

Exhibit to Agenda Item #1

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

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, February 13, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Commercial Paper Program Benefits

Benefits:

Flexibility to fund capital spending as it arises

- Access to capital in a shorter lead time than planning a bond sale
- Supports expanded capital spending in support of 2030 Zero Carbon Plan

Lower initial costs vs. long-term fixed rates

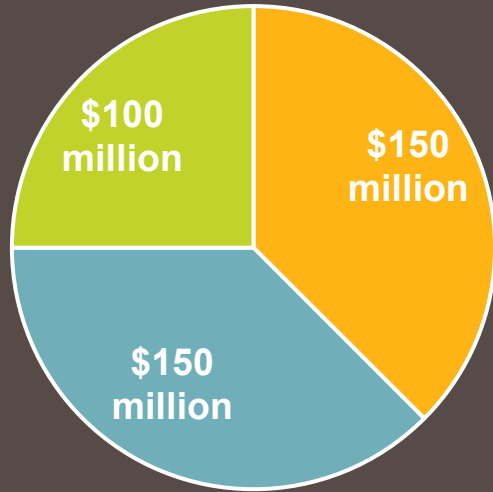
- Allows for market timing flexibility to refund with long term fixed-rate bonds
- Balances short-term borrowing costs with interest earnings

Additional liquidity viewed favorably by the ratings agencies

- Liquidity provides a form of reserve funding and self-insurance for unforeseen events
- AA rating enhanced with larger adjusted total liquidity sources (days cash + commercial paper)

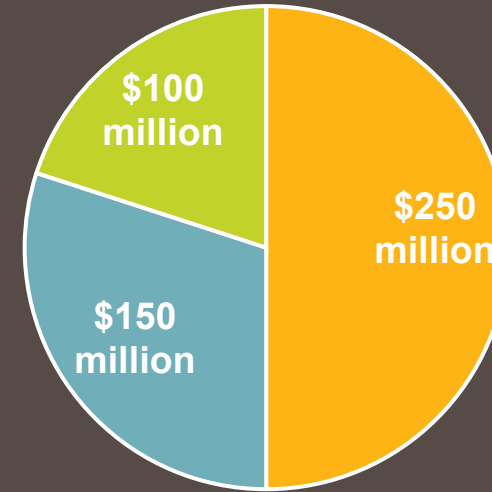
Current & Restructured Letter/Line of Credit Portfolio

Current: \$400 Million



■ Bank of America ■ Barclays ■ Wells Fargo

Proposed: \$500 Million



■ Bank of America ■ Barclays ■ Wells Fargo

Benefits to expansion:

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

Questions