

# Exhibit to Agenda Item #2

Discuss authorizing the Chief Executive Officer and General Manager to:

- a. Negotiate and execute a three-year contract with **PNC Bank (PNC)** for a \$132.02 million **Letter of Credit (PNC LOC)** that supports the outstanding 2023 Series C Bonds, with terms substantially similar to the attached term sheet; and
- b. Add **PNC Bank** to the Senior Manager Pool on a transaction-by-transaction basis until July 31, 2029.

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

Tuesday, May 13, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Background & History

- SMUD's 2023 Variable Rate Demand Bonds require a Letter of Credit (LOC). A LOC provides assurance investors would be repaid immediately if they sold their investment.
- SMUD entered into an agreement with TD Bank for a LOC to support the 2023 bonds.
- Based on recent developments with TD Bank, staff issued an RFP to replace the LOC.
- PNC Bank offered the best price/terms and is one of the largest banks in the U.S. with a physical presence in Sacramento. PNC Bank will also be added to SMUD's senior underwriter pool.



# | Questions?