Exhibit to Agenda Item #1

Authorize the Chief Executive Officer and General Manager to negotiate and execute a three-year contract renewal and expansion to $250 million with Bank of America, N.A. (BANA) for a Letter of Credit (BANA LOC) that supports the outstanding Commercial Paper Series M, with terms substantially similar to the attached term sheet.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, February 13, 2024, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium
Commercial Paper Program Benefits

Benefits:

**Flexibility to fund capital spending as it arises**
- Access to capital in a shorter lead time than planning a bond sale
- Supports expanded capital spending in support of 2030 Zero Carbon Plan

**Lower initial costs vs. long-term fixed rates**
- Allows for market timing flexibility to refund with long term fixed-rate bonds
- Balances short-term borrowing costs with interest earnings

**Additional liquidity viewed favorably by the ratings agencies**
- Liquidity provides a form of reserve funding and self-insurance for unforeseen events
- AA rating enhanced with larger adjusted total liquidity sources (days cash + commercial paper)
Current & Restructured Letter/Line of Credit Portfolio

Benefits to expansion:
• Greater capacity adds flexibility to manage short-term spending needs most efficiently
• Low cost for extra capacity .32%, provides cost effective access to liquidity for unplanned events
• Expansion enhances SMUD financial strength and ability to manage through financial headwinds
• Risk mitigation from pricing and renewal risk with a diversified and staggered credit facility program
Questions