Exhibit to Agenda Item #15

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 of Directors Meeting
Thursday, February 15, 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)
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