Board Finance & Audit Committee Meeting and Special SMUD Board of Directors Meeting

Date: Tuesday, February 13, 2024
Time: Scheduled to begin at 6:00 p.m.
Location: SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, CA
AGENDA
BOARD FINANCE & AUDIT COMMITTEE MEETING
AND SPECIAL SMUD BOARD OF DIRECTORS MEETING

Tuesday, February 13, 2024
SMUD Headquarters Building, Auditorium
6201 S Street, Sacramento, California
Scheduled to begin at 6:00 p.m.

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Committee's recommendation on the agenda items.

Virtual Viewing or Attendance:
Live video streams (view-only) and indexed archives of meetings are available at: http://smud.granicus.com/ViewPublisher.php?view_id=16

Zoom Webinar Link: Join Board Finance & Audit Committee Meeting Here
Webinar/Meeting ID: 160 528 5549
Passcode: 219215
Phone Dial-in Number: 1-669-254-5252 or 1-833-568-8864 (Toll Free)

Verbal Public Comment:
Members of the public may provide verbal public comment by:
- Registering in advance of a meeting by sending an email to PublicComment@smud.org, making sure to include the commenter's name, date of the meeting, and topic or agenda item for comment. Microphones will be enabled for virtual or telephonic attendees at the time public comment is called and when the commenter's name is announced.
- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the “Raise Hand” feature in Zoom (or pressing *9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter’s name is announced.

Written Public Comment:
Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to PublicComment@smud.org or by mailing or bringing physical copies to the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.
## DISCUSSION ITEMS

1. **Russell Mills**  
   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.  
   Presentation: 5 minutes  
   Discussion: 2 minutes

2. **Russell Mills**  
   Authorize the Chief Executive Officer and General Manager to:  
   
   a. Select an underwriting team from the Senior Manager Pool, as set forth in Schedule A, on a transaction-by-transaction basis until July 31, 2029; and  
   
   b. Move underwriters between Senior Manager Pool A and the Alternate Pool, as set forth in Schedule B.  
   Presentation: 7 minutes  
   Discussion: 5 minutes

3. **Amber Connors**  
   Authorize the Chief Executive Officer and General Manager to negotiate and award a sole source **Master Services Agreement with Itron Networked Solutions, Inc.** to purchase hardware, software, and professional services to enhance the **Advanced Metering Infrastructure (AMI)** platform in an amount not to exceed $42.5 million.  
   Presentation: 5 minutes  
   Discussion: 4 minutes

4. **Lucas Raley**  
   Approve an increase to the aggregate contract not-to-exceed amount for general line construction services by $12 million, from $44 million to $56 million, for Contract No. 4600001474 with **Hot Line Construction Inc.** and Contract No. 4600001475 with **Mountain G Enterprises.**  
   Presentation: 5 minutes  
   Discussion: 2 minutes
5. **Lucas Raley**

   Approve an increase to the aggregate contract not-to-exceed amount for vegetation management utility line and subject pole clearance services by $10 million, from $171.6 million to $181.6 million, for Contract No. 4600001364 with **Wright Tree Service of the West, Inc.** and Contract No. 4600001365 with **Original Mowbray’s Tree Service, Inc.**

   Presentation: 5 minutes
   Discussion: 4 minutes

### INFORMATIONAL ITEMS

6. **Casey Fallon**


   Presentation: 7 minutes
   Discussion: 2 minutes

7. **Lisa Limcaco**

   Provide the Board a summary of SMUD’s current Power Supply Costs.

   Presentation: 3 minutes
   Discussion: 1 minute

8. **Public Comment.**

9. **Rob Kerth**

   Summary of Committee Direction.

   Discussion: 1 minute

Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.

Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the smud.org website or may call 1-916-732-7143 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.

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 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 1-916-732-7143, no later than 48 hours before this meeting.
# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

**Committee Meeting & Date**
Finance & Audit – 02/13/24

**Board Meeting Date**
February 15, 2024

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### NARRATIVE:

**Requested Action:** 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.

**Summary:** SMUD currently has a $400 million commercial paper/line of credit program which provides a funding mechanism for SMUD’s capital program, and a source of liquidity, without the long lead time needed for a bond issuance. This program consists of contracts with three counterparties, one of which is BANA. This proposed contract will modify the current contract with BANA, which is for $150 million and expires in February 2025, and will increase and extend that contract to $250 million expiring in 2027. This will expand the program to a total of $500 million.

**Board Policy:** Strategic Direction SD-3, Access to Credit Markets

**Benefits:** The letter of credit provides liquidity and funding to support SMUD’s capital program.

**Cost/Budgeted:** Fees and expenses are estimated to be an additional $1.97 million over the life of the contract expansion and are included in budget forecasts.

**Alternatives:** Issue fixed rate debt/bonds at a higher borrowing cost and with a longer lead time.

**Affected Parties:** Treasury, Legal

**Coordination:** Treasury, Legal

**Presenter:** Russell Mills, Director, Treasury Operations & Commodity Risk Management, and Treasurer

**Additional Links:**

**SUBJECT**
Letter of Credit (LOC) Renewal with Bank of America, N.A.

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
DRAFT SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT

SMUD AND BANK OF AMERICA, N.A.
SECOND AMENDMENT TO REIMBURSEMENT AGREEMENT

This Second Amendment to Reimbursement Agreement (this “Amendment”) dated February [__], 2024 (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 used 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 from time to time, 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 first recital in the introductory paragraphs of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

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.), Resolution No. 19-02-02 adopted by the Board of Directors of SMUD, on February 21, 2019 (the “2019 Note Resolution”), Resolution No. 22-02-06 adopted by the Board of Directors of SMUD, on February 17, 2022 (the “2022 Note Resolution”), and Resolution No. 24-02-[_] adopted by the Board of Directors of SMUD, on February 15, 2024 (the “2024 Note Resolution”, and together with the 2019 Note Resolution and the 2022 Note Resolution, collectively, the “Note Resolution”)
SMUD has established a commercial paper program providing for the issuance of up to $250,000,000 in aggregate principal amount of its Commercial Paper Notes, Series M (the “Notes”); and

1.02. The following defined terms in Section 1.1 of the Agreement are hereby deleted from the agreement in their entirety: “LIBOR Rate”, “London Banking Day”.

1.03. The following defined term is hereby added to Section 1.1 of the Agreement in appropriate alphabetical order as follows:

“Second Amendment Effective Date” means February [__], 2024.

1.04. The following defined terms in Section 1.1 of the Agreement are hereby amended in their entirety and as so amended shall be restated to read as follows:

“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%).


“Fee Letter” means that certain Second Amended and Restated Fee Letter, dated the Second Amendment Effective Date, between SMUD and the Bank, as the same may be amended, amended and restated, 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.

1.05. 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 $256,164,384 (calculated as the sum of the maximum principal amount of the Notes supported by the Letter of Credit (i.e., $250,000,000) 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”).
1.06. Section 2.6 of the Agreement is hereby amended in its entirety and as so amended shall be restated to read as follows:

Section 2.6. The Revolving Note. All Obligations shall be made against and evidenced by SMUD’s promissory note payable to the order of the Bank in the principal amount equal to the Original Stated Amount, such note to be executed and delivered to the Bank on the Second Amendment Effective Date in the form of Exhibit A attached hereto with appropriate insertions (as amended, restated, supplemented or otherwise modified, 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.

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

1.08. All references to U.S. Bank National Association in its capacity as Depositary contained in the Agreement shall be amended and restated to reference U.S. Bank Trust Company, National Association.

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

SECTION 2. REQUEST FOR EXTENSION OF STATED TERMINATION DATE.

SMUD hereby requests that the Bank extend the Stated Expiration Date to [____], 202[____], 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 B to effectuate such extension.

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1 [NTD – 3 years from closing.]
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, each in form and substance satisfactory to the Bank and its counsel:

3.01 Delivery by SMUD to the Bank of (i) an executed counterpart of this Amendment, (ii) an executed original of the Second Amended and Restated Revolving Note dated February [___], 2024, by SMUD in favor of the Bank (the “Revolving Note”), (iii) an executed counterpart of the Second Amended and Restated Fee Letter dated February [___], 2024, between SMUD and the Bank (the “Fee Letter”), and (iv) the Second Amendment to Irrevocable Letter of Credit No. 68145016 dated February [___], 2024, executed by the Bank and U.S. Bank Trust Company, National Association.

3.02 Receipt by the Bank of a customary certificate executed by appropriate officers of SMUD including (i) the incumbency and signature of the officer of SMUD executing this Amendment and the other Program Documents to be executed and delivered by SMUD on the Amendment Date, and (ii) a certified copy of the authorizing resolution approving the execution and delivery of this Amendment, the Revolving Note, and the Fee Letter by SMUD, and SMUD’s performance of its obligations hereunder and thereunder and under the Agreement, as amended hereby.

3.03 Receipt by the Bank of an opinion addressed to the Bank and dated the Amendment 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 Amendment, the Revolving Note, and the Fee Letter and to perform its obligations hereunder and thereunder and under the Agreement, as amended hereby, (iii) SMUD’s execution and delivery of this Amendment, the Revolving Note, and the Fee Letter, (iv) the enforceability of SMUD’s obligations under this Amendment, the Revolving Note, the Fee Letter, and the Agreement, as amended hereby, (v) that SMUD has obtained all consents necessary to execute, deliver and perform this Amendment, the Revolving Note, and the Fee Letter, (vi) the execution and delivery of this Amendment, the Revolving Note, and the Fee Letter by SMUD, and SMUD’s performance of its obligations hereunder and thereunder and under the Agreement, as amended hereby, 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 Amendment, the Revolving Note, and the Fee Letter or performing its obligations hereunder or thereunder or under the Agreement, as amended hereby.

3.04 Receipt by the Bank of an opinion of note counsel or a reliance letter thereon.

3.05 Payment to the Bank on the Amendment Date of all fees, costs, and expenses payable on the Amendment Date, including the reasonable legal fees and expenses of counsel to the Bank.
The Bank shall have received such other documents, certificates, and opinions as the Bank or Bank’s counsel shall have reasonably requested, and all other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and its counsel.

SECTION 4. REPRESENTATIONS AND WARRANTIES OF SMUD.

4.01. 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 Four 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 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.

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

(a) The execution, delivery and performance by SMUD of this Amendment, the Revolving Note, 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 Revolving Note, the Fee Letter, the Agreement, as amended hereby.

(c) This Amendment, the Revolving Note, 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 5. MISCELLANEOUS.

5.01. 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.**

5.02. 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

SECOND AMENDED AND RESTATED REVOLVING NOTE

SACRAMENTO MUNICIPAL UTILITY DISTRICT
COMMERCIAL PAPER NOTES
SERIES M

February [__], 2024 $256,164,384

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 Second Amended and Restated Fee Letter dated February [__], 2024 (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 Second Amended and Restated Revolving Note (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.

This Second Amended and Restated Revolving Note amends and restates in its entirety that certain Amended and Restated Revolving Note dated February 23, 2022 (the “Existing Note”). This Second Amended and Restated Revolving Note shall become effective and supersede all provisions of the Existing Note upon the issuance of this Second 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 Second Amended and Restated Revolving Note to be executed by an authorized officer of SMUD and this Second Amended and Restated Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By:

Name: Russell Mills
Title: Treasurer
# Schedule for Second Amended and Restated Revolving Note

**Dated February [__], 2024**

*By Sacramento Municipal Utility District*

*Payable to Bank of America, N.A.*

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U.S. Bank Trust Company, National Association, as Depositary  
100 Wall Street, Suite 600  
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 [____], 202[___]2.

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: Brent Riley
Title: Senior Vice President

2 [NTD – 3 years from closing.]
SECOND AMENDED AND RESTATED FEE LETTER
DATED FEBRUARY [__], 2024

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 Amended and Restated Fee Letter dated February 23, 2022 (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. This Second Amended and Restated Fee Letter dated the date first written above (this “Fee Letter”) amends and restates the Existing Fee Letter in its entirety. SMUD acknowledges and agrees that all fees previously paid to the Bank under the Existing Fee Letter were fully earned and non-refundable. The purpose of 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 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 amounts, fees, and expenses payable under this Fee Letter. All amounts, fees, and expenses due and payable prior to February [__], 2024, shall be paid pursuant to the terms of the Existing Fee Letter; meaning, for purposes of clarity that the Letter of Credit Fees for the period from and including January 2, 2024, to but excluding February [__], 2024, shall be determined under the Existing Fee Letter and payable on April 1, 2024.

ARTICLE I. FEES AND OTHER AGREEMENTS.

Section 1.1. Letter of Credit Fees. SMUD hereby agrees to pay to the Bank on April 1, 2024, for the period commencing on February [__], 2024 to and including March 31, 2024, 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, non-refundable facility fees (the “Letter of Credit Fees”) for each day in the related fee period in the amounts determined as set forth below.

1 [NTD: February [__], 2024 references throughout will be updated to use closing date when determined.]
(i) **Defined Terms.** As used in this Section 1.1:

(A) “Letter of Credit Fee Rate” shall mean the rate per annum corresponding to the Rating (as defined below), as specified in the applicable Level in the below applicable pricing matrix for each day in the related fee period.

(B) “Stated Amount” shall mean the Original Stated Amount (i) less the amount of all prior reductions pursuant to drawings with respect to the payment at maturity of the principal of and interest at maturity of the Notes, (ii) less the amount of any reduction thereof pursuant to a reduction certificate in the form of Annex B to the Letter of Credit, (iii) plus the amount of all reinstatements as provided in the Letter of Credit.

(ii) For the period commencing on February [__], 2024 to but excluding April 1, 2025, the Letter of Credit Fees shall be an amount equal to the product of (i) the Letter of Credit Fee Rate determined in accordance with the pricing matrix set forth below, times (ii) the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) for each day in the related fee period.

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>MOODY’S RATING</th>
<th>S&amp;P RATING</th>
<th>FITCH RATING</th>
<th>LETTER OF CREDIT FEE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Aa3 or above</td>
<td>AA- or above</td>
<td>AA- or above</td>
<td>0.29%</td>
</tr>
<tr>
<td>Level 2</td>
<td>A1</td>
<td>A+</td>
<td>A+</td>
<td>0.39%</td>
</tr>
<tr>
<td>Level 3</td>
<td>A2</td>
<td>A</td>
<td>A</td>
<td>0.49%</td>
</tr>
<tr>
<td>Level 4</td>
<td>A3</td>
<td>A-</td>
<td>A-</td>
<td>0.59%</td>
</tr>
<tr>
<td>Level 5</td>
<td>Baa1</td>
<td>BBB+</td>
<td>BBB+</td>
<td>0.69%</td>
</tr>
<tr>
<td>Level 6</td>
<td>Baa2</td>
<td>BBB</td>
<td>BBB</td>
<td>0.79%</td>
</tr>
<tr>
<td>Level 7</td>
<td>Baa3</td>
<td>BBB-</td>
<td>BBB-</td>
<td>0.89%</td>
</tr>
</tbody>
</table>

(iii) For the period commencing on April 1, 2025 and at all times thereafter, the Letter of Credit Fees shall be an amount equal to the product of (i) the Letter of Credit Fee Rate determined in accordance with the pricing matrix set forth below, times (ii) the Stated Amount (without regard to any reduction of the Stated Amount subject to reinstatement) for each day in the related fee period.

<table>
<thead>
<tr>
<th>LEVEL</th>
<th>MOODY’S RATING</th>
<th>S&amp;P RATING</th>
<th>FITCH RATING</th>
<th>LETTER OF CREDIT FEE RATE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Aa3 or above</td>
<td>AA- or above</td>
<td>AA- or above</td>
<td>0.32%</td>
</tr>
<tr>
<td>Level 2</td>
<td>A1</td>
<td>A+</td>
<td>A+</td>
<td>0.42%</td>
</tr>
<tr>
<td>LEVEL</td>
<td>MOODY’S RATING</td>
<td>S&amp;P RATING</td>
<td>FITCH RATING</td>
<td>LETTER OF CREDIT FEE RATE</td>
</tr>
<tr>
<td>-------</td>
<td>----------------</td>
<td>------------</td>
<td>--------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>Level 3</td>
<td>A2</td>
<td>A</td>
<td>A</td>
<td>0.52%</td>
</tr>
<tr>
<td>Level 4</td>
<td>A3</td>
<td>A-</td>
<td>A-</td>
<td>0.62%</td>
</tr>
<tr>
<td>Level 5</td>
<td>Baa1</td>
<td>BBB+</td>
<td>BBB+</td>
<td>0.72%</td>
</tr>
<tr>
<td>Level 6</td>
<td>Baa2</td>
<td>BBB</td>
<td>BBB</td>
<td>0.82%</td>
</tr>
<tr>
<td>Level 7</td>
<td>Baa3</td>
<td>BBB-</td>
<td>BBB-</td>
<td>0.92%</td>
</tr>
</tbody>
</table>

The following paragraphs shall apply to all pricing matrices set forth above. 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 (for the avoidance of doubt, Level 7 is the Level with the lowest Ratings and Level 1 is the Level with the highest Ratings for purposes of the above pricing grids). 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 in the applicable pricing matrix 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, at all times prior to February [___], 2024, the Letter of Credit Fees shall be payable and 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. (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 21, 2025, 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 under the applicable pricing matrix above, (ii) the Stated Amount in effect as of the Second Amendment Effective 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 21, 2025, 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.

(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 Second Amendment Effective Date prior to February 21, 2025, 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 under the applicable pricing matrix above 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 21, 2025, and the denominator of which is 360 (the “Reduction Fee”); 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 Second Amended and Restated 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
DRAFT SECOND AMENDMENT TO DEALER AGREEMENT
SMUD AND BofA SECURITIES, INC.
SECOND AMENDMENT TO DEALER AGREEMENT

THIS SECOND AMENDMENT TO DEALER AGREEMENT (this “Second Amendment”) is entered into [Closing Date], by and between the Sacramento Municipal Utility District, a political subdivision of the State of California (“SMUD”), duly organized and validly existing pursuant to the Municipal Utility District Act as contained in California Public Utilities Code Section 11501 et seq. (the “Act”), and BofA Securities, Inc. (the “Dealer”).

RECITALS

SMUD and the Dealer previously entered into that certain Dealer Agreement, dated February 28, 2019 (the “Original Agreement”) relating to the issuance and reissuance of SMUD’s Commercial Paper Notes, Series M consisting of the Subseries M-1 Notes and the Subseries M-2 Notes (collectively, the “Notes”) in an aggregate principal amount not to exceed $111,250,000 at any time outstanding.

SMUD previously increased the authorized aggregate principal amount of the Notes to be outstanding at any time from $111,250,000 to $150,000,000.

SMUD and the Dealer previously entered into that certain First Amendment to Dealer Agreement, dated February 23, 2022 (the “First Amendment” and, together with the Original Agreement, the “Agreement”) to make certain amendments to the Original Agreement as provided in the First Amendment.

SMUD has increased the authorized aggregate principal amount of the Notes to be outstanding at any time from $150,000,000 to $250,000,000.

SMUD and the Dealer now desire to make certain amendments to the Agreement as provided in this Second Amendment.

AGREEMENTS

NOW THEREFORE, for and in consideration of the covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

Section 1. Definitions. Unless the context clearly indicates a contrary meaning, each capitalized term used in this Second Amendment shall have the meaning given to that term in the Agreement.

Section 2. Amendment of Agreement.

(a) All references in the Agreement (including the exhibits thereto) to $150,000,000 in respect of the Notes are hereby amended to read $250,000,000.

(b) Pursuant to Section 8 of the Agreement, SMUD hereby notifies the Dealer that the Note Resolution has been amended by Resolution No. 24-02-[_], adopted by SMUD on February 15, 2024, the Agreement has been amended by this Second Amendment and the Letter of Credit has been amended by a Second Amendment thereto, dated [Closing Date], all such
amendments to become effective concurrently with the execution and delivery of this Second Amendment.

Section 3. Counterparts. This Second Amendment may be executed in several counterparts, each of which shall be regarded as an original but all of which shall constitute one and the same document.

Section 4. Governing Law. This Second Amendment shall be governed by, and construed in accordance with, the laws of the State of California.

Section 5. Headings. The section headings hereof have been inserted for convenience of reference only, shall not be part of this Second Amendment, and shall not be used to construe, define, limit or interpret the meaning of any provision hereof.

Section 6. Severability. If any provision of this Second Amendment shall be held or deemed by a court of competent jurisdiction to be invalid, inoperative or unenforceable for any reason, such determination shall not affect the validity or enforceability of the remaining provisions hereof.

Section 7. Miscellaneous. Except as specifically amended by this Second Amendment, the Agreement shall continue in full force and effect in accordance with its terms.
IN WITNESS WHEREOF, the parties hereto have caused this Second Amendment to be executed and delivered as of the date first above written.

SACRAMENTO MUNICIPAL
UTILITY DISTRICT

By: ________________________________
    Treasurer

BOFA SECURITIES, INC.

By: ________________________________
    Authorized Representative
DRAFT COMMERCIAL PAPER MEMORANDUM

COMMERCIAL PAPER NOTES, SERIES M
COMMERCIAL PAPER MEMORANDUM

Sacramento Municipal Utility District, California
Commercial Paper Notes, Series M
Consisting of:

Subseries M-1

Subseries M-2
(Federally Taxable)

This Commercial Paper Memorandum contains certain information for general reference only; it is not a summary of the terms of the Sacramento Municipal Utility District, California Commercial Paper Notes, Series M consisting of the above-described subseries (collectively, the “Notes”). Information essential to the making of an informed decision with respect to the Notes may be obtained in the manner described herein under “Additional Information.” All references to the documents and other materials not purporting to be quoted in full are qualified in their entirety by reference to the complete provisions of the documents and other materials referenced which may be obtained in the manner described herein under “Additional Information.” The information in this Commercial Paper Memorandum is subject to change without notice after [Closing Date] and future use of this Commercial Paper Memorandum shall not otherwise create any implication that there has been no change in the matters referred to in this Commercial Paper Memorandum since [Closing Date].

The Notes have not been registered under the Securities Act of 1933, as amended (the “Act”) in reliance upon an exemption from registration contained in the Act.

The ratings presented in this Commercial Paper Memorandum are only accurate as of the date set forth above, and do not reflect watch status, if any. The ratings may subsequently be changed or withdrawn, and, therefore, any prospective purchaser should confirm the ratings prior to purchasing the Notes.

Although the information in this Commercial Paper Memorandum is believed to be accurate, the Dealer (defined herein) does not represent that such information is accurate and complete, and it should not be relied upon as such. Neither the information nor any opinion contained or expressed herein constitutes a solicitation by the Dealer of the purchase or sale of any instruments. The information contained herein will not typically be distributed or updated upon each new sale of any Notes, although such information will be distributed from time to time. Further, the information in this Commercial Paper Memorandum is not intended as a substitute for the investors’ own inquiry into the creditworthiness of the Bank (defined herein) that has issued the Letter of Credit (defined herein), and investors are encouraged to make such inquiry.

The Bank (defined herein) has no responsibility for the form and content of this Commercial Paper Memorandum, other than solely with respect to the information describing itself under the heading “THE BANK”, and has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Commercial Paper Memorandum or any information or disclosure contained herein or omitted herefrom, other than solely with respect to the information describing itself under the heading “THE BANK”.

BofA Securities
SUMMARY

The Sacramento Municipal Utility District (“SMUD”) was formed by vote of the electors in 1923 under provisions of the California Municipal Utility District Act (Division 6 of the California Public Utilities Code) (the “Act”). The Act provides SMUD with broad powers to acquire, construct, own and operate works for the supplying of light, water, heat, power, communications, transportation and other services for its inhabitants. The Act also confers upon SMUD the necessary rights and powers for the conduct of business, including the right to sue and be sued, to exercise the power of eminent domain, to enter into contracts of all kinds, to take property and construct works, to fix rates and charges for commodities or services furnished, to incur indebtedness and issue bonds or other obligations and to invest its funds.

SMUD owns and operates an integrated electric system that includes generation, transmission and distribution facilities. SMUD’s headquarters are located in the city of Sacramento (the “City”) and its service area of approximately 900 square miles includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. The service area includes the state capital, the City, the populous areas principally to the northeast and south of the City and the agricultural areas to the north and south. The City is located 85 miles northeast of San Francisco.

The Commercial Paper Notes, Series M consisting of Subseries M-1 and Subseries M-2 (the “Subseries M-1 Notes” and the “Subseries M-2 Notes” and, collectively, the “Notes”) are secured by a pledge of Available Revenues as described herein and supported by an irrevocable, transferable, direct-pay letter of credit, as amended (the “Letter of Credit”) in substantially the form attached hereto as Appendix A and issued by Bank of America, N.A. (the “Bank”) pursuant to a Reimbursement Agreement between SMUD and the Bank, dated as of February 1, 2019, as amended (the “Reimbursement Agreement”). The Bank has issued the Letter of Credit in the aggregate maximum stated amount of $256,164,384 (consisting of $250,000,000 principal plus ninety (90) days interest calculated at a rate of 10% per annum assuming a 365-day year). The Notes will be issued in book-entry form through The Depository Trust Company, New York, New York (“DTC”). See “The Commercial Paper Notes” herein.

This material relating to SMUD is for general informational purposes. While SMUD considers the material relating to SMUD reliable, SMUD does not represent that it is a complete and accurate disclosure of the facts pertaining to SMUD. Investors are expected to base their investment decisions solely on the liquidity and credit support provided by the Bank, rather than the financial and operating history of SMUD, which this Commercial Paper Memorandum does not purport to fully disclose. Additional information about SMUD is available from the Municipal Securities Rulemaking Board’s (the “MSRB”) Electronic Municipal Access System (“EMMA”). See also “Additional Information” herein.

If for any reason the Bank fails to honor a properly presented and conforming drawing under the Letter of Credit, SMUD cannot provide any assurance that it will have sufficient funds on hand and available to make such payment of principal of and/or interest on the Notes supported by the Letter of Credit or to make such payments in a timely manner.
Prospective investors should therefore base their investment decision primarily on the credit of the Bank, rather than on that of SMUD.

BofA Securities, Inc., as dealer of the Notes (the “Dealer”) has provided the following sentence for inclusion in this Commercial Paper Memorandum. The Dealer has reviewed the information in this Commercial Paper Memorandum in accordance with, and as part of, its responsibilities to investors under the federal securities law as applied to the facts and circumstances of this transaction, but the Dealer does not guarantee the accuracy or completeness of such information.

THE COMMERCIAL PAPER NOTES

SMUD is issuing the Notes pursuant to (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.). Resolution No. 19-02-02 of SMUD, adopted on February 21, 2019, as supplemented and amended by Resolution No. 22-02-06 of SMUD, adopted on February 17, 2022, and by Resolution No. 24-02-____ of SMUD, adopted on February 15, 2024 (collectively, the “Resolution”), provides that Notes may be outstanding in an aggregate principal amount that does not exceed $250,000,000. The proceeds of the Notes may be used by SMUD to finance or refinance capital improvements, certain costs associated with the purchase of fuel, facilities design, site preparation, the acquisition of equipment, and to pay maturing Notes.

The Notes are secured by a pledge of Available Revenues and supported by the Letter of Credit. The Letter of Credit has been issued pursuant to the Reimbursement Agreement. Available Revenues of SMUD are composed of net revenues of SMUD after payment of operating, maintenance, and purchased power expenses, Rate Stabilization Fund deposits, and debt service and reserves on SMUD’s Electric Revenue Bonds and Subordinated Electric Revenue Bonds, all as provided in the Resolution.

The Notes will be issued as book-entry obligations evidenced by a master note registered in the name of DTC or its nominee. The Notes may be issued in denominations of $100,000 and any integral multiple of $1,000 in excess of $100,000, with interest payable at maturity, and shall mature on such dates as SMUD may establish, provided that no Note shall mature more than 270 days from the date of issuance thereof. Subseries M-1 Notes shall bear interest on the basis of a 365- or 366-day year, as applicable, and the actual number of days elapsed and Subseries M-2 Notes shall bear interest on the basis of a 360-day year and the actual number of days elapsed. The Notes are payable at the principal office of U.S. Bank Trust Company, National Association, successor in interest to U.S. Bank National Association (the “Depositary”).

Pursuant to the Depositary Agreement relating to the Notes, dated February 28, 2019 (the “Depositary Agreement”), between SMUD and the Depositary, the Depositary is not permitted to authenticate and deliver any Note if, immediately after the authentication and delivery thereof, the aggregate face amount of the Outstanding Notes plus the maximum amount of interest which may accrue thereon would exceed the aggregate Letter of Credit Stated Amount
(defined herein). SMUD has also covenanted in the Resolution not to issue any Note if, after its issuance, the outstanding principal amount of all Notes as well as interest to accrue on such Notes would exceed the then current Letter of Credit Stated Amount. See “Bank Credit Arrangement” herein.

BANK CREDIT ARRANGEMENT

Stated Amount and Term of the Letter of Credit. Pursuant to the Reimbursement Agreement, the Bank has issued to the Depositary the Letter of Credit in the aggregate maximum stated amount of $256,164,384 (consisting of $250,000,000 principal plus 90 days interest calculated at a rate of 10% per annum assuming a 365-day year) as reduced and reinstated from time to time in accordance with terms of the Letter of Credit (the “Letter of Credit Stated Amount”). The Letter of Credit’s stated expiration date is February [__], 20[__], unless earlier terminated in accordance with its terms, and unless such expiration date is extended by the Bank in accordance with the terms of the Reimbursement Agreement.

Drawings under the Letter of Credit. The Depositary is authorized to make drawings under the Letter of Credit in accordance with its terms. If demand for payment under the Letter of Credit is properly presented as provided therein and in conformity with the requirements thereof, payment shall be made by the Bank to the Depositary, in immediately available funds, at such times as provided in and in accordance with the provisions of the Letter of Credit. All payments made by the Bank under the Letter of Credit shall be made with the Bank’s own funds.

If for any reason the Bank fails to honor a properly presented and conforming drawing under the Letter of Credit, SMUD cannot provide any assurance that it will have sufficient funds on hand and available to make such payment of principal of and/or interest on the Notes supported by the Letter of Credit or to make such payments in a timely manner. Prospective investors should therefore base their investment decision primarily on the credit of the Bank, rather than on that of SMUD.

Reimbursement of Drawings under the Letter of Credit. Drawings made under the Letter of Credit to pay interest due on the Notes are required to be reimbursed by SMUD on the date of such drawing. Drawings made under the Letter of Credit to pay the principal of the Notes if not reimbursed by SMUD in full on the date of such drawing will, subject to the satisfaction of certain conditions of the Reimbursement Agreement, automatically convert to and constitute and advance made by the Bank to SMUD (an “Advance”) to be paid in installments on (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. The “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 (defined herein) becomes effective in substitution of the Letter of Credit with respect to the Notes, and (iii) the date on which the Letter of Credit Stated Amount is permanently reduced to zero or the Letter of Credit is otherwise terminated in accordance with its terms prior to its stated expiration date.
**Events of Default under the Reimbursement Agreement.** The Reimbursement Agreement contains certain events of default by SMUD, including, but not limited to, an event of default under the Program Documents, the Master Bond Resolution or the Subordinate Bond Resolution (each as defined in the Reimbursement Agreement), a failure by SMUD to reimburse the Bank for a drawing under the Letter of Credit when due under the terms of the Reimbursement Agreement or a payment default or certain other defaults with respect to certain other obligations of SMUD, subject to such grace periods as are provided for in the Reimbursement Agreement, material misrepresentation or breach of covenant by SMUD, subject to such grace periods as are provided for in the Reimbursement Agreement, voluntary or involuntary bankruptcy or insolvency of SMUD, or the downgrade by any Rating Agency (as defined in the Reimbursement Agreement) of its long-term unenhanced rating with respect to any Bonds (as defined in the Reimbursement Agreement) to a level below “Baa3” (or its equivalent) in the case of Moody’s Investors Service, Inc., “BBB-” (or its equivalent) in the case of Standard & Poor’s Ratings Services or “BBB-” (or its equivalent) in the case of Fitch, Inc.

**Remedies under the Reimbursement Agreement.** Upon the occurrence and continuance of an event of default under the Reimbursement Agreement, the Bank may, but is not obligated to (i) declare all Obligations (as defined in the Reimbursement Agreement) to be immediately due and payable, (ii) deliver to the Depositary a “No-Issuance Notice” under the terms of the Letter of Credit, directing that no additional Notes be issued under the Note Resolution, and reduce the Letter of Credit Stated Amount to the amount of the then outstanding Notes supported by the Letter of Credit and/or terminate the Letter of Credit Stated Amount as the then outstanding Notes are paid, (iii) issue the “Final Drawing Notice” to the Depositary, the effect of which shall be to cause the termination of the Letter of Credit to occur on the 15th day after the date of receipt thereof by the Depositary or (iv) pursue such other remedies as are available to it at law or in equity.

Upon the issuance of a Final Drawing Notice by the Bank, the Depositary is required to draw upon the Letter of Credit in an amount sufficient to pay the principal of and interest on the Notes then outstanding as the same become due.

**ALTERNATE LETTER OF CREDIT**

Pursuant to the terms of the Resolution, SMUD may elect to replace the Letter of Credit with one or more letters of credit issued by a commercial bank or financial institution (or a syndicate of such institutions acting jointly or severally), delivered to the Depositary pursuant to the Depositary Agreement and conforming to the requirements of the Resolution (the “Alternate Letter of Credit”). SMUD shall give written notice of its intention to exercise such election to the Depositary, not fewer than ten (10) days prior to the proposed date upon which an Alternate Letter of Credit is to become effective (the “Substitution Date”). No substitution of an Alternate Letter of Credit for the Letter of Credit shall occur unless all Notes outstanding on the Substitution Date are either (1) paid from the proceeds of the Notes issued on the Substitution Date or (2) paid from the proceeds of a drawing under the Letter of Credit and cancelled.
THE BANK

[Update to be provided by Bank and/or Bank Counsel]

The following information concerning the Bank has been provided by representatives of
the Bank and has not been independently confirmed or verified by the Dealer or SMUD. No
representation is made herein as to the accuracy or adequacy of such information or as to the
absence of material adverse changes in such information subsequent to the date hereof, or that
the information given below or incorporated herein by reference is correct as of any time
subsequent to its date.

Bank of America, N.A. (the “Bank”) is a national banking association organized under
the laws of the United States, with its principal executive offices located in Charlotte, North
Carolina. The Bank is a wholly-owned indirect subsidiary of Bank of America Corporation (the
“Corporation”) and is engaged in a general consumer banking, commercial banking and trust
business, offering a wide range of commercial, corporate, international, financial market, retail
and fiduciary banking services. As of September 30, 2021, the Bank had consolidated assets of
$2.401 trillion, consolidated deposits of $2.033 trillion and stockholder’s equity of $228.382
billion based on regulatory accounting principles.

The Corporation is a bank holding company and a financial holding company, with its
principal executive offices located in Charlotte, North Carolina. Additional information
regarding the Corporation is set forth in its Annual Report on Form 10-K for the fiscal year
ended December 31, 2020, together with its subsequent periodic and current reports filed with
the Securities and Exchange Commission (the “SEC”).

The SEC maintains a website at www.sec.gov which contains the filings that the
Corporation files with the SEC such as reports, proxy statements and other documentation. The
reports, proxy statements and other information the Corporation files with the SEC are also

The information concerning the Corporation and the Bank is furnished solely to provide
limited introductory information and does not purport to be comprehensive. Such information is
qualified in its entirety by the detailed information appearing in the referenced documents and
financial statements referenced therein.

The Bank will provide copies of the most recent Bank of America Corporation Annual
Report on Form 10-K, any subsequent reports on Form 10-Q, and any required reports on Form
8-K (in each case, as filed with the SEC pursuant to the Securities Exchange Act of 1934, as
amended), and the publicly available portions of the most recent quarterly Call Report of the
Bank delivered to the Comptroller of the Currency, without charge, to each person to whom this
document is delivered, on the written request of such person. Written requests should be
directed to:

Bank of America Corporation
Office of the Corporate Secretary/Shareholder Relations
One Bank of America Center
PAYMENTS OF PRINCIPAL AND INTEREST ON THE NOTES WILL BE MADE FROM DRAWINGS UNDER THE LETTER OF CREDIT. ALTHOUGH THE LETTER OF CREDIT IS A BINDING OBLIGATION OF THE BANK, THE NOTES ARE NOT DEPOSITS OR OBLIGATIONS OF THE CORPORATION OR ANY OF ITS AFFILIATED BANKS AND ARE NOT GUARANTEED BY ANY OF THESE ENTITIES. THE NOTES ARE NOT INSURED BY THE FEDERAL DEPOSIT INSURANCE CORPORATION OR ANY OTHER GOVERNMENTAL AGENCY AND ARE SUBJECT TO CERTAIN INVESTMENT RISKS, INCLUDING POSSIBLE LOSS OF THE PRINCIPAL AMOUNT INVESTED.

The delivery of this information shall not create any implication that there has been no change in the affairs of the Corporation or the Bank since the date of the most recent filings referenced herein, or that the information contained or referred to under this heading is correct as of any time subsequent to the referenced date.

THE DEALER

SMUD has appointed BofA Securities, Inc. (the “Dealer”) as a dealer for SMUD in connection with the offering, issuance and sale of the Notes pursuant to a Dealer Agreement, dated February 28, 2019, as amended (the “Dealer Agreement”), between SMUD and the Dealer. In consideration of the services to be performed by the Dealer under the Dealer Agreement, SMUD agrees to pay to the Dealer a fee in an amount as set forth in the Dealer Agreement.

The Dealer Agreement may be terminated by the Dealer or SMUD at any time on written notice given no less than ten (10) business days prior to such termination date; provided, however, that upon the mutual agreement, such written notice may be given fewer than ten (10) business days prior to such termination date.

The Dealer, in its individual capacity, may in good faith buy, sell, own, hold and deal in any of the Notes, including, without limitation, any Notes offered and sold by the Dealer pursuant to the Dealer Agreement, and may join in any action which any owner of the Notes may be entitled to take with like effect as if it did not act in any capacity under such Agreement. The Dealer may sell any of the Notes in the secondary market at prices above or below par, at any time. The Dealer, however, is not obligated to purchase any Notes for its own account at any time. The Dealer, in its individual capacity, either as principal or agent, and its affiliates may also engage in or be interested in any financial or other transaction with SMUD and may act as depositary, account party, or agent for any committee or body of owners of the Notes or other obligations of SMUD as freely as if it did not act in any capacity under the Dealer Agreement.

The Dealer and its affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Under certain circumstances, the Dealer and its affiliates may have certain creditor and/or other rights against SMUD in connection with such activities. In the various course of their various business
activities, the Dealer and its affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of SMUD (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with SMUD. The Dealer and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

The Dealer, which is serving as the dealer for the Notes, and the Bank, which is providing the Letter of Credit for the Notes, are affiliates. The activities of the Dealer and the Bank are unrelated to and independent of each other. By purchasing a Note, the purchaser thereof consents to any conflict of interest that could exist by reason of the different capacities in which the Dealer, the Bank and any other potential affiliate provides services in connection with the Notes.

The Dealer and its affiliates, including the Bank, may provide services to SMUD from time to time unrelated to the offering of the Notes.

TAX MATTERS

Subseries M-1 Notes

In the opinion of Orrick, Herrington & Sutcliffe LLP, bond counsel to SMUD (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Subseries M-1 Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and will be exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the Subseries M-1 Notes will not be a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the Subseries M-1 Notes included in adjusted financial statement income of certain corporations will not be excluded from the federal corporate alternative minimum tax. The amount treated as interest on the Subseries M-1 Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Subseries M-1 Notes. A complete copy of the proposed form of opinion of Bond Counsel is set forth in Appendix B.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Subseries M-1 Notes. SMUD has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the Subseries M-1 Notes will not be included in federal gross income. Inaccuracy of these
representations or failure to comply with these covenants may result in interest on the Subseries M-1 Notes being included in gross income for federal income tax purposes, possibly from the date of original issuance of the Subseries M-1 Notes. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the Subseries M-1 Notes may adversely affect the value of, or the tax status of interest on, the Subseries M-1 Notes. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the Subseries M-1 Notes will be excluded from gross income for federal income tax purposes and will be exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the Subseries M-1 Notes may otherwise affect a beneficial owner’s federal, state or local tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the beneficial owner or the beneficial owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Subseries M-1 Notes to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Subseries M-1 Notes. Prospective purchasers of the Subseries M-1 Notes should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel’s judgment as to the proper treatment of the Subseries M-1 Notes for federal income tax purposes. It is not binding on the Internal Revenue Service (“IRS”) or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of SMUD, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. SMUD has covenanted, however, to comply with the requirements of the Code.

Bond Counsel’s engagement with respect to the Subseries M-1 Notes ends with the delivery of its opinion, and, unless separately engaged, Bond Counsel is not obligated to defend SMUD or the beneficial owners regarding the tax-exempt status of the Subseries M-1 Notes in the event of an audit examination by the IRS. Under current procedures, beneficial owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt obligations is
difficult, obtaining an independent review of IRS positions with which SMUD legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Subseries M-1 Notes for audit, or the course or result of such audit, or an audit of obligations presenting similar tax issues may affect the market price for, or the marketability of, the Subseries M-1 Notes, and may cause SMUD or the beneficial owners to incur significant expense.

Payments on the Subseries M-1 Notes generally will be subject to U.S. information reporting and possibly to “backup withholding.” Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate beneficial owner of Subseries M-1 Notes may be subject to backup withholding with respect to “reportable payments,” which include interest paid on the Subseries M-1 Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Subseries M-1 Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number (“TIN”) to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a “notified payee underreporting” described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a beneficial owner’s federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain beneficial owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

**Subseries M-2 Notes**

**State of California Income Tax Considerations.** In the opinion of Bond Counsel, interest on the Subseries M-2 Notes is exempt from State of California personal income taxes.

**Certain United States Federal Tax Considerations.** Interest on the Subseries M-2 Notes is not excluded from gross income for federal income tax purposes.

Prospective investors that are not individuals or regular C corporations who are U.S. persons purchasing the Subseries M-2 Notes for investment should consult their own tax advisors as to any tax consequences to them from the purchase, ownership and disposition of the Subseries M-2 Notes.

**RATINGS**

Each rating below reflects only the view of the ratings service issuing such rating and is not a recommendation by such rating services to purchase, sell or hold the obligations to which such rating applies or as to the market price or suitability of such obligations for a particular investor. An explanation of the significance of a rating may be obtained from the ratings service issuing such rating. There is no assurance that any rating will continue for any period of time or
that it will not be revised or withdrawn. A revision or withdrawal of a rating may have an effect on the market price of the obligation to which such rating applies.

[Ratings to be confirmed]

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<tr>
<th>SMUD Commercial Paper Notes:</th>
<th>SMUD Electric Revenue Bonds:</th>
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<td>Aa3   (Moody’s Investors Service, Inc.)</td>
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**DTC’S BOOK-ENTRY SYSTEM**

Each subseries of the Notes will be evidenced by a single master note (each a “Master Note” and, collectively, the “Master Notes”) registered in the name of a nominee of DTC. The Master Notes will be deposited with the Depositary as custodian for DTC. DTC will record, by appropriate entries on its book-entry registration and transfer system, the amounts payable in respect of the Notes. Payments by DTC participants to purchasers for whom a DTC participant is acting as agent in respect of Notes will be governed by the standing instructions and customary practices under which securities are held at DTC through DTC participants.

**LITIGATION**

There is no litigation now pending or, to the knowledge of SMUD, threatened against SMUD which restrains or enjoins the issuance or delivery of the Notes or the use of the proceeds of the Notes or which questions or contests the validity of the Notes or the proceedings and authority under which they are to be issued, executed and delivered. To the knowledge of SMUD, neither the creation, organization, nor existence of SMUD, nor the title of the present members or other officials of SMUD to their respective offices, is being currently contested or questioned.

**CERTAIN LEGAL MATTERS**

The validity of the Notes and certain other legal matters are subject to the approving opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. A complete copy of the proposed form of Bond Counsel opinion is contained in Appendix B. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Commercial Paper Memorandum. Certain legal matters will be passed upon for the Bank by Chapman and Cutler LLP.

**ADDITIONAL INFORMATION**

No attempt is made herein to summarize the Resolution, the Depositary Agreement, the Reimbursement Agreement, the Dealer Agreement or the Letter of Credit. Copies of the Resolution, the Depositary Agreement, the Reimbursement Agreement, the Dealer Agreement
and the Letter of Credit are on file with the Depositary and SMUD will make available upon request copies of the Resolution, the Depositary Agreement, the Reimbursement Agreement, the Dealer Agreement and the Letter of Credit. A form of the Letter of Credit is attached hereto as Appendix A. SMUD is not required to file reports with the MSRB or the SEC related to its issuance of the Notes, but will make available, upon request, copies of its most recent Annual Report, Official Statement and the Resolution. Requests for any of this information should be directed to: Sacramento Municipal Utility District, P.O. Box 15830, Sacramento, CA 95852-1830, Attention: Treasury Department, MS B405, (916) 732-5670. In addition, SMUD has several other outstanding debt issues for which it has entered into agreements (the “Continuing Disclosure Agreements”) to file certain annual financial information and operating data and its audited financial statements with EMMA. The Continuing Disclosure Agreements may be terminated or amended pursuant to their respective terms without the necessity of obtaining the consent of any holders of the Notes. The Continuing Disclosure Agreements are solely for the benefit of the holders of the related debt issues and the holders of the Notes have no right to enforce the provisions of the Continuing Disclosure Agreements. However, holders and potential purchasers of the Notes may access such information through EMMA, so long as SMUD is required to make such filings.

[Remainder of Page Intentionally Left Blank]
The execution and delivery of this Commercial Paper Memorandum, and its distribution and use by the Dealer, have been duly authorized and approved by SMUD.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: /s/ Russell Mills
   Treasurer
APPENDIX B

PROPOSED FORM OF OPINION OF BOND COUNSEL

[Closing Date]

Sacramento Municipal Utility District
Sacramento, California

Sacramento Municipal Utility District
Commercial Paper Notes, Series M
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Municipal Utility District ("SMUD") in connection with the authorization of the issuance of up to $250,000,000 aggregate principal amount (at any time Outstanding) of commercial paper notes by SMUD, pursuant to Resolution No. 19-02-02, adopted by SMUD on February 21, 2019, as supplemented by Resolution No. 22-02-06, adopted by SMUD on February 17, 2022, and by Resolution No. 24-02-___, adopted by SMUD on February 15, 2024 (collectively, the "Resolution"), and designated Sacramento Municipal Utility District Commercial Paper Notes, Subseries M-1 (the "Subseries M-1 Notes") and Subseries M-2 (the "Subseries M-2 Notes" and, together with the Subseries M-1 Notes, the "Notes"). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution; the Tax Certificate of SMUD, dated the date hereof (the "Tax Certificate"); the Depositary Agreement, dated February 28, 2019 (the "Depositary Agreement"); between SMUD and the Depositary; an opinion of counsel to SMUD; certificates of SMUD, the Depositary and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof and before or after Notes are issued. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. We disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery thereof by, and validity against, any parties other than SMUD. We have assumed, without undertaking to verify, the accuracy (as of the date hereof and as of each date of issuance from time to time of the Notes) of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinion, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Subseries M-1 Notes to be included in gross income for federal income tax purposes, possibly retroactive to the date on
which the first Subseries M-1 Notes were issued. We call attention to the fact that the rights and obligations under the Notes, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Commercial Paper Memorandum or other offering material relating to the Notes and express no view with respect thereto.

Based on and subject to the foregoing and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Resolution has been duly adopted by SMUD and constitutes a valid and binding obligation of SMUD.

2. The Notes, when duly issued from time to time in the form authorized by and otherwise in compliance with the Resolution, executed by an Authorized Officer and authenticated by the Depositary against payment therefor, will constitute the valid and binding limited obligations of SMUD.

3. Interest on the Subseries M-1 Notes, when issued in accordance with the Resolution and the Tax Certificate, will be excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. The amount treated as interest on the Subseries M-1 Notes and excluded from gross income will depend on the taxpayer’s election under Internal Revenue Service Notice 94-84. Interest on the Subseries M-1 Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Subseries M-1 Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Interest on the Notes, when issued in accordance with the Resolution and the Tax Certificate, is exempt from State of California personal income taxes. We observe that interest on the Subseries M-2 Notes is not excluded from gross income for federal income tax purposes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per
DRAFT RESOLUTION

SECOND SUPPLEMENTAL RESOLUTION AUTHORIZING THE INCREASE OF THE AGGREGATE PRINCIPAL AMOUNT OF COMMERCIAL PAPER NOTES, SERIES M THAT MAY BE OUTSTANDING FROM TIME TO TIME
RESOLUTION NO. _________

SECOND SUPPLEMENTAL RESOLUTION
(SUPPLEMENTAL TO RESOLUTION NO. 19-02-02,
ADOPTED FEBRUARY 21, 2019, AS SUPPLEMENTED AND AMENDED BY
RESOLUTION NO. 22-02-06, ADOPTED FEBRUARY 17, 2022)
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, the Board of Directors of SMUD adopted Resolution No. 22-02-06 (the
“First Supplemental Resolution” and, together with the Original Resolution, the “Amended
Resolution”) authorizing 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, 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 $250,000,000;

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 Notes that may be issued under the Amended Resolution;

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 Amended Resolution as set
forth in this Second Supplemental Resolution to provide for the increase in the principal amount
of the Notes that may be issued 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 Agreement have been satisfied;

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

DEFINITIONS

Section 1.01. 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.

ARTICLE II

AMENDMENTS TO ORIGINAL RESOLUTION

Section 2.01. Authorization. The increase of the aggregate principal amount of the Notes that may be outstanding under the Amended Resolution to $250,000,000 is hereby authorized. Section 2.01 of the Original Resolution, as previously amended by the First Supplemental Resolution, is hereby further 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 $250,000,000. 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.”

ARTICLE III

MISCELLANEOUS

Section 3.01. 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.
Section 3.02. **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 Agreement 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.
TO
1. Scott Martin
2. Lora Anguay
3. Jose Bodipo-Memba
4.
5.
6.
7.
8.
9. Legal
10. CEO & General Manager

Consent Calendar | X | Yes | No | If no, schedule a dry run presentation. | Budgeted | Yes | X | No (If no, explain in Cost/Budgeted section.)
FROM (IPR) | Russell Mills | DEPARTMENT | Treasury | MAIL STOP | B355 | EXT. | 6509 | DATE SENT | 01/24/24

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to:

a. Select an underwriting team from the Senior Manager Pool, as set forth in Schedule A, on a transaction-by-transaction basis until July 31, 2029; and

b. Move underwriters between Senior Manager Pool A and the Alternate Pool, as set forth in Schedule B.

Summary: Staff completed a Request for Qualifications (RFQ) process for placement of underwriters into the Senior Manager Pool or Alternate Pool. Evaluation criteria consisted of willingness and ability to underwrite bonds, experience and qualifications of the firm, experience and qualifications of the underwriting team, marketing approach, and technical expertise. Staff recommends the top six scoring firms (Bank of America, Goldman Sachs, JP Morgan, Morgan Stanley, Barclays and Wells Fargo) for inclusion in the Senior Manager Pool. Staff recommends the next top three firms (Royal Bank of Canada, TD Securities, and Siebert Williams Shank) for inclusion in the Alternate Pool.

Members of the Senior Manager Pool may be appointed by the CEO/General Manager to serve as senior manager, co-senior manager, or co-manager on future SMUD bond issuances. Members of the Alternate Pool may be moved up to the Senior Manager Pool, and members of the Senior Manager Pool may be moved down to the Alternate Pool given a change in qualifications, as determined by the CEO/General Manager.

Board Policy:
(Number & Title)
Strategic Direction SD-3, Access to Credit Markets

Benefits:
Provides SMUD with a banking team capable of supporting all areas of asset and liability management.

Cost/Budgeted:
There is no cost associated with the appointment of underwriter firms to the pools.

Alternatives:
Extend the underwriting pool, as initially selected in 2019, or select an underwriter on a transaction-by-transaction basis.

Affected Parties:
Treasury

Coordination:
Treasury

Presenter:
Russell Mills, Director, Treasury Operations & Commodity Risk Management, and Treasurer

Additional Links:

SUBJECT
Selection of Underwriting Team & Alternates

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
RESOLUTION NO. ____________

WHEREAS, SMUD issued a Request for Qualifications (RFQ) to create a Senior Manager Pool and an Alternate Pool of experienced financial institutions to serve as Senior Managing Underwriters for future transactions with SMUD; and

WHEREAS, evaluation criteria consisted of the willingness and ability to underwrite bonds, experience and qualifications of the firm, experience and qualifications of the underwriting team, marketing approach, and technical expertise; and

WHEREAS, members of the Senior Manager Pool may be appointed to serve as senior manager, co-senior manager or co-manager on future SMUD bond issuances; and

WHEREAS, members of the Alternate Pool may be moved up to the Senior Manager Pool, and members of the Senior Manager Pool may be moved down to the Alternate Pool given a change in qualifications, as determined by the Chief Executive Officer and General Manager; NOW, THEREFORE,

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

Section 1. This Board authorizes the Chief Executive Officer and General Manager, or his designee, to select an underwriting team from the Senior Manager Pool listed on Schedule A on a transaction-by-transaction basis until July 31, 2029.
Section 2. This Board authorizes the Chief Executive Officer and General Manager, or his designee, to move underwriters between the Senior Manager Pool, as set forth in Schedule A, and the Alternate Pool, as set forth in Schedule B.
Schedule A – Senior Manager Pool

Bank of America
Barclays
Goldman Sachs
JP Morgan
Morgan Stanley
Wells Fargo
Schedule B – Alternate Pool

Royal Bank of Canada
Siebert Williams Shank
TD Securities
TO
1. Trevor Lamb
2. Casey Fallon
3. Amber Connors
4. Suresh Kotha
5. Scott Martin

TO
6. Lora Anguay
7. Jose Bodipo-Memba
8. 
9. Legal
10. CEO & General Manager

Consent Calendar | Yes | No if no, schedule a dry run presentation. | Budgeted | Yes | No if no, explain in Cost/Budgeted section |
--- | --- | --- | --- | --- | ---
X | | | X | | |
FROM (IPR) | Dejona Lopez | Procurement, Warehouse and Fleet |
MAIL STOP | EA404 |
EXT. | 5331 |
DATE SENT | 01/19/24 |

NARRATIVE:

Requested Action: Authorize the Chief Executive Officer and General Manager to negotiate and award a sole source Master Services Agreement with Itron Networked Solutions, Inc. (“Itron”) to purchase hardware, software, and professional services to enhance the Advanced Metering Infrastructure (AMI) platform for an amount not to exceed $42.5 million.

Summary: The AMI platform is comprised of communication infrastructure equipment (smart meters), a communication network and back-office systems, which was originally implemented in 2009 and partially funded by SMUD’s SmartSacramento Smart Grid Investment Grant.

During 2021 and 2022, as part of SMUD’s Next Generation AMI Roadmap, use cases supporting the 2030 Zero Carbon Plan (ZCP) were analyzed. The AMI Roadmap identified the next generation of smart meters as a key enabling technology required to support many of the use cases under the ZCP as they provide advanced functionality and additional data granularity. In October 2023, SMUD was awarded a $50 million grant from the Department of Energy Grid Deployment Office’s Grid Resilience and Innovation Partnerships (GRIP) program, and Itron was identified as a named partner for new technologies to increase reliability, efficiency, and flexibility of the electric grid. Itron was selected as a partner since they are the only meter manufacturer with a commercially available next generation Distributed Intelligence (DI) enabled smart meter and associated DI applications deployed at scale that are compatible with our existing AMI network. As part of the grant, SMUD will deploy 200,000 Itron Riva edge computing sensors with measurement capabilities (smart meters) and eight (8) DI applications with deployment beginning in September 2024 and continuing through the end of 2025. The GRIP grant is SMUD’s first step in our journey to life cycle our meters, replacing 200,000 meters by the end of 2025, as SMUD’s existing smart meters are nearing their end of design life. This contract will allow SMUD to move forward with ordering meters, software, and professional services to meet the GRIP grant deployment schedule for 2025 and beyond. In Q4 2023, SMUD obtained Board approval to execute a bridge sole source agreement with Itron for the initial purchase of the meters due to global supply chain lead time constraints of 12+ months. As previously communicated, SMUD is now seeking Board approval to negotiate and award a subsequent master agreement with Itron to purchase the remainder of the meters, software, and professional services.

Because Itron manufactures the only commercially available DI enabled meter that is compatible with our existing AMI mesh network and back-office systems and does not have any resellers, issuing a competitive solicitation would be an idle act.

The Itron Riva edge computing sensors (smart meters) with measurement capabilities are priced competitively, within 11% on average compared to our existing legacy smart meters that lack the DI enabled capabilities. The cost per meter for the most common form factors is within 9% of their legacy smart meter equivalents. Costs for the software and professional services are found to be competitive when compared to other software products and associated professional services purchased by SMUD. Given this information paired with the fact that the Consumer Price Index (CPI) has increased by 46% since the current contract was put in place, the proposed pricing is considered fair and reasonable.
Recommendation: Award a Sole Source contract to:

<table>
<thead>
<tr>
<th>Itron Networked Solutions, Inc.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2111 North Molter Road</td>
</tr>
<tr>
<td>Liberty Lake, WA 99019</td>
</tr>
</tbody>
</table>

Comments: This will be a non-standard contract that is being negotiated by SMUD.

Board Policy: Strategic Direction SD-4, Reliability; Strategic Direction SD-7, Environmental Leadership

Benefits: Ability to continue purchasing the smart meters, associated software, and professional services required to enhance the AMI platform while also meeting supply chain lead time constraints and GRIP grant obligations.

Cost/Budgeted: $42.5 million; Budgeted by Information Technology.

Alternatives: If this contract is not approved, SMUD will not be able to fulfill the obligations proposed in the GRIP grant due to supply chain lead time constraints, which would not be in our best interest. Additionally, due to the proprietary nature of the products and services provided by Itron to support our existing network, issuing a competitive solicitation would be an idle act.

Affected Parties: Information Technology, Procurement, Warehouse & Fleet, and Itron Networked Solutions, Inc.

Coordination: Information Technology and Procurement, Warehouse & Fleet

Presenter: Amber Connors, Director, Customer & Grid Operations Tech Center

Additional Links:

SUBJECT

Sole Source Master Services Agreement with Itron Networked Solutions, Inc.

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
TO
1. Robert Adams
2. Casey Fallon
3. Lucas Raley
4. Frankie McDermott
5. Lora Anguay
6. Scott Martin
7. Jose Bodipo-Memba
8.
9. Legal
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 | 01/19/24

Requested Action: Approve an increase to the aggregate contract not-to-exceed amount for general line construction services by $12 million, from $44 million to $56 million, for Contract No. 4600001474 with Hot Line Construction Inc. and Contract No. 4600001475 with Mountain G Enterprises.

Summary: The original contracts were awarded on a competitive basis to Hot Line Construction, Inc. and Mountain G Enterprises in March 2021 per Resolution No. 21-03-06. The original contract was awarded for the period from March 22, 2021, to March 21, 2023, for an aggregate not-to-exceed amount of $20 million. The work generally consists of overhead and underground line construction and maintenance on 12/21kv and 69kv sub transmission lines. In October 2022, Resolution No. 22-10-11 approved an increase to the aggregate contract not-to-exceed amount from $20 million to $40 million. Releasing the 10% contingency increased the not-to-exceed amount to $44 million.

SMUD has been adversely affected by the labor climate induced by Pacific Gas & Electric (PG&E) and their ongoing commitment to reduce wildfire risk across its service area. As a result, SMUD has lost contract crews that supported critical Line Assets programs. This loss has caused Line Assets to strategically realign its workload and the work performed by internal SMUD crews. Securing the services provided by Hot Line Construction Inc. and Mountain G Enterprises will allow the business unit the ability to augment general line construction work while maintaining flexibility in its realignment efforts.

Additionally, the January 2023 Storm Event, International Brotherhood of Electrical Workers (IBEW) labor increases, and Local Agency projects accelerated the contract spend rate resulting in a $12 million shortage of funding, which brings SMUD to request the Board to approve a $12 million increase to the aggregate not-to-exceed amount from $44 million to $56 million to support general line construction work planned through the end of this contract. Without the additional funding planned projects would be delayed resulting in customer impact. Currently, the contract balance is approximately $5,200,955.

Contract Change No. 01 to Contract No. 4600001474 with Hot Line Construction Inc. increased their rates by 7.14%. A portion (5.44%) of the increase accounted for labor as a direct result of Hot Line’s agreement with the IBEW 1245 that became effective on June 1, 2022. The remaining portion (1.7%) of the increase was for increased fuel costs since the time of bid. Additionally, this contract change extended the expiration date to March 21, 2025.

Contract Change No. 02 to Contract No. 4600001474 with Hot Line Construction Inc. increased rates to align with current published rates from Hot Line Construction Inc.’s IBEW 1245 Agreement for years 2023 and 2024.

Contract Change No. 01 to Contract No. 4600001475 with Mountain G Enterprises increased Rate Schedule, Part B, Line Items 11 and 12 by ~36% and ~45%, respectively.
Contract Change No. 02 to Contract No. 4600001475 with Mountain G Enterprises added subcontractor, WBE Traffic Control Inc., to Exhibit I - Designation of Prime Contractor, Subcontractors and Suppliers to perform traffic control where lane closures and/or night work is required. WBE Traffic Control Inc. is a verified Supplier Education & Economic Development (SEED) vendor.

Contract Change No. 03 to Contract No. 4600001475 with Mountain G Enterprises increased their rates by 5.2% as a direct result of Mountain G Enterprises’ agreement with the IBEW 1245 that became effective on June 1, 2022. Additionally, this contract change extended the expiration date to March 21, 2025.

Contract Change No. 04 to Contract No. 4600001475 with Mountain G Enterprises modified invoicing terms from Net 45 days to Net 30 days and increased rates to align with current published rates from Mountain G Enterprises’s IBEW 1245 Agreement for years 2023 and 2024.

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</table>

**Board Policy:**
Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development

**Benefits:**
Additional funding will allow SMUD to execute planned projects that support Reliability of our Electrical Grid

**Cost/Budgeted:**
$56M; Budgeted through March 2025 by Energy Delivery & Operation, Line Assets.

**Alternatives:**
Reduce volume of work and/or stop work.

**Affected Parties:**
Line Assets, Procurement, Warehouse & Fleet, and Contractor

**Coordination:**
Line Assets and Procurement, Warehouse & Fleet

**Presenter:**
Lucas Raley, Director Line Assets

**Additional Links:**
NARRATIVE:

Approved an increase to the aggregate contract not-to-exceed amount for vegetation management utility line and subject pole clearance services by $10 million, from $171.6 million to $181.6 million for Contract No. 4600001364 with Wright Tree Service of the West, Inc. (Wright Contract) and Contract No. 4600001365 with The Original Mowbray’s Tree Service, Inc. (Mowbray Contract) (collectively, the “Contracts”).

Summary:
The Contracts were awarded on a competitive basis to The Original Mowbray’s Tree Service, Inc. (Mowbray’s) and Wright Tree Service of the West, Inc. (WTS) in March 2020 per Resolution No. 20-03-05. The Contracts were awarded for a three-year term starting March 23, 2020, with two optional one-year extensions for each contract for a total not-to-exceed aggregate amount of $156 million. The scope requires the contractors to provide all supervision, labor, materials, equipment, and incidentals necessary to perform right-of-way vegetation management work on SMUD’s Transmission and Distribution Systems on a task order basis. In January 2024, the 10% allowable contingency ($15.6 million) was released to ensure the Contracts are fully funded.

This Board action is requesting approval of an additional $10 million dollars to support SMUD’s routine maintenance Vegetation Management Program to ensure safety and reliability of SMUD’s electric system. The driver for the additional funding request was due to unplanned work as a result of the 2023/24 January storms series.

The balance of funds available for continued work from the Contracts is approximately $27.5 million.

Contract Change No. 01 to the Wright Contract replaced Exhibit D, Performance Bond and Exhibit E, Payment Bond forms with revised annual bond forms.

Contract Change No. 01 to the Mowbray Contract added wildfire liability to $15M General Liability Insurance Requirements and reduced Rate Schedule Items 70 -79, 87-98, 100-103, and 105-106 by an average of 69% resulting in a total contract savings of 1% for the initial three-year term, and an additional 1% for each of the two option years. This contract change did not change the total not-to-exceed aggregate contract amount.

Contract Change No. 02 to the Wright Contract added Skyline Tree Enterprise, Inc. as a designated subcontractor to assist WTS with the performance of utility line clearance services and added Sierra Integrated Services, Inc. as a designated subcontractor to perform pole clearing work via herbicide spraying.

Contract Change No. 02 to the Mowbray Contract added subcontractor R&B Quality Tree Care, Inc. to Exhibit I, Designation of Prime Contractor, Subcontractors and Suppliers. Under this contract, R&B Quality Tree Care, Inc. was designated to perform vegetation management services under Mowbray’s. R&B Quality Tree Care, Inc. has an “A” grade in the International Suppliers Network (ISN). This change did not require any adjustment to the contract amount.
Contract Change No. 03 to the Wright Contract substituted Skyline Tree Enterprise, Inc. for Maximus Tree Works as the designated subcontractor to assist WTS with the performance of utility line clearance services.

Contract Change No. 03 to the Mowbray Contract adds subcontractor California Trees Inc. dba Cal Trees to Exhibit I, Designation of Prime Contractor, Subcontractors and Suppliers. Under this contract, Cal Trees was designated to perform vegetation management services under Mowbray’s. Cal Trees has an “A” grade in ISN. This change did not require any adjustment to the contract amount.

Contract Change No. 04 to the Wright Contract added subcontractors P31 Enterprises, Inc., VM Tree Service, and R&B Quality Tree Care, Inc. to Exhibit I, Designation of Prime Contractor, Subcontractors and Suppliers. Under this contract, P31 Enterprises, Inc., VM Tree Service, and R&B Quality Tree Care, Inc. were designated to perform vegetation management utility line clearance services under WTS. All three of these subcontractors have an “A” grade in ISN. This change did not require any adjustment to the contract amount.

Contract Change No. 04 to the Mowbray Contract revised the address and point of contact for Mowbray’s. This change did not require any adjustment to the contract amount.

Contract Change No. 05 to the Wright Contract included an increase in rates by 2.75%. SMUD Vegetation Management, Budget and Procurement staff had dialogue with representatives from both WTS and Mowbray’s regarding their request for labor-specific rate increases to the Contracts, driven by provisions of Senate Bill 247 (Dodd) Wildland fire prevention: vegetation management (SB 247) and the related ratification of the International Brotherhood of Electrical Workers (IBEW) Labor Agreement in July 2022 (IBEW Labor Agreement). Staff validated the increases for each year. The rate increases apply to Veg Mgmt. IBEW labor only. Contractors did not request increases in Fuel, Insurance, or Equipment.

Contract Change No. 05 to the Mowbray Contract increased rates by 2.8% in Year 3 (retroactively effective as of June 1, 2022), 1.8% in option Year 4, and 1.7% in option Year 5, due to and driven by provisions of SB 247, and the related ratification of the IBEW Labor Agreement. Staff validated the increases for each year. The rate increases apply to Veg Mgmt. IBEW labor only. Contractors did not request increases in Fuel, Insurance, or Equipment.

Contract Change No. 06 to the Mowbray Contract extended the expiration date from March 23, 2023, to March 22, 2025 (exercising Option Years 1 and 2), and reduced rates across the majority of line items by an average of 3.8% in Option Year 1 (effective March 23, 2023), and by an average of 5.4% in Option Year 2 (effective March 23, 2024).

Contract Change No. 06 to the Wright Contract included an increase in rates on overtime equipment/operator line items. These increases align with the increases previously approved via CC-5.

Contract Change No. 07 to the Mowbray Contract removed Performance and Payment Bond Requirements.

Contract Change No. 07 to the Wright Contract extended the expiration date from March 23, 2023, to March 22, 2024 (exercising Option Year 1 only), and reduced rates to select line item by an average of 2.9% effective June 1, 2023.

Contract Change No. 08 to the Wright Contract amended the Rate Schedule to include Line Items 112 – 117, for a 100’ Aerial Lift with Operator, Skid Steer with Operator, and Backyard Lift with Operator at straight time and overtime rates.

Contract Change No. 09 to the Wright Contract removed Performance and Payment Bond Requirements.

Contract Change No. 10 to the Wright Contract extended the expiration date from March 23, 2024, to March 22, 2025 (exercising Option Year 2).

Releasing the 10% contingency in January 2024 increased the not-to-exceed amount of the Contracts to $171.6 million.
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<td>Additional funding</td>
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**Board Policy:** Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development

**Benefits:** Current rates under these contracts are competitive. Current contracts support ongoing safety and reliability for SMUD Grid.

**Cost/Budgeted:** $181.6 million; Budgeted through March 2025 by Energy Delivery & Operation, Line Assets.

**Alternatives:** Reduce volume of work and/or stop work.

**Affected Parties:** Line Assets, Procurement, Warehouse & Fleet, and Contractor

**Coordination:** Line Assets and Procurement, Warehouse & Fleet

**Presenter:** Lucas Raley, Director, Line Assets

**Additional Links:**

SUBJECT: Increase in Aggregate Contract Amount for Vegetation Management Utility Line Clearance Contracts

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
### BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

<table>
<thead>
<tr>
<th>TO</th>
<th>To</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Casey Fallon</td>
</tr>
<tr>
<td>2.</td>
<td>Laura Lewis</td>
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<td>Legal</td>
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<td>CEO &amp; General Manager</td>
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**Consent Calendar**

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<tr>
<th>FROM (IPR)</th>
<th>DEPARTMENT</th>
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<tbody>
<tr>
<td>Jaimee Lutz</td>
<td>Procurement Operations</td>
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**DEPARTMENT MAIL STOP EXT. DATE SENT**

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<tr>
<td>EA404</td>
<td>6407</td>
<td>1/19/2024</td>
</tr>
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</table>

**NARRATIVE:**

**Requested Action:** Quarterly Procurement Report for Fourth Quarter 2023.

**Summary:** In August 2003, the Board of Directors approved the SMUD Procurement Policy which included a commitment for staff to report on the SMUD Procurement Activities on a quarterly basis.

**Board Policy:**

*Number & Title*

This report is provided to demonstrate compliance with SMUD Policy BL-8 and the following Policy Elements:

- Competition
- Direct Procurement
- Sole Source Procurement
- Inclusiveness
- Environmental Procurement
- Responsible Bidder
- Best Value Procurement
- Strategic Alliances
- Protest Policy

**Benefits:** Ensures compliance with Public Contracting and Best Value procurement principles.

**Cost/Budgeted:** N/A

**Alternatives:** Provide information via written memo/report to the Board.

**Affected Parties:** SMUD

**Coordination:** Procurement Operations

**Presenter:** Casey Fallon

---

**SUBJECT**

2023 Fourth Quarter Procurement Report

---

**ITEM NO. (FOR LEGAL USE ONLY)**

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
## BOARD AGENDA ITEM

### STAFFING SUMMARY SHEET

**Committee Meeting & Date**
Finance & Audit, 2024

**Board Meeting Date**
N/A

### TO

1. Jose Bodipo-Memba
2. Lora Anguay
3. Scott Martin
4. 
5. 
6. 
7. 
8. 
9. Legal
10. CEO & General Manager

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<th>Department</th>
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<td>No</td>
<td>Lisa Limcaco</td>
<td>Accounting</td>
<td>B352</td>
<td>7045</td>
<td>12/18/23</td>
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### NARRATIVE:

**Requested Action:**
Provide the Board with a summary of SMUD’s current Power Supply Costs.

**Summary:**
Staff will present SMUD’s a summary of SMUD’s current Power Supply Costs to the Board of Directors.

**Board Policy:**
GP-3, Board Job Description

**Benefits:**
Provide Board members with information regarding SMUD’s current power supply costs.

**Cost/Budgeted:**
N/A

**Alternatives:**
Provide information via written memo/report to the Board.

**Affected Parties:**
Accounting

**Coordination:**
Accounting

**Presenter:**
Lisa Limcaco

### Additional Links:

**SUBJECT**
SMUD’s Power Supply Costs

**ITEM NO.** (FOR LEGAL USE ONLY)

*ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.*
# BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

## BOARD Meeting & Date
FINANCE & AUDIT – 2024  
Board Meeting Date  
N/A

## Consent Calendar
- **Yes**  
- **No**  
  - If no, schedule a dry run presentation.

## Budgeted
- **Yes**  
- **No**  
  - If no, explain in Cost/Budgeted section.

## Requested Action:
A summary of directives is provided to staff during the committee meeting.

## Summary:
The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

## Board Policy:
Goverance Process GP-4, Board/Committee Work Plan and Agenda Planning, states, among other things, “the Board will develop and follow an annual work plan that ensures the Board…focuses on the results the Board wants the organization to achieve….”

## Benefits:
Having an agendized opportunity to summarize the Board’s requests and suggestions that arise during the committee meeting will help clarify the will of the Board.

## Cost/Budgeted:
Included in budget.

## Alternatives:
Not to summarize the Board’s requests at this meeting.

## Affected Parties:
Board of Directors and Executive Staff

## Coordination:
Crystal Henderson, Special Assistant to the Board of Directors

## Presenter:
Rob Kerth, Finance & Audit Committee Chair

### Additional Links:

## SUBJECT
Summary of Committee Direction – Finance & Audit

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.