Notwithstanding the foregoing, if any entity or person has become a Subsequent Owner pursuant to the terms hereof, then Contracting Party shall pay all such amounts directly to such Subsequent Owner or an account designated by Subsequent Owner.

2.2 No Offset, Etc. All payments required to be made by Contracting Party under the Assigned Agreement shall be made without any offset, recoupment, abatement, withholding, reduction or defense whatsoever, other than those allowed by the terms of the Assigned Agreement.

3. Representations and Warranties of Contracting Party. Contracting Party hereby represents and warrants, in favor of First Lien Collateral Agent, as of the date hereof, that:

(a) Contracting Party (i) is a [_____] duly [**formed**][**organized**] and validly existing under the laws of the State of [_____], (ii) is duly qualified, authorized

[1] This Section 1.9 to be included at Borrowers election and with such changes as Borrower may reasonably request.

to do business and in good standing in every jurisdiction necessary to perform its obligations under the Assigned Agreement and this Consent, and (iii) has all requisite power and authority to enter into and to perform its obligations hereunder and under the Assigned Agreement, and to carry out the terms hereof and thereof and the transactions contemplated hereby and thereby;

(b) the execution, delivery and performance by Contracting Party of this Consent and the Assigned Agreement have been duly authorized by all necessary corporate or other action on the part of Contracting Party and do not require any approvals, filings with, or consents of any entity or person which have not previously been obtained or made;

(c) each of this Consent and the Assigned Agreement is in full force and effect, has been duly executed and delivered on behalf of Contracting Party by the appropriate officers of Contracting Party, and constitutes the legal, valid and binding obligation of Contracting Party, enforceable against Contracting Party in accordance with its terms, except as the enforceability thereof may be limited by (i) bankruptcy, insolvency, reorganization or other similar laws affecting the enforcement of creditors' rights generally, and (ii) general equitable principles (whether considered in a proceeding in equity or at law);

(d) there is no litigation, action, suit, proceeding or investigation pending or (to the best of Contracting Party's knowledge) threatened against Contracting Party before or by any court, administrative agency, arbitrator or governmental authority, body or agency which, if adversely determined, individually or in the aggregate, (i) could adversely affect the performance by Contracting Party of its obligations hereunder or under the Assigned Agreement, or which could modify or otherwise adversely affect any required approvals, filings or consents which have previously been obtained or made, (ii) could have a material adverse effect on the condition (financial or otherwise), business or operations of Contracting Party, or (iii) questions the validity, binding effect or enforceability hereof or of the Assigned Agreement, any action taken or to be taken pursuant hereto or thereto or any of the transactions contemplated hereby or thereby;

(e) the execution, delivery and performance by Contracting Party of this Consent and the Assigned Agreement, and the consummation of the transactions contemplated hereby and thereby, will not result in any violation of, breach of or default under any term of its formation or governance documents, or of any contract or agreement to which it is a party or by which it or its property is bound, or of any license, permit, franchise, judgment, injunction, order, law, rule or regulation applicable to it, other than any such violation, breach or default which could not reasonably be expected to have a material adverse effect on Contracting Party's ability to perform its obligations under the Assigned Agreement;

(f) neither Contracting Party nor, to the best of Contracting Party's knowledge, any other party to the Assigned Agreement, is in default of any of its obligations thereunder;

(g) to the best of Contracting Party's knowledge, (i) no event of force majeure exists under, and as defined in, the Assigned Agreement, and (ii) no event or condition exists which would either immediately or with the passage of any applicable grace period or giving of notice, or both, enable either Contracting Party or Assignor to terminate or suspend its obligations under the Assigned Agreement; and

(h) the Assigned Agreement, this Consent, the Limited Assignment (a form of which is attached as Exhibit B to the Assigned Agreement0, if and when signed, and that certain [WSPP Export Non-Resource Adequacy Confirmation] dated [____] between Assignor and Contracting Party are the only agreements between Assignor and Contracting Party

with respect to the Project, and all of the conditions precedent to effectiveness under the Assigned Agreement have been satisfied or waived.

Each of the representations and warranties set forth in this Section 3 shall survive the execution and delivery of this Consent and the Assigned Agreement and the consummation of the transactions contemplated hereby and thereby.

4. Miscellaneous.

4.1 Notices. Any communications between the parties hereto or notices provided herein to be given may be given to the following addresses:

If to Assignor:

[***Insert Address of GEYSERS POWER COMPANY, LLC***]
Facsimile: [___]
Telephone: [___]
Attention: [___]

If to Contracting Party:

_____
_____
_____
Facsimile: _____
Telephone: _____
Attention: _____

If to First Lien Collateral Agent:

_____
_____
_____
Facsimile: _____
Telephone: _____
Attention: _____

All notices or other communications required or permitted to be given hereunder shall be in writing and shall be considered as properly given (a) if delivered in person, (b) if sent by overnight delivery service (including Federal Express, UPS, DHL and other similar overnight delivery services), (c) in the event overnight delivery services are not readily available, if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, (d) if sent by prepaid telegram or by facsimile or (e) if sent by other electronic means (including electronic mail) confirmed by facsimile or telephone. Any party may change its address for notice hereunder by giving of 30 days' notice to the other parties in the manner set forth hereinabove.

4.2 Governing Law; Submission to Jurisdiction.

(a) THIS CONSENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE CONSTRUED IN ACCORDANCE WITH, AND BE GOVERNED BY, THE LAWS OF THE STATE OF NEW YORK (WITHOUT GIVING EFFECT TO THE PRINCIPLES THEREOF RELATING TO CONFLICTS OF LAW EXCEPT SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) Any legal action or proceeding with respect to this Consent and any action for enforcement of any judgment in respect thereof may be brought in the courts of the State of New York or of the United States of America for the Southern District of New York, and, by execution and delivery of this Consent, Contracting Party hereby accepts for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts and appellate courts from any appeal thereof. Contracting Party irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified mail, postage prepaid, to Contracting Party at its notice address provided pursuant to Section 4.1 hereof. Contracting Party hereby irrevocably waives any objection which it may now or hereafter have to the laying of venue of any of the aforesaid actions or proceedings arising out of or in connection with this Consent brought in the courts referred to above and hereby further irrevocably waives and agrees not to plead or claim in any such court that any such action or proceeding brought in any such court has been brought in an inconvenient forum. Nothing herein shall affect the right of First Lien Collateral Agent to serve process in any other manner permitted by law or to commence legal proceedings or otherwise proceed against Contracting Party in any other jurisdiction.

4.3 Counterparts. This Consent may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart to this Consent by facsimile or "pdf" transmission shall be as effective as delivery of a manually signed original.

4.4 Headings Descriptive. The headings of the several sections and subsections of this Consent are inserted for convenience only and shall not in any way affect the meaning or construction of any provision of this Consent.

4.5 Severability. In case any provision in or obligation under this Consent shall be invalid, illegal or unenforceable in any jurisdiction, the validity, legality and enforceability of the remaining provisions or obligations, or of such provision or obligation in any other jurisdiction, shall not in any way be affected or impaired thereby.

4.6 Amendment, Waiver. Neither this Consent nor any of the terms hereof may be terminated, amended, supplemented, waived or modified except by an instrument in writing signed by Contracting Party and First Lien Collateral Agent.

4.7 Successors and Assigns. This Consent shall bind and benefit Contracting Party, First Lien Collateral Agent, and their respective successors and assigns.

4.8 Third Party Beneficiaries. Contracting Party and First Lien Collateral Agent hereby acknowledge and agree that the First Lien Secured Parties are intended third party beneficiaries of this Consent.

4.9 [intentionally omitted]

4.10 Entire Agreement. This Consent and any agreement, document or instrument attached hereto or referred to herein integrate all the terms and conditions mentioned herein or incidental hereto and supersede all oral negotiations and prior writings between the parties hereto in respect of the subject matter hereof. In the event of any conflict between the terms, conditions and provisions of this Consent and any such agreement, document or instrument (including, without limitation, the Assigned Agreement), the terms, conditions and provisions of this Consent shall prevail.

4.11 Termination of Consent. This Consent shall terminate upon the earliest to occur of (a) the termination or cancellation of the Assigned Agreement in accordance with its terms and in accordance with the terms of this Consent (it being understood that this Consent shall not terminate but shall remain in effect in the circumstances described in Section 1.5 above in respect of any new agreement entered into in accordance with such Section), (b) the expiration of the term of the Assigned Agreement and (c) the termination of the Security Agreement in accordance with its terms.

[*REMAINDER OF PAGE INTENTIONALLY LEFT BLANK*]

IN WITNESS WHEREOF, the parties hereto, by their officers duly authorized, intending to be legally bound, have caused this Consent and Agreement to be duly executed and delivered as of the date first above written.

GEYSERS POWER COMPANY, LLC,
a Delaware limited liability company,
as Assignor

By: _____
Name:
Title:

[*Insert Name of Contracting Party*],
a [_____],
as Contracting Party

By: _____
Name:
Title:

Accepted and Agreed to:

MUFG UNION BANK, N.A.,
solely in its capacity as First Lien Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

DRAFT

CALIFORNIA ENERGY COMMISSION
EMISSION PEFORMANCE STANDARD COMPLIANCE FILING

California Energy Commission
EPS Compliance
1516 Ninth Street
Sacramento, CA 95814-512
Attention: Compliance Filing

EPS@energy.state.ca.us

This is to inform you that the Sacramento Municipal Utility District (SMUD) entered into a long-term contract for renewable energy ("the Renewable Energy Contract") and a long-term contract for capacity (the "Capacity Contract") on March ____, 2022 (hereinafter referred to collectively as "Power Purchase Agreements"). The information concerning these Power Purchase Agreements follows. The information is the same for both agreements except as expressly noted below:

Name of Counterparty: Geysers Power Company, LLC

Name of Facility:
Renewable Energy Contract and Capacity Contract facilities:

Table 1	
Name of Facility	**CEC RPS ID**
Aidlin Power Plant	60115A
Sonoma Power Plant	60010A
Geysers Units 5&6	60002A
Geysers Units 7&8	60003A
Geysers Unit 11	60025A
Geysers Unit 12	60004A
Geysers Unit 13	60005A
Geysers Unit 14	60026A
Geysers Unit 16	60006A
Geysers Unit 17	60007A
Geysers Unit 18	60008A
Calistoga Power Plant	60117A
Geysers Unit 20	60009A

Capacity Contract only: In addition to the resources, above, the Facility below may be used to provide Alternate Capacity only, under limited circumstances, as described more fully herein:

Table 2				
Name of Facility	**CAISO Resource ID**	**2020 Emissions Factors**		
		mtons	Net mwh	Lbs/mwh
Delta Energy Center	DELTA_2_PL1X4	1,497,819	3,860,249	855

Location of Facility: Geothermal (Renewable Energy and Capacity Contracts): Lake County and Sonoma County. Natural Gas (Capacity Contract only): Contra Costa County

Technology/Fuel: Geothermal (Renewable Energy and Capacity Contracts); Natural Gas (Capacity Contract only)

Nameplate Capacity of Facility: Total of 13 geothermal generating units with a portfolio nameplate capacity of 725MW. Additionally, under the Capacity Contract, 880 MW natural gas, combined cycle co-generation facility.

Product Description: Generation portfolio, Baseload

Substitute energy allowed: No substitute energy/product allowed under the Renewable Energy Contract; substitute capacity/product allowed with the Capacity Contract under certain circumstances (see explanation below)

Delivery Start Date-Delivery End Date: January 1, 2023 – December 31, 2032.

Further description of technology, if necessary:
None

Further description of facility output profile, if necessary:
None

Description of contract terms related to the provision of substitute energy, if necessary:
Under the Renewable Energy Contract, substitute energy/product is not allowed unless the contract is amended and the CEC approves a subsequent Emission Performance Standard filing for the new facility(ies).

Under the Capacity Contract, substitute capacity/product is not allowed unless the specified renewable geothermal units identified in Table 1 are unavailable due to a forced outage, scheduled maintenance or other temporary unavailability for operational or efficiency reasons. Under such circumstances, the Seller may provide substitute capacity/product (referred to in the contract as Alternate Capacity) from:

(1) the Delta Energy Center (Table 2, above), a specified, EPS Compliant Source, consistent with Title 20, California Code of Regulations, Section 2906(b)(1); or

(2) unspecified sources, but in an amount not to exceed 15% of the forecasted capacity/product to be delivered over the entire term of the contract, and only when the specified units (identified in Table 1, above) are unavailable due to a forced outage, scheduled maintenance or other temporary unavailability for operational or efficiency reasons, consistent with Title 20, California Code of Regulations, Section 2906(b)(2). No other substitute capacity/product is allowed under the Capacity Contract unless the contract is amended and the CEC approves a subsequent Emission Performance Standard filing for the new facility(ies).

Description of other relevant contract terms:
SMUD has contracted for 100 MW of energy, environmental attributes (including renewable energy credits), and resource adequacy capacity from the portfolio of facilities.

CALIFORNIA ENERGY COMMISSION
EMISSION PEFORMANCE STANDARD COMPLIANCE FILING

COMPLIANCE FILING ATTESTATION

I, the official named below, certify under penalty of perjury, the following:

1. I am an agent of the Sacramento Municipal Utility District (SMUD) authorized by its governing board to sign this attestation on its behalf;

2. The SMUD Board of Directors has reviewed and approved in a public meeting both the covered procurement and the compliance filing described above;

3. Based on the SMUD Board of Director's knowledge, information, and belief, the compliance filing does not contain a material misstatement or omission of fact;

4. Based on the SMUD Board of Director's knowledge, information, or belief, the covered procurement complies with Title 20, Division 2, Chapter 11, Article 1 of the California Code of Regulations; and

5. The covered procurement contains contractual terms or conditions specifying that the contract or commitment is void and all energy/product deliveries shall be terminated no later than the effective date of any Commission decision pursuant to Title 20, California Code of Regulations, section 2910, that the covered procurement fails to comply with Title 20, Division 2, Chapter 11, Article 1, of the California Code of Regulations.

Sacramento Municipal Utility District

By: _____
Paul Lau, CEO & General Manager

Date: March __, 2022

DRAFT

RESOLUTION NO. _____

WHEREAS, in 2021, Calpine (the parent company of **Geysers Power Company, LLC**) approached SMUD with a competitive offer under which SMUD will purchase the energy, capacity, and environmental attributes, including **Portfolio Content Category 1 Renewable Energy Credits (PCC1 RECs)** from its **Geysers Project** in Lake and Sonoma Counties; and

WHEREAS, the **Geysers Project** would provide SMUD around-the-clock, carbon-free baseload 100 MWs of geothermal energy (including **PCC1 RECs**) plus 100 MW of resource adequacy capacity, which SMUD can export from the **California Independent System Operator Corporation (CAISO)** as firm capacity; and

WHEREAS, SMUD's **2030 Zero Carbon Plan** specifically identifies the need for incorporation of a geothermal resource in SMUD's portfolio; and

WHEREAS, SMUD has the opportunity to enter into a 10-year **Power Purchase Agreement (PPA)** consisting of two confirmations with **Geysers Power Company, LLC**, for the purchase of 100 MW of renewable energy and capacity with a delivery term of January 1, 2023, through December 31, 2032; and

WHEREAS, Senate Bill 1368 (2006) prohibits publicly-owned electric utilities from entering into covered long-term procurements for electricity that do not meet the Greenhouse Gas **Emission Performance Standard (EPS)** adopted by the **California Energy Commission (CEC)**; and

WHEREAS, the governing body of a local publicly-owned electric utility must determine whether prospective covered procurements comply with the **EPS**; and

WHEREAS, **CEC** regulations provide that power plants that meet the criteria of an eligible renewable electricity generation facility, as defined by the **California Renewables Portfolio Standard (RPS)** legislation and **CEC** guidelines adopted thereunder, are "determined to be compliant" with the **EPS**; and

WHEREAS, the **Geysers Project** meets the criteria of a renewable electricity generation facility, as defined by the applicable legislation and guidelines, and is, therefore, determined to be compliant under the **CEC** regulations and to the extent alternate capacity is provided from the **Delta Energy Center** if the **Geysers Project** is unavailable, it is otherwise compliant with the **CEC** regulations; and

WHEREAS, the price and other terms proposed in the **PPA** are commercially reasonable and benefit SMUD's ratepayers; **NOW, THEREFORE,**

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:

Section 1. The Chief Executive Officer and General Manager (CEO/GM), or his delegate, is authorized to negotiate and execute the specific terms and conditions of a **Power Purchase Agreement (PPA)**, which consists of two confirmations, with **Geysers Power Company, LLC**, in substantial conformance with **Attachment ___** and **Attachment ____**.

Section 2. This Board approves the **California Energy Commission (CEC) Emission Performance Standard (EPS)** compliance filing and authorizes the CEO/GM, or his designee, to sign the compliance filing attestation, in substantial conformance with **Attachment ___**.

Section 3. This Board authorizes the CEO/GM, or his designee, to make changes to the compliance filing that are required by the **CEC** or its staff.

Section 4. The CEO/GM, or his designee, is authorized to make future changes to the terms and conditions of the **PPA** that, in his prudent judgment: (a) further the primary purpose of the **PPA**; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized **PPA** amounts and applicable contingencies.