

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

**Date:** Wednesday, January 14, 2026

**Time:** Immediately following the Policy Committee and Special SMUD Board of Directors Meeting scheduled to begin at 6:00 p.m.

**Location:** SMUD Headquarters Building, Auditorium  
6201 S Street, Sacramento, CA

Powering forward. Together.



# **AGENDA**

## **BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING**

**Wednesday, January 14, 2026**  
**SMUD Headquarters Building, Auditorium**  
**6201 S Street, Sacramento, California**  
**Immediately following the Policy Committee and Special SMUD Board of  
Directors meeting 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 Finance & Audit Committee's recommendation on the following agendized item(s):

### *Virtual Viewing or Attendance:*

Live video streams (view-only) and indexed archives of meetings are available at:  
<https://www.smud.org/Corporate/About-us/Company-Information/Board-Meetings/Watch-or-Listen-online>

**Zoom Webinar Link:** [Join Board Finance & Audit Committee Meeting Here](#)  
**Webinar/Meeting ID:** 160 002 3728

**Passcode:** 695665

**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:

- 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](mailto:PublicComment@smud.org) or by mailing or bringing physical copies to the meeting. Email is not monitored during 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. Tara Porter  
Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award contracts to **Eagle Systems International, Inc. dba Synergy, Sierra Valley Mechanical, and Clarke & Rush** (collectively, the **Contracts**) to provide residential assistance services for a three-year period from approximately March 1, 2026, to February 28, 2029, for a total aggregate not-to-exceed amount of \$40 million across the **Contracts**.  
Presentation: 5 minutes  
Discussion: 5 minutes
2. Jennifer Restivo  
Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute:
  - a. A three-year contract renewal with **Wells Fargo Bank, N.A. (Wells Fargo)** to modify and extend a \$50 million **Line of Credit (Wells Fargo Line)** and all other documents or actions necessary to facilitate the **Wells Fargo Line**; and
  - b. A three-year contract with **PNC Bank, N.A. (PNC)** for a new \$100 million **Line of Credit (PNC Line)** and all other documents or actions necessary to facilitate the **PNC Line**.  
Presentation: 3 minutes  
Discussion: 2 minutes

## **INFORMATIONAL ITEMS**

3. Lisa Limcaco  
Provide the Board with SMUD's financial results from the 11-month period ending November 30, 2025, and a summary of SMUD's current Power Supply Costs.  
Presentation: 5 minutes  
Discussion: 2 minutes
4. Claire Rogers  
Provide the Board with an informational presentation on Internal Audit and the 2026 Internal Audit Plan.  
Presentation: 8 minutes  
Discussion: 2 minutes
5. Claire Rogers  
Internal Audit Services Report: Status of Recommendations Report for Q4 2025.  
Discussion: 1 minute
6. Public Comment.
7. Brandon Rose  
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](http://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](mailto:Toni.Stelling@smud.org), or contact by phone at 1-916-732-7143, no later than 48 hours before this meeting.*



SSS No. SCS 25-345

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
Finance & Audit – 01/14/26

Board Meeting Date  
January 15, 2026

TO				TO					
1.	Tara Porter			6.	Scott Martin				
2.	Casey Fallon			7.					
3.	Brandy Bolden			8.					
4.	Farres Everly			9.	Legal				
5.	Jose Bodipo-Memba			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) Doug Moore				DEPARTMENT Procurement			MAIL STOP EA404	EXT. 7069	DATE SENT 12/22/25

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to negotiate and award contracts to Eagle Systems International, Inc. dba Synergy, Sierra Valley Mechanical, and Clarke & Rush (collectively, the “Contracts”) to provide residential assistance services for a three-year period from approximately March 1, 2026, to February 28, 2029, for a total aggregate not-to-exceed amount of \$40 million across the Contracts.

**Summary:** Request for Proposals 116928.DM (RFP) was issued in September 2025 to solicit qualified firms to deliver a comprehensive range of services, including heating, ventilation and air conditioning (HVAC) repair, maintenance, and installation, electrification, and weatherization measures. SMUD seeks to support eligible residential customers in managing their electric bills through enhanced equipment efficiency, electrification and strategic energy-saving installations.

**Recommendation:** Award to the three Highest Evaluated Responsive Proposers: Eagle Systems International, Inc. dba Synergy, Sierra Valley Mechanical, and Clarke & Rush

Bidders/Proposers Notified by Procurement: 147

Bidders/Proposers Downloaded: 51

Pre-Bid/Pre-Proposal Conference Attendance: 11

Bids/Proposals Received: 3

Responsive Proposals Received	10 Points SEED	55 Points Technical	35 Points Pricing	Total Score	Overall Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
Eagle Systems International, Inc. dba Synergy	10.00	52.00	35.00	97.00	1	\$36,787,603	\$250,000	\$36,537,603	NTE: \$40,000,000, Aggregate of all Task Authorizations
Sierra Valley Mechanical	10.00	49.25	34.88	94.13	2	\$36,917,043.	\$250,000	\$36,667,043	
Clarke & Rush	10.00	48.92	32.32	91.23	3	\$39,820,044.	\$250,000	\$39,570,044	

Supplier Diversity Program: Eagle Systems International, Inc. dba Synergy has committed to 20% Supplier Education & Economic Development (SEED) subcontracting. Sierra Valley Mechanical, and Clarke & Rush are both verified SEED Contractors.

**Board Policy:** Board-Staff Delegation BL-8, Delegation to the CEO with Respect to Procurement; Procurement principles followed in this award include, but are not limited to: a) Competition, e) Economic Development, f) Environmental Procurement, and g) Responsible Bidder(s).

**Benefits:** Continuance and development of a program that benefits SMUD’s most disadvantaged community members.

**Cost/Budgeted:** \$40,000,000; Budgeted for 2026 - 2029 by Customer & Community Services, Customer Assistance.

**Alternatives:** Extend, amend and add funds to current contracts.

**Affected Parties:** Supply Chain Services, Customer & Community Services, Contractors

**Coordination:** Supply Chain Services and Customer & Community Services

**Presenter:** Tara Porter, Director, Customer Operations & Assistance

**Additional Links:**

SUBJECT

**Contract Award for Residential Assistance Services**

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 – 01/14/26  
Board Meeting Date  
January 15, 2026

TO				TO			
1.	Jennifer Restivo			6.			
2.	Scott Martin			7.			
3.	Farres Everly			8.			
4.	Jose Bodipo-Memba			9.	<b>Legal</b>		
5.				10.	<b>CEO &amp; General Manager</b>		
<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b>	<i>If no, schedule a dry run presentation.</i>		
<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<input type="checkbox"/>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>			
FROM (IPR) Jon Anderson		DEPARTMENT Treasury & Revenue Strategy		MAIL STOP B355	EXT. 5605	DATE SENT 12/26/25	

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to negotiate and execute:

- a) A three-year contract renewal with **Wells Fargo Bank, N.A. (Wells Fargo)** to modify and extend a \$50 million **Line of Credit (Wells Fargo Line)** and all other documents or actions necessary to facilitate the **Wells Fargo Line**; and
- b) A three-year contract with **PNC Bank, N.A. (PNC)** for a new \$100 million **Line of Credit (PNC Line)** and all other documents or actions necessary to facilitate the **PNC Line**.

**Summary:** SMUD currently maintains a \$500 million Commercial Paper and Line of Credit program. This program provides critical short-term funding for SMUD capital projects and a reliable source of liquidity, without the extended lead times associated with a bond issuance. An existing \$100 million line of credit with Wells Fargo is set to expire in February.

The renewal of the Wells Fargo Line at \$50 million, and the establishment of a new \$100 million PNC Line, will allow SMUD to expand and diversify its short-term borrowing capacity. With these actions, SMUD will be able to increase its total short-term borrowing portfolio to \$550 million, increase portfolio diversification across financial institutions and borrowing type, while preserving similar program fees.

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

**Benefits:** The lines of credit provide liquidity and funding to support the SMUD capital program and our financial strength.

**Cost/Budgeted:** Fees and expenses are estimated to be \$1.3 million over the life of the contracts 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 & Revenue Strategy

**Coordination:** Treasury & Revenue Strategy and Legal

**Presenter:** Jennifer Restivo, Director, Treasury & Revenue Strategy

**Additional Links:**

SUBJECT

**Line of Credit Renewal and Expansion**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**Draft Resolution**  
**(Wells Fargo Bank, National Association)**

**RESOLUTION NO. 26-01-\_\_**

**FIRST SUPPLEMENTAL RESOLUTION  
(SUPPLEMENTAL TO RESOLUTION NO. 22-02-07,  
ADOPTED FEBRUARY 17, 2022)**

**PROVIDING FOR THE DECREASE OF THE AGGREGATE PRINCIPAL AMOUNT  
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT TAXABLE REVOLVING  
NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT) AND TAX-EXEMPT  
REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT) THAT  
MAY BE OUTSTANDING AT ANY ONE TIME AND AUTHORIZING THE  
EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION THEREWITH**

WHEREAS, the Board of Directors of SMUD adopted Resolution No. 22-02-07 (the “Original Resolution”) authorizing a Revolving Credit Agreement with Wells Fargo Bank, National Association (as further defined in the Original Resolution, the “Credit Agreement”) and the issuance of SMUD’s Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) and Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement) (collectively, the “Notes”) in an aggregate principal amount not to exceed \$100,000,000 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, SMUD has determined that it is in its best interests to extend the expiration date of the Credit Agreement and decrease the aggregate principal amount of the Notes that may be outstanding at any one time under the Original Resolution to \$50,000,000;

WHEREAS, Section 7.01 of the Original Resolution permits the modification or amendment of the Original Resolution with the prior written consent of the Bank (as defined in the Original Resolution);

WHEREAS, SMUD has determined to modify and amend the Original Resolution as set forth in this First Supplemental Resolution, to extend the expiration date of the Credit Agreement and to amend the Credit Agreement as set forth in a First Amendment to Revolving Credit Agreement (the “First Amendment to Credit Agreement”) between SMUD and the Bank;

WHEREAS, the amendments set forth in this First Supplemental Resolution will go into effect upon receipt by SMUD of the written consent of the Bank to this First Supplemental Resolution;

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 First 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. Section 2.01 of the Original Resolution is hereby amended to read in full as follows:

“Section 2.01. Authorization. Each Note is hereby authorized to be issued in the stated principal amount of not to exceed \$50,000,000 outstanding at any one time. On or after the effective date of the Credit Agreement, SMUD may request Loans and Term Loans under either Note as provided in, and subject to the terms of, the Credit Agreement and this Resolution; provided, that the aggregate principal amount of Loans and Term Loans outstanding under the Notes at any one time shall not exceed \$50,000,000. Subject to the terms of the Credit Agreement and this Resolution, the principal amount of the Loans under the Notes that is paid or prepaid by SMUD may again be reborrowed under either Note.”

Section 2.02. Registration of Notes. The last sentence of Section 2.05 of the Original Resolution is hereby amended to read in full as follows: “Registered ownership of the Notes may only be transferred in accordance with the terms of the Credit Agreement.”

Section 2.03. Events of Default. Section 6.01 of the Original Resolution is hereby amended to read in full as follows:

“Section 6.01. Events of Default. The following events shall be events of default (the “Events of Default”) hereunder:

(a) if default shall be made in the due and punctual payment of the principal of any Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Note when and as such interest installment shall become due and payable;

(c) if the holder of any Bond or the trustee for any holders of Bonds at the time outstanding exercises a right under the Bond or the constituent instruments under which such Bond was issued to declare the principal thereof (and interest accrued thereon) to be payable prior to the maturity thereof; or

(d) an Event of Default under and as defined in the Credit Agreement.”

### ARTICLE III

#### MISCELLANEOUS

Section 3.01. Approval and Execution of First Amendment to Credit Agreement and Amended and Restated Fee Agreement. The First Amendment to Credit Agreement and the Amended and Restated Fee Agreement relating to the Credit Agreement, each between SMUD and the Bank, in substantially the forms submitted to this meeting, are hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of SMUD, to execute and deliver the First Amendment to Credit Agreement and the Amended and Restated Fee Agreement relating to the Credit Agreement in substantially said forms, with such changes therein as the Authorized Officer executing the same, with the advice of SMUD’s counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 3.02. Letters of Credit. The Authorized Officers are hereby authorized and directed to request the issuance from time to time of Letters of Credit (as defined in the Credit Agreement) by the Bank pursuant to the Credit Agreement in such amounts as are required by SMUD and to do any and all things and to execute, deliver and perform any and all agreements and documents which they deem necessary or advisable in order to request or cause the issuance of any such Letter of Credit by the Bank.

Section 3.03. Additional Actions. The Authorized Officers are hereby authorized and directed to do any and all things and to execute, deliver and perform any and all agreements, certificates and documents (including, but not limited to, replacement Notes) which they deem necessary or advisable in order to consummate the execution and delivery of the First Amendment to Credit Agreement and the Amended and Restated Fee Agreement relating to the Credit Agreement in accordance with this Resolution and the Credit Agreement and to effect the purposes of this Resolution and the transactions contemplated hereby. The Authorized Officers are hereby further authorized and directed to do any and all things and to execute, deliver and perform any and all agreements, certificates and documents which they deem necessary or desirable to further extend the Facility Maturity Date (as defined in the Credit Agreement) from time to time; provided that, (a) the Commitment (as defined in the Credit Agreement) shall not exceed \$50,000,000 and (b) the fees payable under the Fee Letter during the term of any such extension shall continue to be commercially reasonable, as determined by any Authorized Officer, such determination to be conclusively evidenced by the execution and delivery of the applicable agreements, certificates and documents extending the Facility Maturity Date.

Section 3.04. Effect of First Supplemental Resolution. The amendments to the Original Resolution set forth in this First Supplemental Resolution will go into effect upon receipt by SMUD of the written consent of the Bank to this First Supplemental Resolution. The Original 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 First Supplemental Resolution.

**Draft First Amendment to  
Revolving Credit Agreement  
(Wells Fargo Bank, National Association)**

## FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT

This FIRST AMENDMENT TO REVOLVING CREDIT AGREEMENT (this “*Amendment*”) dated [\_\_\_\_], 2026 (the “*Amendment Date*”), is between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (“*SMUD*”) and WELLS FARGO BANK, NATIONAL ASSOCIATION (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 Revolving Credit Agreement dated as of February 1, 2022 (as amended on the Amendment Date and as further amended, restated, supplemented or otherwise modified from time to time, the “*Agreement*”). This Amendment is a Program Document;

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 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.

Subject to the satisfaction or waiver of the conditions precedent set forth in Section 2 below, the Agreement shall be and hereby is amended to delete the stricken text (indicated textually in the same manner as the following example: ~~stricken text~~) and to add the underlined text (indicated textually in the same manner as the following example: underlined text) as set forth in the pages of the Agreement attached hereto as Annex A.

#### SECTION 2. CONDITIONS PRECEDENT.

This Amendment shall become effective on the Amendment Date subject to the satisfaction of or waiver by the Bank of all of the following conditions precedent (such satisfaction to be evidenced by the Bank’s execution and delivery of this Amendment):

2.01. Delivery by SMUD to the Bank of (a) an executed counterpart of this Amendment, (b) an executed counterpart of the Amended and Restated Fee Agreement, dated as of the Amendment Date (the “*Fee Agreement*”), between SMUD and the Bank, and (c) executed counterparts of a replacement Sacramento Municipal Utility District Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) (the “*Taxable Note*”) and a replacement Sacramento Municipal Utility District Tax-Exempt Revolving Note (Wells Fargo Revolving Credit

Agreement) (the “*Tax-Exempt Revolving Note*” and together with the Tax-Exempt Revolving Note, the “*Revolving Notes*”), in the forms set forth in Exhibit A and Exhibit B to the Agreement as amended hereby, respectively, each executed and delivered to the Bank on the Amendment Date. The Bank shall surrender the original existing Revolving Notes to SMUD for cancellation on the Amendment Date in exchange for SMUD’s delivery to the Bank of such replacement Revolving Notes.

2.02. Receipt by the Bank of a copy of the authorizing resolution of SMUD (which may be an existing authorizing resolution) approving the execution and delivery and performance of its obligations under the Agreement and the Revolving Notes.

2.03. Receipt by the Bank of a customary certificate executed by appropriate officers of SMUD including the incumbency and signature of the officer of SMUD executing this Amendment and the Revolving Notes.

2.04. Delivery to the Bank of an opinion of the general counsel for SMUD, addressing (i) SMUD’s existence, (ii) SMUD’s power and authority to enter into this Amendment, the Fee Agreement and the Revolving Notes and to perform its obligations under the Agreement, as amended by this Amendment, the Fee Agreement and the Revolving Notes, (iii) SMUD’s execution and delivery of this Amendment, the Fee Agreement and the Revolving Notes, (iv) the enforceability of SMUD’s obligations under the Agreement, as amended by this Amendment, the Fee Agreement and the Revolving Notes, (v) that SMUD has obtained all consents necessary to execute and deliver this Amendment, the Fee Agreement and the Revolving Notes and perform the Agreement, as amended by this Amendment, the Fee Agreement and the Revolving Notes, (vi) the execution and delivery of this Amendment, the Fee Agreement and the Revolving Notes by SMUD 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 Fee Agreement and the Revolving Notes or performing its obligations under the Agreement, as amended by this Amendment, the Fee Agreement and the Revolving Notes.

2.05. Payment directly to Chapman and Cutler LLP, legal counsel to the Bank (“*Bank Counsel*”), on or before the Amendment Date, of the reasonable legal fees and expenses of Bank Counsel.

2.06. All other legal matters pertaining to the execution and delivery of this Amendment shall be satisfactory to the Bank and Bank Counsel.

### SECTION 3. REPRESENTATIONS AND WARRANTIES OF SMUD.

3.01. 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 SMUD 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 all references to the Closing Date in Article Four of the Agreement shall be deemed to refer to the Amendment Date, all references to the 2020 Financial Statements in Article Four of the Agreement shall be deemed to refer to the audited financial statements of SMUD for the Fiscal Year ended December 31, 2024, and all references to December 31, 2020 in Article Four of the Agreement shall be deemed to refer to December 31, 2024); and

(b) no Default or Event of Default has occurred and is continuing or would result from the execution of this Amendment.

3.02. SMUD hereby ratifies and affirms that, both before and after giving effect to this Amendment:

The Agreement constitutes the Credit Agreement (as defined in the Note Resolution) under the Note Resolution and has all rights and benefits thereof. In order to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in the Agreement and the Fee Agreement, SMUD has pledged the Available Revenues to the Bank (for the benefit of the Bank and any Affiliate of the Bank to whom any Obligation is at any time owed), pursuant to and on the terms and subject to the conditions set forth in the Note Resolution. The pledge of Available Revenues under the Note Resolution constitutes a valid pledge of and charge and lien upon the Available Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Available Revenues, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Note Resolution, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Available Revenues and without the need for any physical delivery, recordation, filing or further act.

#### SECTION 4. CONSENT TO SUPPLEMENT TO NOTE RESOLUTION.

Pursuant to Section 7.01 of the Note Resolution, the Bank hereby consents to Resolution No. 26-01-[ ], First Supplemental Resolution (Supplemental to Resolution No. 22-02-07, adopted February 17, 2022), adopted by the Board of Directors of SMUD on January 15, 2026.

#### SECTION 5. MISCELLANEOUS.

Except as specifically amended hereby, the Agreement shall continue in full force and effect in accordance with its original terms. Reference to this specific 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 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. THIS AMENDMENT 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.

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 by their respective officers hereunto duly authorized as of the Amendment Date.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_

Name:

Title:

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name:

Title:

## **ANNEX A**

Attached.

REVOLVING CREDIT AGREEMENT

dated as of February 1, 2022,

between

SACRAMENTO MUNICIPAL UTILITY DISTRICT

and

WELLS FARGO BANK, NATIONAL ASSOCIATION

relating to:

\$50,000,000

SACRAMENTO MUNICIPAL UTILITY DISTRICT,  
TAXABLE AND TAX-EXEMPT REVOLVING NOTES  
(WELLS FARGO REVOLVING CREDIT AGREEMENT)

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## REVOLVING CREDIT AGREEMENT

(This Table of Contents is not a part of this  
Revolving Credit Agreement and is only  
for convenience of reference)

SECTION	DESCRIPTION	PAGE
Parties.....		1
ARTICLE ONE	DEFINITIONS .....	1
Section 1.1.	Definitions.....	1
Section 1.2.	Incorporation of Certain Definitions by Reference .....	19
Section 1.3.	Accounting Terms and Determinations .....	19
Section 1.4.	Interpretation.....	19
Section 1.5.	Rates.....	20
ARTICLE TWO	THE CREDIT .....	20
Section 2.1.	Commitment to Lend .....	20
Section 2.2.	Method of Borrowing, Continuing or Converting Loans; Account to Which Proceeds of Loans to Be Credited .....	21
Section 2.3.	Maturity of Loans and Term Loans .....	22
Section 2.4.	Interest Rates.....	22
Section 2.5.	Fees .....	24
Section 2.6.	The Revolving Notes .....	25
Section 2.7.	Optional Termination or Reduction of Commitment.....	25
Section 2.8.	Mandatory Termination or Reduction of Commitment .....	25
Section 2.9.	Optional Prepayments.....	26
Section 2.10.	General Provisions as to Payments .....	26
Section 2.11.	Computation of Interest and Fees .....	26
Section 2.12.	Benchmark Replacement .....	26
Section 2.13.	Determination of Taxability.....	27
Section 2.14.	Payment Due on Non-Business Day to Be Made on Next Business Day.....	28
Section 2.15.	Default Rate .....	28
Section 2.16.	Net of Taxes, Etc.....	28
Section 2.17.	Increased Costs .....	30
Section 2.18.	Margin Regulations.....	31
Section 2.19.	Maximum Rate; Payment of Fee .....	32
Section 2.20.	Security for Obligations.....	32
Section 2.21.	Method of Payment; Etc. ....	32
Section 2.22.	The Term Loans.....	32
ARTICLE THREE	CONDITIONS PRECEDENT .....	33
Section 3.1.	Conditions Precedent to the effectiveness of this Agreement .....	33

Section 3.2.	Borrowings During the Revolving Credit Period .....	35
Section 3.3.	Each Tax-Exempt Loan Borrowing.....	36
Section 3.4.	No Rating; DTC; Offering Document .....	36
ARTICLE FOUR	REPRESENTATIONS AND WARRANTIES.....	36
Section 4.1.	Representations of SMUD .....	36
ARTICLE FIVE	COVENANTS.....	41
Section 5.1.	Covenants of SMUD.....	42
ARTICLE SIX	DEFAULTS.....	49
Section 6.1.	Events of Default and Remedies.....	49
Section 6.2.	Remedies.....	52
ARTICLE SEVEN	MISCELLANEOUS .....	52
Section 7.1.	Amendments, Waivers, Etc.....	52
Section 7.2.	Notices. ....	53
Section 7.3.	Survival of Covenants; Successors and Assigns.....	54
Section 7.4.	Unconditional Obligations. ....	56
Section 7.5	Liability of Bank; Indemnification .....	57
Section 7.6.	Expenses. ....	59
Section 7.7.	No Waiver; Conflict.....	59
Section 7.8.	Modification, Amendment, Waiver, Etc.....	59
Section 7.9.	Dealing with SMUD. ....	59
Section 7.10.	Severability. ....	59
Section 7.11.	Counterparts. ....	60
Section 7.12.	Table of Contents; Headings.....	60
Section 7.13.	Entire Agreement.....	60
Section 7.14.	Governing Law .....	60
Section 7.15.	Waiver of Jury Trial.....	60
Section 7.16	Right of Setoff; Other Collateral.....	61
Section 7.17.	USA Patriot Act .....	61
Section 7.18.	Assignment to Federal Reserve Bank.....	62
Section 7.19.	No Advisory or Fiduciary Relationship.....	62
Section 7.20.	EMMA Postings.....	62
ARTICLE EIGHT	LETTER OF CREDIT FACILITY .....	63
Section 8.1.	L/C Facility .....	63
Section 8.2.	Procedure for Issuance of Letters of Credit .....	64
Section 8.3.	Commissions and Other Charges.....	64
Section 8.4.	Reserved.....	65
Section 8.5.	Reimbursement .....	65
Section 8.6.	Obligations Absolute .....	65
Section 8.7.	Effect of Letter of Credit Documents .....	67



Section 8.8.	Reserved.....	67
Section 8.9.	Reserved.....	67
Section 8.10.	Letter of Credit Amounts .....	67
Section 8.11.	Cash Collateral for Extended Letters of Credit.....	67
Exhibit A	— Form of Taxable Revolving Note	
Exhibit B	— Form of Tax-Exempt Revolving Note	
Exhibit C	— Form of Notice of Borrowing	
Exhibit D	— Notice of Conversion	
Exhibit E	— Form of Request for Extended Funded Period	

## **REVOLVING CREDIT AGREEMENT**

This REVOLVING CREDIT AGREEMENT dated as of February 1, 2022 (together with all amendments, supplements and other modifications hereto, this “*Agreement*”), between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (together with its successors and assigns, “*SMUD*”) and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (together with its successors and assigns, the “*Bank*”).

### **WITNESSETH:**

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.*), and Resolution No. 22-02-07, adopted by the Board of Directors of SMUD on February 17, 2022, as amended by Resolution No. 26-01-[ ], adopted by the Board of Directors of SMUD on January [ ], 2026 (collectively, the “*Note Resolution*”), SMUD authorized the issuance of its Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) and Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement) in an aggregate principal amount not to exceed \$50,000,000 outstanding at any one time; and

WHEREAS, SMUD has requested the Bank to establish the Commitment and execute and deliver this Agreement and the Bank is prepared to establish the Commitment upon the terms and conditions stated in this Agreement;

NOW, THEREFORE, in consideration of the agreements set forth herein and in order to induce the Bank to establish the Commitment and execute and deliver this Agreement, the Bank and SMUD agree as follows:

## **ARTICLE ONE**

### **DEFINITIONS**

*Section 1.1. Definitions.* As used in this Agreement:

“*Act*” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.

“*Affiliate*” means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be “controlled by” any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary

voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

*“Agreement”* has the meaning set forth in the introductory paragraph hereof.

*“Alternate Rate”* means, for any day, in the case of Taxable Loans, the Prime Rate and in the case of Tax-Exempt Loans, the product of (i) the Prime Rate and (ii) eighty percent (80%).

*“Alternate Rate Loan”* means any Loan bearing interest at a rate based upon the Alternate Rate as provided in Section 2.4(e) and/or 2.12 hereof.

*“Amortization End Date”* means, with respect to any Term Loan, the earliest to occur of: (i) the fifth (5th) anniversary of the Facility Maturity Date, and (ii) the date on which the Commitment could have been permanently reduced to zero or this Agreement is otherwise terminated, including as a result of the occurrence of an Event of Default (*provided, however*, that the occurrence of a Rating Event at any time shall not result in an Amortization End Date).

*“Amortization Payment Date”* means, with respect to each Term Loan, (a) the first Business Day to occur on or after the one hundred eightieth (180th) calendar day following the Facility Maturity Date and the first Business Day of each sixth (6th) calendar month occurring thereafter prior to the Amortization End Date and (b) the related Amortization End Date.

*“Anti-Corruption Laws”* means all laws, rules, and regulations of any jurisdiction from time to time concerning or relating to bribery or corruption, including the United States Foreign Corrupt Practices Act of 1977 and the rules and regulations thereunder and the U.K. Bribery Act 2010 and the rules and regulations thereunder.

*“Anti-Money Laundering Laws”* means any and all laws, statutes, regulations or obligatory government orders, decrees, ordinances or rules related to terrorism financing, money laundering, any predicate crime to money laundering or any financial record keeping, including any applicable provision of the PATRIOT Act and The Currency and Foreign Transactions Reporting Act (also known as the “Bank Secrecy Act,” 31 U.S.C. §§ 5311-5330 and 12 U.S.C. §§ 1818(s), 1820(b) and 1951-1959).

*“Authorized SMUD Representative”* means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD and/or the Secretary of SMUD.

*“Available Revenues”* has the meaning set forth in the Note Resolution.

*“Bank”* has the meaning set forth in the introductory paragraph hereof.

*“Bank Affiliate”* means the Bank and includes, without limitation, Wells Fargo Municipal Capital Strategies, LLC, Wells Fargo Securities (a trade name) and such other Affiliates of the Bank as agreed to by the Bank and SMUD.

*“Bank Transferee”* has the meaning set forth in Section 7.3 hereof.

*“Bank Agreement”* means any credit agreement, direct purchase agreement, bond purchase agreement, liquidity agreement, standby bond purchase agreement, reimbursement agreement or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by SMUD with any Person, directly or indirectly, or otherwise consented to by SMUD, under which any Person or Persons undertakes to directly purchase, make loans, extend credit or liquidity to SMUD in connection with any of SMUD’s Debt payable from or secured by a lien on Net Revenues senior to or on a parity with the Obligations.

*“Bank Rate”* means the rate of interest per annum with respect to any Term Loan (i) for any day commencing on the date such Term Loan is made to and including the ninetieth (90th) day next succeeding the date such Term Loan is made, equal to the Base Rate from time to time in effect, and (ii) for any day commencing on the ninety-first (91st) day next succeeding the date such Term Loan is made and at all times thereafter, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.0%); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, *“Bank Rate”* shall mean the Default Rate.

*“Bank-Related Persons”* means the Bank, its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of the Bank and Affiliates.

*“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%)

*“Benchmark”* means, initially, Daily Simple SOFR; *provided, however*, that if a Benchmark Transition Event has occurred with respect to Daily Simple SOFR or the then-current Benchmark, then *“Benchmark”* means the applicable Benchmark Replacement to the extent that such Benchmark Replacement has replaced such prior Benchmark pursuant to Section 2.12 hereof.

*“Benchmark Administrator”* means, initially, the SOFR Administrator, or any successor administrator of the then-current Benchmark or any insolvency or resolution official with authority over such administrator.

*“Benchmark Replacement”* means with respect to any Benchmark Transition Event, the sum of: (a) the alternate benchmark rate that has been selected by the Bank giving due consideration to (i) any selection or recommendation of a replacement benchmark rate or the mechanism for determining such a rate by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a benchmark rate as a replacement to the then-current Benchmark for U.S. dollar-denominated syndicated or bilateral credit facilities and (b) the related Benchmark Replacement Adjustment. Notwithstanding anything herein to the contrary, during any period of time while the Benchmark Replacement, determined as provided above, would be less than zero percent (0.0%), the Benchmark Replacement shall be deemed to be zero percent (0.0%).

*“Benchmark Replacement Adjustment”* means, with respect to any replacement of the then-current Benchmark with an Unadjusted Benchmark Replacement, the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected by the Bank giving due consideration to (i) any selection or recommendation by the Relevant Governmental Body at such time of a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement by the Relevant Governmental Body or (ii) any evolving or then-prevailing market convention for determining a spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of such Benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated syndicated or bilateral credit facilities at such time.

*“Benchmark Replacement Date”* means the earlier to occur of the following events with respect to the then-current Benchmark:

(a) in the case of clause (a) or (b) of the definition of “Benchmark Transition Event,” the later of (i) the SOFR Determination Day occurring on or after the date of the public statement or publication of information referenced therein and (ii) the SOFR Determination Day following the date on which the administrator of such Benchmark (or the published component used in the calculation thereof) permanently or indefinitely ceases to provide such Benchmark;

(b) in the case of clause (c) of the definition of “Benchmark Transition Event,” the SOFR Determination Day occurring on or after the first date on which such Benchmark (or the published component used in the calculation thereof) has been determined and announced by or on behalf of the administrator of such Benchmark (or such component thereof) or the regulatory supervisor for the administrator of such Benchmark (or such component thereof) to be non-representative or non-compliant with or non-aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; provided that such non-representativeness, non-compliance or non-alignment will be determined by reference to the most recent statement or publication referenced in such clause (c) and even if such Benchmark (or such component thereof) continues to be provided on such date; or

(c) in the case of clause (d) of the definition of “Benchmark Transition Event,” the SOFR Determination Day occurring on or after the first date that both (i) an alternate benchmark rate for purposes of the definition of “Benchmark Replacement” and (ii) a Benchmark Replacement Adjustment, have been selected by the Bank.

*“Benchmark Transition Event”* means the occurrence of one or more of the following events with respect to the then-current Benchmark:

(a) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) announcing that such administrator has ceased or will cease to provide such Benchmark (or such component thereof), permanently or indefinitely, provided that, at

the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof);

(b) a public statement or publication of information by the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), the Board of Governors of the Federal Reserve System, the Federal Reserve Bank of New York, an insolvency official with jurisdiction over the administrator for such Benchmark (or such component), a resolution authority with jurisdiction over the administrator for such Benchmark (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark (or such component), which states that the administrator of such Benchmark (or such component) has ceased or will cease to provide such Benchmark (or such component thereof), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide such Benchmark (or such component thereof);

(c) a public statement or publication of information by or on behalf of the administrator of such Benchmark (or the published component used in the calculation thereof) or the regulatory supervisor for the administrator of such Benchmark (or the published component used in the calculation thereof), announcing that such Benchmark is not, or as of a specified future date will not be, representative or in compliance with or aligned with the International Organization of Securities Commissions (IOSCO) Principles for Financial Benchmarks; or

(d) the failure of the Benchmark Administrator to publish the Benchmark (or the published component used in the calculation thereof) for the applicable tenor for a continuous period of thirty (30) U.S. Government Securities Business Days (notwithstanding any temporary “last print” concept in the definition of “SOFR” or any analogous replacement definition), provided that, there is then no successor administrator that will continue to provide such Benchmark (or such component thereof).

*“Benchmark Transition Start Date”* means, in the case of a related Benchmark Transition Event, the earlier of (a) the applicable Benchmark Replacement Date and (b) if such Benchmark Transition Event is a public statement or publication of information of a prospective event, the 90<sup>th</sup> day prior to the expected date of such event as of such public statement or publication of information (or if the expected date of such prospective event is fewer than 90 days after such statement or publication, the date of such statement or publication).

*“Benchmark Unavailability Period”* means the period (if any) (x) beginning at the time that a Benchmark Replacement Date has occurred if, at such time, no Benchmark Replacement has replaced the then-current Benchmark for all purposes hereunder and under each of the other Program Documents in accordance with Section 2.12 hereof and (y) ending at the time that a Benchmark Replacement has replaced the then-current Benchmark for all purposes of establishing SOFR.

*“Beneficial Ownership Certification”* means a certification regarding beneficial ownership as required by the Beneficial Ownership Regulation.

*“Beneficial Ownership Regulation”* means 31 CFR § 1010.230.

*“Bonds”* has the meaning set forth in the Master Bond Resolution.

*“Borrowing”* means the borrowing of a Loan, as requested in each Notice of Borrowing.

*“Business Day”* means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in Los Angeles, California or New York, New York are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal offices of the Bank are closed.

*“Cash Collateral”* means, to pledge and deposit with, or deliver to the Bank, as collateral for L/C Obligations, cash or deposit account balances or, if the Bank shall agree, in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Bank. *“Cash Collateral”* shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

*“Change in Law”* means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a *“Change in Law,”* regardless of the date enacted, adopted or issued.

*“Closing Date”* means February 23, 2022, subject to the satisfaction (or waiver by the Bank) of all of the conditions precedent set forth in Section 3.1 hereof.

*“Code”* means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, and the regulations promulgated thereunder.

*“Commitment”* means the amount of \$50,000,000, as such amount may be reduced from time to time or terminated pursuant to Sections 2.7, 2.8 and 6.2 hereof.

*“Commitment Fee”* has the meaning set forth in the Fee Agreement.

*“Confidential Information”* means any permitted redactable information regarding SMUD, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

*“Conforming Changes”* means, with respect to either the use or administration of SOFR (other than a Loan for which the Benchmark is Daily Simple SOFR) or the use, administration, adoption or implementation of any Benchmark Replacement, any technical, administrative or operational changes (including, without limitation, changes to the definition of “U.S. Government Securities Business Day,” the definition of “Business Day,” the timing and frequency of determining rates and making payments of interest, the timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of a Benchmark Replacement or to permit the use and administration of SOFR (other than a Loan for which the Benchmark is Daily Simple SOFR) or a Benchmark Replacement by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of any such rate exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Program Documents).

*“Credit Default”* means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become a Credit Event of Default.

*“Credit Event of Default”* means any of those Events of Default set forth in Sections 6.1(a), 6.1(d), 6.1(e), 6.1(f), 6.1(g), 6.1(h), 6.1(i), 6.1(j), 6.1(k), 6.1(l), 6.1(m), 6.1(n), 6.1(o) and 6.1(p) hereof.

*“Daily Simple SOFR”* means, for any day (a “SOFR Rate Day”), a rate per annum equal to the greater of (a) SOFR for the day (such day, a “SOFR Determination Day”) that is five (5) U.S. Government Securities Business Days prior to (i) if such SOFR Rate Day is a U.S. Government Securities Business Day, such SOFR Rate Day or (ii) if such SOFR Rate Day is not a U.S. Government Securities Business Day, the U.S. Government Securities Business Day immediately preceding such SOFR Rate Day, in each case, as such SOFR is published by the SOFR Administrator on the SOFR Administrator’s Website; *provided* that if by 5:00 p.m. on the second (2<sup>nd</sup>) U.S. Government Securities Business Day immediately following any SOFR Determination Day, SOFR in respect of such SOFR Determination Day has not been published on the SOFR Administrator’s Website and a Benchmark Replacement Date with respect to Daily Simple SOFR has not occurred, then SOFR for such SOFR Determination Day will be SOFR as published in respect of the first preceding U.S. Government Securities Business Day for which such SOFR was published on the SOFR Administrator’s Website; *provided further* that SOFR as determined pursuant to this proviso shall be utilized for purposes of calculation of Daily Simple SOFR for no more than three (3) consecutive SOFR Rate Days and (b) zero percent (0.0%). Any change in Daily Simple SOFR due to a change in SOFR shall be effective from and including the effective date of such change in SOFR without notice to SMUD.



*“Debt”* means for any Person (without duplication) (i) all indebtedness created, assumed or incurred in any manner by such Person representing money borrowed (including by the issuance of debt securities), (ii) all obligations of such Person for the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (iii) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such obligations (other than collateralized commodity swaps the obligations under which are either (a) not secured by a Lien on Net Revenues or (b) secured by a Lien on Net Revenues subordinate to the Obligations), (iv) all obligations of such Person as lessee under leases (as determined under Governmental Accounting Standards Board Statement No. 87 *Leases*, or any successor guidance) shown on the liabilities side of the balance sheet of such Person, excluding any leases that (a) arise in connection with purchase agreements for power, gas, resource adequacy, capacity, renewable energy credits, energy storage, renewable energy, or other similar products or (b) are for operational or administrative purposes only and do not represent a financing transaction, (v) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, (vi) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (vii) all Debt of any other Person of the kind referred to in clauses (i) through (vi) above which is guaranteed (regardless of form) directly or indirectly in any manner by such Person.

*“Default”* means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

*“Default Rate”* means a per annum rate of interest equal to the sum of the Base Rate from time to time in effect plus three percent (3.00%).

*“Designated Jurisdiction”* means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

*“Determination of Taxability”* means and shall be deemed to have occurred on the first to occur of the following:

- (i) on the date on which SMUD files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

- (ii) the date on which the Bank or any Noteholder or former Noteholder notifies SMUD that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by SMUD of such notification from the Bank or such Noteholder or any former Noteholder, SMUD shall deliver to the Bank, the Noteholder and any former Noteholder a ruling or determination letter issued to or on behalf of SMUD by the Commissioner of the

Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such ruling or determination letter) or a written opinion of its Note Counsel to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) the date on which SMUD shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of SMUD, or upon any review or audit of SMUD or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) the date on which SMUD shall receive notice from the Noteholder or any former Noteholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank, such Noteholder or such former Noteholder the interest on the Tax-Exempt Note or Tax-Exempt Loan due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless SMUD has been afforded the opportunity, at its expense, to contest any such assessment or opinion, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Bank, such Noteholder or former Noteholder, SMUD shall promptly reimburse, the Bank, such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, the Bank, such Noteholder or former Noteholder shall be obligated to make as a result of the Determination of Taxability.

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Electric System” has the meaning set forth in the Note Resolution.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“Event of Default” has the meaning set forth in Section 6.1 hereof.

“Event of Taxability” means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by SMUD, or the failure to take any action by SMUD, or the making by SMUD of any misrepresentation herein or in any certificate given in connection with the Tax-Exempt Note

or Tax-Exempt Loans) which has the effect of causing interest paid or payable on any Tax-Exempt Note or any Tax-Exempt Loan to become includable in the gross income of the Bank, the Noteholder or any former Noteholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or SMUD of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Tax-Exempt Note or any Tax-Exempt Loan to become includable in the gross income of the Bank, the Noteholder or any former Noteholder for federal income tax purposes with respect to any Tax-Exempt Note or any Tax-Exempt Loan.

*“Excess Interest”* has the meaning set forth in Section 2.19 hereof.

*“Excluded Taxes”* means, with respect to the Bank, any Participant or any Noteholder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank, such Participant or such Noteholder is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which SMUD is located.

*“Extended Letter of Credit”* has the meaning set forth in Section 8.1(b) hereof.

*“Extensions of Credit”* means at any time, (a) an amount equal to the sum of (i) the aggregate principal amount of all Loans then outstanding, and (ii) the L/C Obligations then outstanding, or (b) the making of any Loan or the issuance of any Letter of Credit by the Bank, as the context requires.

*“Facility Maturity Date”* means **[March 30, 2029]**, or, if such day is not a Business Day, the next preceding Business Day.

*“Favorable Opinion of Note Counsel”* means a written opinion of Note Counsel, addressed to SMUD and the Bank to the effect that the new Benchmark Replacement will not, in and of itself, cause interest on the outstanding Tax-Exempt Loans to be included in gross income for purposes of federal income taxation.

*“Federal Funds Rate”* means, for any day, the rate per annum equal to the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers on such day, as published by the Federal Reserve Bank of New York on the Business Day next succeeding such day; *provided that*: (a) if such day is not a Business Day, then the Federal Funds Rate for such day shall be such rate on such transactions on the next preceding Business Day as so published on the next succeeding Business Day; and (b) if no such rate is so published on such next succeeding Business Day, then the Federal Funds Rate for such day shall be the average rate (rounded upward, if necessary, to a whole multiple of one-hundredth of one percent) charged to the Bank on such day on such transactions as determined by the Bank. Notwithstanding anything herein to the contrary, if the Federal Funds Rate as determined as provided above would be less than zero percent (0.0%), then the Federal Funds Rate shall be deemed to be zero percent (0.0%).

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

*“First Amendment Effective Date”* means [\_\_\_\_], 2026.

*“Fiscal Year”* means the twelve-month period commencing on January 1 of each year and ending on December 31 of the same calendar year or such other twelve-month period as SMUD may from time to time determine as its Fiscal Year.

*“Fitch”* means Fitch Ratings, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“Government Acts”* means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

*“Governmental Authority”* means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank); *provided, however*, that, for the purposes of Sections 2.16 and 2.17 hereof only, “Governmental Authority” means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

*“Indemnified Taxes”* means Taxes other than Excluded Taxes.

*“Interest Payment Date”* means with respect to each Loan and each Term Loan, the tenth (10th) calendar day of each calendar month (with the first Interest Payment Date being March 10, 2022), the Facility Maturity Date and such earlier date on which all Loans and Term Loans are required to be paid in full in accordance with the terms hereof or, if applicable, on the Amortization End Date.

*“ISP”* means the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time).

*"Laws"* means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

*"L/C Fee Rate"* has the meaning set forth in the Fee Agreement.

*"L/C Obligations"* means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to Section 8.5 hereof.

*"L/C Sublimit"* means the Commitment.

*"Letters of Credit"* means the collective reference to letters of credit issued pursuant to Section 8.1 hereof.

*"Letter of Credit Application"* means an application requesting the Bank to issue a Letter of Credit in the form specified by the Bank from time to time.

*"Letter of Credit Documents"* means with respect to any Letter of Credit, such Letter of Credit, the Letter of Credit Application, a letter of credit agreement or reimbursement agreement and any other document, agreement and instrument required by the Bank and relating to such Letter of Credit, in each case in the form specified by the Bank from time to time.

*"Lien"* means, with respect to any property, tangible or intangible, real or personal, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property.

*"Loan"* means a Loan to be made by the Bank in accordance with the applicable Notice of Borrowing. The term *"Loan"* means, individually, a Taxable Loan or a Tax-Exempt Loan and *"Loans"* means Taxable Loans or Tax-Exempt Loans, or a combination thereof, as applicable.

*"Majority Noteholder"* means the Noteholders with a majority of the aggregate ownership interest in Loans and Term Loans evidenced by the Taxable Note and Tax-Exempt Note from time to time. As of the Closing Date, Wells Fargo Bank, National Association, is the Majority Noteholder.

*"Master Bond Resolution"* means Resolution No. 6649 of SMUD, adopted on January 7, 1971, and amended and supplemented from time to time in accordance with the terms thereof.

*"Material Adverse Effect"* or *"Material Adverse Change"* means (a) with respect to SMUD, a material adverse effect upon SMUD's business, assets, liabilities, financial condition,

results of operations or business prospects, and (b) with respect to SMUD's obligations under this Agreement, the Fee Agreement or any other SMUD Program Document, a material adverse effect upon (i) the binding nature, validity or enforceability of SMUD's obligations hereunder or thereunder, (ii) SMUD's ability to perform its obligations hereunder or thereunder or (iii) the rights, security or interests of the Bank.

*"Maximum Federal Corporate Tax Rate"* means, on any given day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Bank, the maximum statutory rate of federal income taxation which could apply to the Bank).

*"Maximum Interest Rate"* means the maximum interest rate on the Revolving Notes as provided in the Note Resolution, which initially shall be 12% per annum.

*"Maximum Rate"* means the maximum non-usurious lawful rate of interest permitted by applicable law.

*"Minimum Collateral Amount"* means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of Section 6.2(c) hereof, an amount equal to 105% of the aggregate outstanding amount of all L/C Obligations and (b) otherwise, an amount determined by the Bank in its sole discretion.

*"Moody's"* means Moody's Investors Service and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*"Net Revenues"* has the meaning set forth in the Master Bond Resolution.

*"Net Subordinated Revenues"* has the meaning set forth in the Subordinated Bond Resolution.

*"Non-Bank Transferee"* has the meaning set forth in Section 7.2(c) hereof.

*"Non-Credit Event of Default"* means those Events of Default set forth in Sections 6.1(b) and 6.1(c) hereof

*"Noteholder"* means the Bank and each Bank Transferee or Non-Bank Transferee pursuant to the terms hereof so long as such Bank Transferee or Non-Bank Transferee owns an interest in the Taxable Note or the Tax-Exempt Note, as applicable, and shall include any holder of Term Loans.

*"Note Counsel"* means Orrick Herrington & Sutcliffe LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by SMUD.

*“Note Resolution”* has the meaning set forth in the recitals hereof.

*“Notice of Borrowing”* has the meaning set forth in Section 2.2(a)(i) hereof.

*“Notice of Conversion”* has the meaning set forth in Section 2.2(a)(ii) hereof

*“Obligations”* means the Loans and Term Loans (which includes amounts owing to the Bank evidenced by and payable under the Revolving Notes), the Commitment Fees and all other obligations of SMUD to the Bank arising under or in relation to this Agreement, the Fee Agreement, the Letters of Credit or any of the other Program Documents (including any amounts to reimburse the Bank for any advances or expenditures by it under any of such documents).

*“Optional Termination Event”* means (i) a consolidation or merger of SMUD or the Electric System into another entity whereby either (a) as a result of such consolidation or merger, SMUD or the Electric System is not the surviving entity or (b) such consolidation or merger could reasonably be expected to result in a Material Adverse Effect, or (ii) the failure of SMUD to comply with generally accepted accounting principles applicable to governmental entities and such failure shall continue for a period of forty-five (45) consecutive days after SMUD has actual knowledge of such failure.

*“Parity Bonds”* has the meaning set forth in the Note Resolution.

*“Parity Notes”* has the meaning set forth in the Note Resolution.

*“Parity Notes Reimbursement Agreement”* has the meaning set forth in the Note Resolution.

*“Parity Subordinated Debt”* has the meaning set forth in the Note Resolution.

*“Participant”* has the meaning set forth in Section 7.3(b) hereof.

*“Participation”* has the meaning set forth in Section 7.3(b) hereof.

*“Payment Account”* means ABA: 121000248, Bank: Wells Fargo Bank, Account Number: 00698314050720, Account Name: Wires in Process, Address: Roanoke, Virginia, Reference/ Originator to beneficiary info: Customer Name: Sacramento Municipal Utility District, Obligor: 8799472701, or such other account as the Bank may designate from time to time.

*“Person”* means an individual, a corporation, a partnership, an association, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

*“Plan”* means a pension plan providing benefits for employees of any Person.

*“Prime Rate”* means on any day, the rate of interest per annum then most recently established by the Bank as its “prime rate.” Any such rate is a general reference rate of interest, may not be related to any other rate, and may not be the lowest or best rate actually charged by the Bank to any customer or a favored rate and may not correspond with future increases or decreases in interest rates charged by other lenders or market rates in general, and that the Bank may make various business or other loans at rates of interest having no relationship to such rate. If the Bank ceases to establish or publish a prime rate from which the Prime Rate is then determined, the applicable variable rate from which the Prime Rate is determined thereafter shall be instead the prime rate reported in The Wall Street Journal (or the average prime rate if a high and a low prime rate are therein reported), and the Prime Rate shall change without notice with each change in such prime rate as of the date such change is reported. Notwithstanding anything herein to the contrary, if the Prime Rate determined as provided above would be less than zero percent (0.0%), then the Prime Rate shall be deemed to be zero percent (0.0%).

*“Program Documents”* means this Agreement, the Revolving Notes, the Fee Agreement, the Note Resolution, the Letter of Credit Documents and any documents related thereto.

*“Property”* means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

*“Rating”* means, with respect to any Rating Agency, the lowest rating assigned by such Rating Agency to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD.

*“Rating Agency”* and *“Rating Agencies”* means, individually or collectively, as applicable, Moody’s, S&P and Fitch.

*“Rating Event”* means the occurrence of a downgrade by any Rating Agency of its long-term rating with respect to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD to a level below “Baa1” (or its equivalent) in the case of Moody’s, “BBB+” (or its equivalent) in the case of S&P or “BBB+” (or its equivalent) in the case of Fitch and such downgrade shall continue for a period of one hundred sixty (160) days.

*“Recipient”* means the Bank, each Participant, each Noteholder and any other recipient of any payment to be made by or on account of any obligation of SMUD hereunder.

*“Reimbursement Obligations”* means the obligation of SMUD to reimburse the Bank pursuant to Section 8.5 hereof for amounts drawn under Letters of Credit issued by the Bank.

*“Reinstated Letter of Credit”* has the meaning assigned thereto in Section 8.11(e) hereof.

*“Relevant Governmental Body”* means the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Board of Governors of the Federal Reserve System and/or the Federal Reserve Bank of New York or any successor thereto.



*“Revenues”* has the meaning set forth in the Note Resolution.

*“Revolving Credit Period”* means the period from and including the Closing Date to and including the Termination Date.

*“Revolving Notes”* means the Taxable Note and the Tax-Exempt Note.

*“Risk-Based Capital Guidelines”* means (a) the risk-based capital guidelines in effect in the United States of America, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States of America including transition rules, and any amendment to such regulations.

*“Sanctioned Country”* means at any time, a country, region or territory which is itself (or whose government is) the subject or target of any Sanctions (including, as of the Closing Date, Cuba, Iran, North Korea, Syria, Venezuela and Crimea).

*“Sanctioned Person”* means, at any time, (a) any Person listed in any Sanctions-related list of designated Persons maintained by OFAC (including OFAC’s Specially Designated Nationals and Blocked Persons List and OFAC’s Consolidated Non-SDN List), the U.S. Department of State, the United Nations Security Council, the European Union, any European member state, His Majesty’s Treasury, or other relevant sanctions authority, (b) any Person operating, organized or resident in a Sanctioned Country, (c) any Person owned or controlled by, or acting or purporting to act for or on behalf of, directly or indirectly, any such Person or Persons described in clauses (a) and (b), including a Person that is deemed by OFAC to be a Sanctions target based on the ownership of such legal entity by Sanctioned Person(s) or (d) any Person otherwise a target of Sanctions, including vessels and aircraft, that are designated under any Sanctions program.

*“Sanctions”* means any and all economic or financial sanctions, sectoral sanctions, secondary sanctions, trade embargoes and restrictions and anti-terrorism laws, including but not limited to those imposed, administered or enforced from time to time by the U.S. government (including those administered by OFAC or the U.S. Department of State), the United Nations Security Council, the European Union, any European member state, His Majesty’s Treasury, or other relevant sanctions authority in any jurisdiction in which (a) SMUD or any of its Subsidiaries or Affiliates is located or conducts business, (b) in which any of the proceeds of the Extensions of Credit will be used, or (c) from which repayment of the Extensions of Credit will be derived.

*“S&P”* means S&P Global Ratings, and its successors, and if such division shall for any reason no longer perform the functions of a securities rating agency, “S&P” shall be deemed to refer to any other nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“SMUD”* has the meaning set forth in the introductory paragraph hereof.

*“SMUD Board”* means the board of directors of SMUD.

*“SMUD Program Documents”* means the Program Documents to which SMUD is a party (including, without limitation, the Note Resolution).

*“SOFR”* means a rate equal to the secured overnight financing rate as administered by the SOFR Administrator.

*“SOFR Administrator”* means the Federal Reserve Bank of New York (or a successor administrator of the secured overnight financing rate).

*“SOFR Administrator’s Website”* means the website of the Federal Reserve Bank of New York, currently at <http://www.newyorkfed.org>, or any successor source for the secured overnight financing rate identified as such by the SOFR Administrator from time to time.

*“SOFR Determination Day”* has the meaning specified in the definition of “Daily Simple SOFR”.

*“SOFR Rate Day”* has the meaning specified in the definition of “Daily Simple SOFR”.

*“State”* means the State of California.

*“Subordinated Bond Resolution”* means Resolution No. 85-11-1 of SMUD, duly adopted at a meeting of SMUD on November 7, 1985, as amended and restated by Resolution No. 01 06 10 of SMUD, duly adopted at a meeting of SMUD on June 21, 2001, and amended and supplemented from time to time in accordance with the terms thereof.

*“Subordinated Bonds”* has the meaning set forth in the Note Resolution.

*“Subsidiary”* means as to any Person, any corporation, partnership, limited liability company or other entity of which more than fifty percent (50%) of the outstanding equity interests having ordinary voting power to elect a majority of the board of directors (or equivalent governing body) or other managers of such corporation, partnership, limited liability company or other entity is at the time owned by (directly or indirectly) or the management is otherwise controlled by (directly or indirectly) such Person (irrespective of whether, at the time, equity interests of any other class or classes of such corporation, partnership, limited liability company or other entity shall have or might have voting power by reason of the happening of any contingency). Unless otherwise qualified, references to “Subsidiary” or “Subsidiaries” herein shall refer to those of SMUD.

*“Swap Contract”* means any and all interest rate swap transactions or any other similar interest rate hedging transactions that hedge the interest rate on securities or other obligations issued by or on behalf of SMUD (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement.

*“Taxable Applicable Spread”* has the meaning set forth in the Fee Agreement.

*“Taxable Daily SOFR Rate”* means a per annum rate of interest equal to the sum of the Taxable Applicable Spread *plus* Daily Simple SOFR. The Taxable Daily SOFR Rate shall be rounded upwards to the fifth decimal place. Upon the occurrence and during the continuance of an Event of Default the Taxable Daily SOFR Rate shall equal the Default Rate.

*“Taxable Date”* means the date on which interest on any Tax-Exempt Loan or Tax-Exempt Note is first includable in the gross income of any holder thereof (including, without limitation, the Bank) as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

*“Taxable Loan”* means a Loan that is identified as a Taxable Loan in the Notice of Borrowing or Notice of Conversion, or a Term Loan that refunded one or more Loans which were Taxable Loans.

*“Taxable Note”* means the replacement Sacramento Municipal Utility District Taxable Revolving Note (Wells Fargo Revolving Credit Agreement), such note to be executed and delivered to the Bank on the First Amendment Effective Date in the form of Exhibit A attached hereto with appropriate insertions, executed and delivered by SMUD, as the same may be amended, modified, restated or supplemented from time to time by written instrument executed by the Bank and SMUD.

*“Taxable Period”* has the meaning set forth in Section 2.13 hereof.

*“Taxable Rate”* means, with respect to a Taxable Period, the product of (i) the interest rate on the applicable Tax-Exempt Loan or Tax-Exempt Note during such period and (ii) the quotient of (A) one divided by (B) one minus the then current Maximum Federal Corporate Tax Rate.

*“Tax-Exempt Applicable Spread”* has the meaning set forth in the Fee Agreement.

*“Tax-Exempt Daily SOFR Rate”* means a per annum rate of interest equal to sum of (a) the Tax-Exempt Applicable Spread plus (b) the product of (i) Daily Simple SOFR multiplied by (ii) 0.80. The Tax-Exempt Daily SOFR Rate shall be rounded upwards to the fifth decimal place. Upon the occurrence and during the occurrence of an Event of Default the Tax-Exempt Daily SOFR Rate shall equal the Default Rate.

*“Tax-Exempt Loan”* means a Loan that is identified as a Tax-Exempt Loan in the Notice of Borrowing, or a Term Loan that refunded one or more Loans which were Tax-Exempt Loans.

*“Tax-Exempt Note”* means the replacement Sacramento Municipal Utility District Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement), such note to be executed and delivered to the Bank on the First Amendment Effective Date in the form of Exhibit B attached hereto with appropriate insertions, executed and delivered by SMUD, as the same may be amended, modified, restated or supplemented from time to time by written instrument executed by the Bank and SMUD.

“*Taxes*” means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

“*Term Loans*” has the meaning set forth in Section 2.22(a) hereof.

“*Termination Date*” means the Facility Maturity Date or, if earlier, the date on which the Commitment is terminated or permanently reduced to zero in accordance with the terms hereof.

“*U.S. Government Securities Business Day*” means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; *provided*, that for purposes of notice requirements in Section 2.2, in each case, such day is also a Business Day.

“*Unadjusted Benchmark Replacement*” means the applicable Benchmark Replacement excluding the related Benchmark Replacement Adjustment.

“*2020 Financial Statements*” means the audited financial statements of SMUD for the Fiscal Year ended December 31, 2020.

*Section 1.2. Incorporation of Certain Definitions by Reference.* Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Note Resolution and, if not defined therein, in the Master Bond Resolution or the Subordinated Bond Resolution, as applicable.

*Section 1.3. Accounting Terms and Determinations.* All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

*Section 1.4. Interpretation.* The following rules shall apply to the construction of this Agreement and the Fee Agreement unless the context requires otherwise: (a) the singular includes the plural, and the plural the singular; (b) words importing any gender include the other gender and the neuter gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (d) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (f) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (h) article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; and (i) unless otherwise indicated, references to Persons include their respective permitted successors and assigns.

*Section 1.5. Rates.* The Bank does not warrant or accept any responsibility for, and shall not have any liability with respect to (a) the continuation of, administration of, submission of, calculation of or any other matter related to the Benchmark, any component definition thereof or rates referred to in the definitions thereof or with respect to any alternative, successor or replacement rate thereto (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, the Benchmark, the Tax-Exempt Daily SOFR Rate or the Taxable Daily SOFR Rate or any other Benchmark, the Tax-Exempt Daily SOFR Rate or the Taxable Daily SOFR Rate prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. To the extent permitted by law, the Bank and its affiliates or other related entities may engage in transactions that affect the calculation of the Benchmark, the Tax-Exempt Daily SOFR Rate or the Taxable Daily SOFR Rate any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to SMUD. The Bank may select information sources or services in its reasonable discretion to ascertain the Benchmark, any component definition thereof or rates referred to in the definitions thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to SMUD or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

## ARTICLE TWO

### THE CREDIT

#### *Section 2.1. Commitment to Lend.*

(a) *Loans.* During the Revolving Credit Period, the Bank agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to SMUD pursuant to this Section from time to time in amounts such that the aggregate principal amount of Loans by the Bank at any one time outstanding shall not exceed the amount of the Commitment; *provided, however*, that after giving effect to any Borrowing, the outstanding Extensions of Credit shall not exceed the Commitment. Within the foregoing limit and subject to the terms and conditions of Section 2.2 hereof, SMUD may borrow under this subsection (a), repay or, to the extent permitted by Section 2.9 hereof, prepay, the Loans and re-borrow at any time during the Revolving Credit Period under this subsection (a).

(b) *Extension of Revolving Credit Period.* (i) No later than 90 days prior to the Facility Maturity Date, SMUD may request the Bank to extend the then current Facility Maturity Date for a period as agreed to by SMUD and the Bank. If the Bank, in its sole discretion, elects to extend the Facility Maturity Date then in effect, they shall deliver to SMUD within 30 days of receiving a request, a written notice of extension (herein referred to as a “*Notice of Extension*”) designating the date to which the Facility Maturity Date is being extended. Such extension of the Facility Maturity Date shall be effective, after receipt of such Notice of Extension, on the Business Day

following the date of delivery of such Notice of Extension, and thereafter all references in this Agreement to the Facility Maturity Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to SMUD. Any date to which the Facility Maturity Date has been extended in accordance with this Section 2.1(b) may be extended in like manner. If the Bank fails to provide SMUD with a Notice of Extension as provided hereinabove, the Bank shall be deemed not to have consented to SMUD's request. The Bank shall use commercially reasonable efforts to promptly notify SMUD if it will not extend the Facility Maturity Date, but the Bank's failure to do so shall be deemed a denial of the extension request.

(ii) Notwithstanding the foregoing, it is understood and agreed that the foregoing provisions are intended for the convenience of the parties only and shall in no respect prohibit the parties from agreeing to extend the Revolving Credit Period under other circumstances or at other times. In the event the Revolving Credit Period is extended under any other circumstances, the Bank shall give prompt written notice thereof to SMUD.

(iii) If the Revolving Credit Period is extended, whether pursuant to subsection (i) above or otherwise, such extension shall be conditioned upon the prompt preparation, execution and delivery of documentation, satisfactory to SMUD and the Bank and their respective counsel.

*Section 2.2. Method of Borrowing, Continuing or Converting Loans; Account to Which Proceeds of Loans to Be Credited.* (a)(i) In the case of any Borrowing, SMUD shall give the Bank notice in the form of Exhibit C hereto, executed by an Authorized SMUD Representative (a "Notice of Borrowing"), and SMUD shall telephonically confirm the Bank's receipt of such Notice of Borrowing, by not later than 11:00 a.m. (Pacific time) on any Business Day, specifying:

(A) the date of such Borrowing, which shall be a Business Day during the Revolving Credit Period that is at least two (2) U.S. Government Securities Business Days following the Bank's receipt of such Notice of Borrowing,

(B) the aggregate amount of such Borrowing (which shall not exceed the difference between (i) the amount of the Commitment and (ii) the aggregate principal amount of Loans then outstanding),

(C) whether such Borrowing will be a Taxable Loan or a Tax-Exempt Loan, and

(D) that the following items are attached and delivered to Note Counsel, if the Borrowing is a Tax-Exempt Loan, a tax certificate or supplement to an existing tax certificate, including a completed Form 8038-G, relating to such Borrowing, in each case in a form acceptable to Note Counsel.

(ii) SMUD may convert any Tax-Exempt Loan to a Taxable Loan, only upon two (2) U.S. Government Securities Business Days prior written notice by giving appropriate notice to the Bank prior to 11:00 a.m., (Pacific time), on such required prior U.S. Government Securities Business Day in the form of Exhibit D hereto with blanks appropriately completed (each, a "Notice of Conversion").

(b) Subject to the provisions of subsection (a) of this Section 2.2, by not later than 3:00 p.m. (Pacific time) on the date of each Borrowing, the Bank shall, subject to satisfaction of the requirements of Section 2.2 and Article Three hereof, wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to SMUD on the Borrowing date specified in the Notice of Borrowing, so long as such Borrowing date occurs during the Revolving Credit Period and is at least two (2) U.S. Government Securities Business Days following the Bank's receipt of such Notice of Borrowing, as specified in such Notice of Borrowing, in immediately available funds, an amount equal to the Loan thereby requested. The Bank shall wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to the following account: Account Name: SMUD General Account, Bank Name: Bank of America, ABA Number: 026 009 593, Account Number: 01488-80182; *provided, however*, that SMUD may, from time to time, change such account by written notice to the Bank, executed by an Authorized SMUD Representative, given to the Bank at its address referred to in Section 7.2 hereof.

(c) The Bank shall not be obligated to honor more than one Borrowing with respect to a Taxable Loan or more than one Borrowing with respect to a Tax-Exempt Loan on any Business Day.

(d) Each Loan shall be in the principal amount requested by SMUD pursuant to each notice in the form of Exhibit C hereto but in any event in a minimum principal amount of \$100,000 or such greater amount which is an integral multiple of \$100,000 in excess thereof.

*Section 2.3. Maturity of Loans and Term Loans.* (a) Each Loan included in any Borrowing shall mature, and the principal amount thereof (together with all accrued and unpaid interest therein) shall be due and payable by SMUD, on the Facility Maturity Date or such earlier date on which all Loans or the related Loans become due and payable in accordance with the terms hereof.

(b) The Term Loans shall mature, and the principal amount thereof (together with all accrued and unpaid interest thereon) shall be due and payable by SMUD, on the Amortization End Date or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof.

*Section 2.4. Interest Rates.* (a) Subject to subsections (d) and (e) below, and Section 2.15 hereof, each Loan (other than a Term Loan) which is a Taxable Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it is paid in full, at a rate per annum equal to the Taxable Daily SOFR Rate, and such interest shall be payable by SMUD on each Interest Payment Date and on the Termination Date.

(b) Subject to subsections (d), (e) and (f) below, and Section 2.15 hereof, each Loan (other than a Term Loan) which is a Tax-Exempt Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it is paid in full, at a rate per annum equal to the Tax-Exempt Daily SOFR Rate, and such interest shall be payable by SMUD on each Interest Payment Date and on the Termination Date.

(c) Interest on the Tax-Exempt Loans is to be excluded from gross income for federal income tax purposes. Interest on Taxable Loans, Alternate Rate Loans and other amounts owing hereunder (other than Tax-Exempt Loans) is to be includable in the Bank's gross income for federal income tax purposes.

(d) The Bank shall determine the applicable interest rate for the Loans on each SOFR Determination Day while such Loan is outstanding. Interest on each Loan shall accrue each day such Loan is outstanding commencing on and including the date such Loan is advanced by the Bank hereunder until such Loan is paid in full. The Bank will send SMUD a hyperlink to the SOFR Administrator's Website, as such hyperlink may be updated from time to time. Notwithstanding the foregoing, (i) with respect to a Loan designated to bear interest with respect to the Taxable Daily SOFR Rate that is advanced pursuant to new Borrowing, the rate for such Loan shall be the same rate as for all outstanding Loans bearing interest with respect to the Taxable Daily SOFR Rate and (ii) with respect to a Loan designated to bear interest with respect to the Tax-Exempt Daily SOFR Rate that is advanced pursuant to new Borrowing, the rate for such Loan shall be the same rate as for all outstanding Loans bearing interest with respect to the Tax-Exempt Daily SOFR Rate.

(e) *Circumstances Affecting Benchmark Availability.* (i) Subject to Section 2.12 hereof, if for any reason (A) the Bank shall determine (which determination shall be conclusive and binding absent manifest error) that reasonable and adequate means do not exist for ascertaining Daily Simple SOFR pursuant to the definition thereof or (B) the Bank shall determine (which determination shall be conclusive and binding absent manifest error) that Daily Simple SOFR does not adequately and fairly reflect the cost to the Bank of making or maintaining such Loans, then, in each case, the Bank shall promptly give notice thereof to SMUD; *provided, however*, that the Bank will advise SMUD of (B) immediately above only in the event that a similar determination would be made with respect to similarly situated issuers under similar circumstances, as such circumstances are determined by the Bank in the Bank's commercially reasonable discretion. Upon notice thereof by the Bank to SMUD, any obligation of the Bank to make Loans shall be suspended (to the extent of the affected Loans) until the Bank revokes such notice. Upon receipt of such notice, (x) SMUD may revoke any pending request for a borrowing of Loans (to the extent of the affected Loans) or, failing that, SMUD will be deemed to have converted any such request into a request for a borrowing of or conversion to Alternate Rate Loans in the amount specified therein and (y) any outstanding affected Loans will be deemed to have been converted into Alternate Rate Loans immediately. Upon any such prepayment or conversion, SMUD shall also pay accrued interest on the amount so prepaid or converted.

(ii) *Laws Affecting SOFR Availability.* If, after the date hereof, the introduction of, or any change in, any applicable law or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any request or directive (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, shall make it unlawful or impossible for the Bank to honor its obligations hereunder to make or maintain any Loan, or to determine or charge interest based upon SOFR or Daily Simple SOFR, the Bank shall promptly give notice to SMUD (an "*Illegality Notice*"). Thereafter, until the Bank notifies SMUD that



the circumstances giving rise to such determination no longer exist, any obligation of the Bank to make Loans shall be suspended. Upon receipt of an Illegality Notice, if necessary to avoid such illegality and upon demand from the Bank, (A) SMUD may, at its option, prepay all Loans or (B) if not prepaid at SMUD's option, SMUD shall convert all Loans to Alternate Rate Loans, on the Interest Payment Date therefor, if the Bank may lawfully continue to maintain such Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Loans to such day. Upon any such prepayment or conversion, SMUD shall also pay accrued interest on the amount so prepaid or converted.

(iii) The Bank shall use commercially reasonable efforts to provide ninety (90) days' advance notice of the events and/or conditions set forth in this Section 2.4(e); *provided, however*, that (A) since the timing of such events are not within the Bank's sole control, SMUD acknowledges and agrees that it may be impossible for the Bank to determine if such events are occurring ninety (90) days before they occur and, in such case, the Bank shall use commercially reasonable efforts to provide such notice as soon as reasonably possible and (B) the failure of the Bank to provide any such notice shall not affect the effectiveness of the terms and conditions of this Section 2.4(e).

(f) Upon a Determination of Taxability, all Tax-Exempt Loans shall bear interest at the Taxable Rate.

(g) Subject to Section 2.15 hereof, the Term Loans shall bear interest on the outstanding principal amount thereof, for each date from the date of extension of such Term Loan until it becomes due, at a rate per annum equal to the Bank Rate. Such interest shall be payable by SMUD on each Interest Payment Date and on the Amortization End Date (or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof).

*Section 2.5. Fees.* (a) SMUD hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment by SMUD to the Bank of the nonrefundable Commitment Fees and the other fees, expenses and payments described in the Fee Agreement at the times, on the dates and in the amounts specified in the Fee Agreement, the terms of such Fee Agreement being incorporated herein by reference as if fully set forth herein. Any references herein or in any other document to the Commitment Fee and such other fees, expenses and payments owed to the Bank hereunder without specific reference to the Fee Agreement shall be read so as to include the Fee Agreement, and any reference to this Agreement shall be deemed to include a reference to the Fee Agreement. The Fee Agreement and this Agreement shall be construed as one agreement between SMUD and the Bank and all obligations under the Fee Agreement shall be construed as obligations hereunder.

(b) If SMUD shall fail to pay any amount payable hereunder and/or under the Fee Agreement as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate and shall be payable by SMUD on demand.

(c) SMUD shall pay within thirty (30) days after demand any amounts advanced by or on behalf of the Bank to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Program Document, together with interest at the Default Rate.

*Section 2.6. The Revolving Notes.* (a) All Taxable Loans and other Obligations (other than Tax-Exempt Loans) shall be made against and evidenced by the Taxable Note. All Taxable Loans and other Obligations (other than Tax-Exempt Loans) and all payments and prepayments on account of the principal of and interest on each Taxable Loan and other Obligation (other than Tax-Exempt Loans) 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 Taxable Note.

(b) All Tax-Exempt Loans shall be made against and evidenced by the Tax-Exempt Note. All Tax-Exempt Loans and all payments and prepayments on account of the principal of and interest on each Tax-Exempt Loan 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 Tax-Exempt Note.

(c) SMUD's obligations to repay each Loan and Term Loan and to pay interest thereon as provided herein shall be evidenced and secured by the related Revolving Note, and SMUD shall pay amounts under the related Revolving Note on each date on which SMUD is required to make a principal payment on the related Loan or Term Loan, as applicable, in an amount equal to the Loan or Term Loan, as applicable, payment due on such date. The payment of the principal of and interest on a Revolving Note shall constitute payment of the principal of and interest on the related Loans or Term Loan, as applicable, and the payment of the principal of and interest on the Loans or Term Loan, as applicable, shall constitute the payment of principal and interest on the related Revolving Note and the failure to make any payment on any Loan or Term Loan, as applicable, when due shall be a failure to make a payment on the related Revolving Note and the failure to make any payment on the related Revolving Note when due shall be a failure to make a payment on the related Loan or Term Loan, as applicable.

*Section 2.7. Optional Termination or Reduction of Commitment.* During the Revolving Credit Period, SMUD may, upon at least three Business Days' notice to the Bank, (i) terminate the Commitment at any time, if no Loans are outstanding at such time, or (ii) reduce the Commitment from time to time by an aggregate amount of \$1,000,000 or any larger integral multiple of \$100,000, *provided*, that, after giving effect to such reduction of the Commitment, the Commitment shall be not less than the amount of the aggregate outstanding principal amount of the Loans.

*Section 2.8. Mandatory Termination or Reduction of Commitment.* (a) The Commitment shall terminate on the Termination Date, and any Loans then outstanding (together with accrued interest thereon and all other amounts payable hereunder) shall be due and payable on such date, unless such Loans are converted to Term Loans as provided in Section 2.22 hereof.

(b) If at any time an Event of Default shall have occurred and be continuing, the Bank may deliver a written notice to that effect to SMUD, and the Commitment shall immediately terminate.

(c) In the event and on such occasion that the principal amount of outstanding Extensions of Credit exceeds the Commitment, SMUD shall prepay the Loans or otherwise reduce the outstanding Extensions of Credit in an aggregate amount equal to such excess.

*Section 2.9. Optional Prepayments.* SMUD may, upon at least one Business Days' notice to the Bank, prepay any Borrowing in whole at any time, or from time to time in part in amounts aggregating \$1,000,000 or any larger integral multiple of \$100,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

*Section 2.10. General Provisions as to Payments.* SMUD shall make each payment of the principal of, and interest on, the Loans and Term Loans and of fees hereunder and under the Fee Agreement, not later than 1:00 p.m. (Pacific time) on the date when due, in federal or other funds immediately available in Los Angeles, to the Bank at the Payment Account.

*Section 2.11. Computation of Interest and Fees.* Interest with respect to Loans bearing interest at the Tax-Exempt Daily SOFR Rate or the Taxable Daily SOFR Rate and fees shall be calculated on the basis of a 360-day year based upon the actual number of days elapsed and interest with respect to Alternate Rate Loans and Term Loans shall be calculated on the basis of a 365 or 366 day year, as applicable, and the actual number of days elapsed.

*Section 2.12. Benchmark Replacement.* Notwithstanding anything to the contrary contained in this Agreement or in any other Program Document, SMUD and Bank agree as follows:

(a) *Benchmark Replacement.* Notwithstanding anything to the contrary herein or in any other Program Document (for the purposes of this Section 2.12(a), a swap agreement is not a Program Document), upon the occurrence of a Benchmark Transition Event with respect to any Benchmark, the Bank shall determine the Benchmark Replacement to calculate SOFR for all purposes of this Agreement and the other Program Documents. The Benchmark Replacement shall be used to compute SOFR on and after the SOFR Determination Day which first occurs on or after the fifth (5th) Business Day after SMUD is provided with notice as described in Section 2.12(c) hereof. No replacement of a Benchmark with a Benchmark Replacement pursuant to this Section 2.12(a) will occur prior to the applicable Benchmark Transition Start Date. Any Benchmark Replacement will become effective on the applicable Benchmark Replacement Date without any further action or consent of SMUD.

(b) *Benchmark Replacement Conforming Changes.* In connection with the adoption, implementation, use and administration of any Benchmark Replacement, the Bank will have the right to make Conforming Changes from time to time and, notwithstanding anything to the contrary herein or in any other Program Document, any amendments implementing such Conforming Changes will become effective without any further action or consent of SMUD or any other party hereto or to any other Program Document.

(c) *Notices; Standards for Decisions and Determinations.* The Bank will promptly notify SMUD of (i) the occurrence of any Benchmark Transition Event and the related Benchmark Transition Start Date, (ii) the applicable Benchmark Replacement determined by the Bank with respect to such Benchmark Transition Event and (iii) the effectiveness of any Conforming Changes in connection with the use, administration, adoption or implementation of a Benchmark Replacement. The Bank shall use commercially reasonable efforts to provide the notices set forth in the immediately preceding sentence ninety (90) days prior to the Benchmark Transition Start Date; *provided, however*, that (i) since the timing of such events are not within the Bank's sole control, SMUD acknowledges and agrees that it may be impossible for the Bank to determine if such events are occurring ninety (90) days prior to the Benchmark Transition Start Date and, in such case, the Bank shall use commercially reasonable efforts to provide such notice as soon as reasonably possible and (ii) the failure of the Bank to provide any such notice shall not affect the effectiveness of the terms and conditions of this Section 2.12. Any determination, decision or election that may be made by the Bank pursuant to this Section 2.12(c), including any determination with respect to a tenor, rate or adjustment or of the occurrence or non-occurrence of an event, circumstance or date and any decision to take or refrain from taking any action or any selection, will be conclusive and binding absent manifest error and may be made in the Bank's sole discretion and without consent SMUD or any other party hereto or to any other Program Document.

(d) *Benchmark Unavailability Period.* During a Benchmark Unavailability Period, the Benchmark shall be the Alternate Rate. Upon the commencement of a Benchmark Unavailability Period, SMUD may revoke any pending request for a Borrowing hereunder.

(e) *Favorable Opinion of Note Counsel.* If any Tax-Exempt Loan or Tax-Exempt Loans are then outstanding, SMUD shall cause a Favorable Opinion of Note Counsel to be delivered each time a new Benchmark Replacement is determined for calculation of the Tax-Exempt Daily SOFR Rate.

*Section 2.13. Determination of Taxability.* (i) In the event a Determination of Taxability occurs, SMUD hereby agrees to pay to the Bank and each Noteholder within thirty (30) days of demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bank and such Noteholder on the Tax-Exempt Note or Tax-Exempt Loan, without duplication, during the period for which interest on the such Tax-Exempt Note or Tax-Exempt Loan is included in the gross income of the Bank and such Noteholder if the Tax-Exempt Note or Tax-Exempt Loan had borne interest at the Taxable Rate, beginning on the Taxable Date (the "*Taxable Period*"), and (B) the amount of interest actually paid to the Bank and such Noteholder during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Bank and such Noteholder as a result of interest on the Tax-Exempt Note or Tax-Exempt Loan becoming included in the gross income of the Bank and such Noteholder, together with any and all reasonable attorneys' fees, court costs, or other reasonable out-of-pocket costs incurred by the Bank and such Noteholder in connection therewith;

(ii) Subject to the provisions of clause (iii) below, the Bank and such Noteholder shall afford SMUD the opportunity, at SMUD's sole cost and expense, to contest (1) the validity of any amendment to the Internal Revenue Code which causes the interest on the Tax-Exempt Note or

Tax-Exempt Loan to be included in the gross income of Bank and such Noteholder or (2) any challenge to the validity of the tax exemption with respect to the interest on the Tax-Exempt Note or Tax-Exempt Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Bank or a Noteholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to SMUD or any other Person; and

(iii) As a condition precedent to the exercise by SMUD of its right to contest set forth in clause (ii) above, SMUD shall, upon reasonable demand, within thirty (30) days, reimburse the Bank and such Noteholder for any and all reasonable expenses (including reasonable attorneys' fees for services that may be required or desirable, as determined by the Bank and such Noteholder in its reasonable discretion) that may be incurred by the Bank and such Noteholder in connection with any such contest, and shall, within thirty (30) days from demand, reimburse Bank and such Noteholder for any and all penalties or other charges payable by the Bank or such Noteholder for failure to include such interest in its gross income.

(iv) Without prejudice to the survival of any other agreement of SMUD hereunder, the agreements and obligations of SMUD contained in this Section 2.13 shall survive the termination of this Agreement and the payment in full of the Obligations of SMUD thereunder and hereunder.

*Section 2.14. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Agreement or the Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

*Section 2.15. Default Rate.* Upon the occurrence and during the continuance of an Event of Default, all Obligations payable hereunder (for avoidance of doubt, excluding any fees which are not yet due and payable) shall bear interest until paid in full at a rate per annum equal to the Default Rate.

*Section 2.16. Net of Taxes, Etc.* (a) Any and all payments to the Bank or any Noteholder by SMUD hereunder or with respect to the Loans and Term Loans shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If SMUD shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Loans and/or Term Loans, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) SMUD shall make such deductions and (iii) SMUD shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If SMUD shall make any payment under this Section to or for the benefit of the Bank or such Noteholder with respect to Indemnified Taxes and if the Bank or such Noteholder shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Bank or such Noteholder to any taxing jurisdiction in the United States of America then the Bank or such Noteholder shall pay to SMUD an amount

equal to the amount by which such other taxes are actually reduced; *provided*, that the aggregate amount payable by the Bank or such Noteholder pursuant to this sentence shall not exceed the aggregate amount previously paid by SMUD with respect to such Indemnified Taxes. In addition, SMUD agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or under the Loans, the Term Loans or from the execution or delivery of this Agreement or the Revolving Notes, or otherwise with respect to this Agreement, the Loans or the Term Loans (hereinafter referred to as “*Other Taxes*”). The Bank or such Noteholder shall provide to SMUD within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by SMUD to the Bank or such Noteholder hereunder; *provided*, that the Bank or such Noteholder’s failure to send such notice shall not relieve SMUD of its obligation to pay such amounts hereunder. SMUD may conduct a reasonable contest of any such Indemnified Taxes with the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed; *provided*, that SMUD shall, on demand, immediately reimburse the Bank for any and all expenses (including attorneys’ fees for services that may be required or desirable, as determined by the Bank in its sole discretion) that may be incurred by the Bank in connection with any such contest.

(b) SMUD shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Bank or such Noteholder for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or such Noteholder or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that SMUD; shall not be obligated to pay the Bank or such Noteholder for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Bank or such Noteholder’s gross negligence or willful misconduct. The Bank or such Noteholder agrees to give notice to SMUD of the assertion of any claim against the Bank or such Noteholder relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Bank or such Noteholder’s failure to notify SMUD promptly of such assertion shall not relieve SMUD of its obligation under this Section. Payments by SMUD pursuant to this Section shall be made within thirty (30) days from the date the Bank or such Noteholder makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank or such Noteholder agrees to repay to SMUD any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by SMUD pursuant to this Section received by the Bank or such Noteholder for Indemnified Taxes or Other Taxes that were paid by SMUD pursuant to this Section and to contest, with the cooperation and at the expense of SMUD, any such Indemnified Taxes or Other Taxes which the Bank or such Noteholder or SMUD reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by SMUD, SMUD shall furnish to the Bank the original or a certified copy of a receipt evidencing payment thereof.

(d) Notwithstanding anything contained in paragraphs (a) or (b) of this Section, SMUD shall have no liability to the Bank or any Noteholder with respect to any Indemnified Taxes to the

extent incurred or imposed on the Bank or any Noteholder more than one hundred eighty (180) days prior the date written notification thereof is given to SMUD by the Bank (the “*Cut-Off Date*”), except where (A) the Bank had no actual knowledge of the action resulting in such Indemnified Taxes as of the Cut-Off Date or (B) such Indemnified Taxes apply to the Bank retroactively to a date prior to the Cut-Off Date.

(d) The obligations of SMUD under this Section 2.16 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any taxing jurisdiction imposes Indemnified Taxes on the Bank or any Noteholder after the end of such 180 day period but retroactively to a date prior to the end of such 180 day period, as described in this Section 2.16, the Bank may impose such Indemnified Taxes on SMUD in accordance with the terms of this Section 2.16; *provided, further, however*, that the foregoing proviso shall only apply to any Indemnified Taxes imposed not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

*Section 2.17. Increased Costs.* (a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Recipient;

(ii) subject any Recipient to any Taxes of any kind whatsoever with respect to this Agreement, or change the basis of taxation of payments to the Bank or such Recipient in respect thereof (except for Indemnified Taxes covered by Section 2.16 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Recipient); or

(iii) impose on the Bank or any Recipient any other condition, cost or expense affecting this Agreement or the Fee Agreement or any Letter of Credit or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Recipient related to issuing or maintaining this Agreement, the Commitment or any Loan or Term Loan or Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank, SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Bank or any Recipient determines that any Change in Law affecting the Bank or such Recipient or the Bank’s or such Recipient’s parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bank’s or such Recipient’s capital or liquidity or the capital or

liquidity of such Bank's or such Recipient's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining this Agreement, the Commitment or any Loan or Term Loan, to a level below that which the Bank or such Recipient or the Bank's or such Recipient's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Recipient's policies and the policies of the Bank's or such Recipient's parent or holding company with respect to capital or liquidity adequacy), then from time to time upon written request of the Bank SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such Recipient or the Bank's or such Recipient's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank or a Recipient setting forth the amount or amounts necessary to compensate the Bank or any such Recipient or the Bank's or any such Recipient's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to SMUD, shall be conclusive absent manifest error. SMUD shall pay the Bank or any such Recipient, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof. Each Recipient shall have the benefits of this Section 2.17, but shall not be entitled to receive any greater payment under such Section than the Bank would have been entitled to receive in connection with the rights transferred.

(d) *Delay in Requests.* Failure or delay on the part of the Bank or any such Recipient to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's right to demand such compensation; *provided* that SMUD shall not be required to compensate the Bank pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank notifies SMUD of the Change in Law giving rise to such increased costs or reductions and of the Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) *Survival.* The obligations of SMUD under this Section 2.17 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any Change in Law provides for retroactive increased costs or retroactive imposition of capital adequacy or liquidity requirements, as described in this Section 2.17, the Bank may impose such costs on SMUD in accordance with the terms of this Section 2.17; *provided, further, however*, that the foregoing proviso shall only apply to any Change in Law occurring not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

*Section 2.18. Margin Regulations.* No portion of the proceeds of any Loans or Term Loans shall be used by SMUD (or any other Person on behalf of SMUD) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Loans or Term Loans and such use of proceeds.



*Section 2.19. Maximum Rate; Payment of Fee.* Anything in this Agreement to the contrary notwithstanding, if the rate of interest due hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (B) the Maximum Rate (the “*Excess Interest*”), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time SMUD shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the termination of the Commitment and/or this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, SMUD shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

*Section 2.20. Security for Obligations.* This Agreement constitutes the Credit Agreement (as defined in the Note Resolution) under the Note Resolution and has all rights and benefits thereof. In order to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Fee Agreement, SMUD has pledged the Available Revenues to the Bank (for the benefit of the Bank and any Affiliate of the Bank to whom any Obligation is at any time owed), pursuant to and on the terms and subject to the conditions set forth in the Note Resolution. The pledge of Available Revenues under the Note Resolution constitutes a valid pledge of and charge and lien upon the Available Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Available Revenues, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Note Resolution, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Available Revenues and without the need for any physical delivery, recordation, filing or further act.

*Section 2.21. Method of Payment; Etc.* All payments to be made by SMUD under this Agreement and the Fee Agreement shall be made at the Payment Account not later than 4:00 P.M. (New York time) on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. All payments received by the Bank after 4:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day and any applicable interest or fees shall continue to accrue.

*Section 2.22. The Term Loans.* (a) *Generally.* (i) On the Facility Maturity Date, so long as (A) SMUD shall have delivered to the Bank a written request in the form of Exhibit E hereto no later than thirty (30) days prior to the Facility Maturity Date, (B) immediately before and as a result of giving effect to such conversion, no Credit Default or Credit Event of Default shall have occurred and be continuing on the Facility Maturity Date, (C) immediately before and as a result of giving effect to such conversion, (1) there has been no material adverse change in SMUD’s business, assets, liabilities, financial condition, results of operations or business prospects which could reasonably be expected to result in a material adverse effect on SMUD’s ability to perform

its obligations under this Agreement and the Program Documents or the rights, security or interests of the Bank hereunder and under the Program Documents and (2) no event described in clause (b) of the definition of Material Adverse Change shall have occurred on the Facility Maturity Date and (D) the Bank shall not have terminated its obligation to make Term Loans as a result of a Non-Credit Event of Default pursuant to Section 6.2(b) hereof, the Loans, if any, maturing on such date shall be automatically converted to term loans (each a “*Term Loan*” and collectively the “*Term Loans*”), the proceeds of which shall be deemed to have refunded the Loans.

(ii) The Term Loans shall be evidenced by the Taxable Note and the Tax-Exempt Note, as applicable. The Term Loans may be repaid in whole or in part on any Business Day upon prior written notice from SMUD to the Bank.

(b) *Repayment.* SMUD shall pay to the Bank the outstanding principal amount of the Term Loans in equal (as nearly as possible) installments on each Amortization Payment Date and on the Amortization End Date; *provided, however*, that, notwithstanding anything contained herein to the contrary, the entire principal amount of the Term Loans, plus accrued and unpaid interest thereon, shall be due and payable in full on the Amortization End Date (or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof).

### ARTICLE THREE

#### CONDITIONS PRECEDENT

*Section 3.1. Conditions Precedent to the effectiveness of this Agreement.* As conditions precedent to the obligation of the Bank to establish the Commitment and execute and deliver this Agreement, SMUD shall provide to the Bank on the Closing Date, each in form and substance satisfactory to the Bank and its counsel, Chapman and Cutler LLP (hereinafter, “*Bank’s Counsel*”):

(i) *Approvals.* The Bank shall have received an executed counterpart of this Agreement duly executed by SMUD and the Bank and an executed original of each Revolving Note and copies of all action taken by SMUD (including, without limitation, any resolution adopted or passed by SMUD in connection therewith) approving the execution and delivery by SMUD of this Agreement, the Fee Agreement, the Revolving Notes and the other Program Documents, in each case, certified by an authorized official of SMUD as complete and correct as of the date hereof.

(ii) *Incumbency of Officials.* The Bank shall have received an incumbency certificate of SMUD in respect of each of the officials who is authorized to (a) sign this Agreement, the Revolving Notes and the other Program Documents on behalf of SMUD and (b) take actions for SMUD under this Agreement, the Revolving Notes and the other Program Documents.

(iii) *Opinion of Note Counsel.* The Bank shall have received an opinion of Note Counsel or a reliance letter thereon.

(iv) *Opinion of Counsel to SMUD.* The Bank shall have received an opinion addressed to the Bank and dated the Closing 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 Agreement and the Fee Agreement and to perform its obligations hereunder and thereunder, (iii) SMUD's execution and delivery of this Agreement and the Fee Agreement, (iv) the enforceability of SMUD's obligations under this Agreement and the Fee Agreement, (v) that SMUD has obtained all consents necessary to execute, deliver and perform this Agreement and the Fee Agreement, (vi) the execution and delivery of this Agreement and the Fee Agreement by SMUD 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 Agreement and the Fee Agreement or performing its obligations hereunder and thereunder.

(v) *Note Resolution and Other Program Documents.* The Bank shall have received (a) a certified copy of the Note Resolution, the Master Bond Resolution (or a certified copy of the annotated version thereof) and the Subordinated Bond Resolution (or a certified copy of the annotated version thereof) which have been adopted prior to the Closing Date, all certified by an authorized officer of SMUD as being in full force and effect and (b) fully executed or certified copies, as applicable, of all other Program Documents.

(vi) *Financial Information.* The Bank shall have received copies of any financial information of SMUD that the Bank may reasonably request.

(vii) *Legality; Material Adverse Change.* The Bank shall have determined (in its sole discretion) that (a) neither the making of any Loans nor the consummation of any of the transactions contemplated by the Note Resolution, the Revolving Notes, this Agreement or any other Program Document will violate any law, rule, guideline or regulation applicable to SMUD, the Bank, the Commitment, the Revolving Notes or this Agreement, and (b) no Material Adverse Change shall have occurred since December 31, 2020.

(viii) *Fees, Etc.* The Bank shall have received payment of the fees, costs and expenses payable on the Closing Date.

(ix) *Revolving Notes.* The Bank shall have received (a) executed Revolving Notes and (b) written evidence satisfactory to the Bank that a CUSIP number has been obtained and reserved from Standard & Poor's CUSIP Service for each Revolving Note.

(x) *Closing Certificate.* The Bank shall have received a certificate from SMUD executed by the Authorized SMUD Representative, dated the Closing Date, stating that:

(a) the representations and warranties of SMUD contained in this Agreement and each certificate furnished or delivered by SMUD to the Bank

pursuant hereto are true and correct on and as of the Closing Date as though made on and as of such date;

(b) no “default” or “event of default” under any Program Document to which SMUD is a party and no Default or Event of Default has occurred and is continuing or would result from the entering into or performance under this Agreement and the other Program Documents; and

(c) except as has been disclosed to the Bank in writing prior to the Closing Date, there has been no Material Adverse Change since December 31, 2020.

(xi) *Other Documents.* The Bank shall have received such other documents, certificates, and opinions as the Bank or the Bank’s counsel shall have reasonably requested.

(xii) *Bank Counsel Opinion.* SMUD shall have received an opinion of Bank’s Counsel as to the Bank’s execution and delivery of this Agreement and the enforceability of the Bank’s obligations under this Agreement.

*Section 3.2. Borrowings During the Revolving Credit Period and Letters of Credit.* The obligation of the Bank to make a Loan on the occasion of any Borrowing or to convert any Tax-Exempt Loan to a Taxable Loan or to issue any Letter of Credit on or prior to the Termination Date is subject to the satisfaction of the following conditions:

(a) receipt by the Bank of a Notice of Borrowing (or appropriate notice regarding continuation or conversion) as required by Section 2.2 hereof or application for Letter of Credit, as applicable;

(b) immediately after such Borrowing, continuation or conversion or the issuance of such Letter of Credit, the aggregate outstanding principal amount of all Extensions of Credit will not exceed the amount of the Commitment;

(c) immediately before and as a result of giving effect to such Borrowing, continuation or conversion or issuance of such Letter of Credit, no Credit Default, Credit Event of Default, Optional Termination Event or Rating Event shall have occurred and be continuing;

(d) immediately before and as a result of giving effect to such Borrowing, continuation or conversion or issuance of such Letter of Credit, (1) there has been no material adverse change in SMUD’s business, assets, liabilities, financial condition, results of operations or business prospects which could reasonably be expected to result in a material adverse effect on SMUD’s ability to perform its obligations under this Agreement and the Program Documents or the rights, security or interests of the Bank hereunder and under the Program Documents and (2) no event described in clause (b) of the definition of Material Adverse Change shall have occurred; and

(e) immediately before such Borrowing, continuation or conversion or issuance of such Letter of Credit, the Bank shall not have terminated its obligation to make Loans as a result of a Non-Credit Event of Default pursuant to Section 6.2(b) hereof.

Each Borrowing, continuation or conversion hereunder shall be deemed to be a representation and warranty by SMUD on the date of such Borrowing as to the facts specified in clauses (b), (c) and (d) of this Section and that no Default or Event of Default has occurred and is continuing.

*Section 3.3. Each Tax-Exempt Loan Borrowing.* The obligation of the Bank to make each Tax-Exempt Loan hereunder is subject to the satisfaction of the following conditions:

(a) all conditions set forth in Section 3.2 hereof shall be satisfied prior to the making of such Loan;

(b) the Bank shall have received an executed opinion of Note Counsel addressed to SMUD and with a reliance letter to the Bank, in a form acceptable to the Bank, to the effect that the interest on such Loan is excluded from gross income for federal income tax purposes; and

(c) SMUD shall have executed, and the Bank shall have received an executed copy of a tax certificate or supplement to an existing tax certificate, including a completed Form 8038-G, relating to such Borrowing, in each case in a form acceptable to Note Counsel.

*Section 3.4. No Rating; DTC; Offering Document.* Neither Revolving Note shall be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document or (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent.

## **ARTICLE FOUR**

### **REPRESENTATIONS AND WARRANTIES**

*Section 4.1. Representations of SMUD.* In order to induce the Bank to establish the Commitment and execute and deliver this Agreement, SMUD represents and warrants to the Bank as follows:

(a) *Existence and Power.* SMUD is a municipal utility district organized and existing under and by virtue of the Act, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to own and operate the Electric System, to conduct its other business as presently conducted and to enter into contracts such as this Agreement and the SMUD Program Documents, which powers have been validly exercised in connection with the transactions effected by this Agreement and the SMUD Program Documents.

(b) *Authorization; Contravention; Approvals.* The execution, delivery and performance by SMUD of this Agreement, the Fee Agreement and the SMUD Program Documents and the other documents contemplated hereby and thereby are within the powers of SMUD, have been duly authorized by all necessary actions and (i) do not contravene the Act or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease, instrument or other contractual restriction binding on or affecting SMUD and (ii) except as provided in or contemplated by this Agreement and the Program Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of SMUD. SMUD is not in violation of or in default in any material respect under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. SMUD is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction and is not in violation of or in default in any respect under any of the SMUD Program Documents that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by SMUD) for the due execution, delivery and performance by SMUD of this Agreement and the SMUD Program Documents.

(c) *Enforceability.* This Agreement and the SMUD Program Documents, and other documents contemplated hereby and thereby to which SMUD is a party or by which it is bound, are legally valid and binding obligations of SMUD enforceable against SMUD in accordance with their respective terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) general principles of equity; (iii) the exercise of judicial discretion in appropriate cases; and (iv) to the limitations on legal remedies against municipal utility districts in the State of California.

(d) *Litigation.* Except as disclosed in writing to the Bank prior to the Closing Date, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending or, to the best knowledge of SMUD, threatened, against or directly involving SMUD (including, without limitation, the ability of SMUD to establish and collect rates for the generation, transmission and distribution of electric power), affecting the existence of SMUD, the title of any officials to their respective offices or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Program Document, or in any way contesting or affecting the validity or enforceability of the Revolving Notes, this Agreement, any Program Document or contesting the tax-exempt status of the Tax-Exempt Note, or contesting the powers of SMUD or any authority for the issuance of the Revolving Notes, the execution and delivery of this Agreement or the SMUD Program Documents, nor, to the best, knowledge of SMUD, is there any basis therefor, which, if determined adversely to SMUD (i) would adversely affect the validity or enforceability of, or the authority or ability of SMUD to perform its obligations under, this Agreement, the Fee Agreement or any SMUD Program Documents, (ii) would, in the reasonable opinion of SMUD, have a material adverse effect on the business, financial position or results of operations of SMUD or (iii) would adversely

affect the exclusion of interest on the Tax-Exempt Note from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(e) *Financial Information.* (i) The audited financial statements of SMUD included in the 2020 Financial Statements, true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with generally accepted accounting principles the financial position of SMUD and its results of operations and changes in financial position at the dates and for the periods indicated.

(ii) Except as has been disclosed in writing to the Bank prior to the Closing Date, since December 31, 2020, there has been no material adverse change in the business, financial position or results of operations of SMUD which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations hereunder or thereunder or the rights, security or interests of the Bank.

(iii) Except as reflected in the financial statements included in the 2020 Financial Statements or as has been disclosed in writing to the Bank prior to the Closing Date and except for SMUD's obligations set forth in this Agreement and the SMUD Program Documents, there are as of the date hereof no liabilities or obligations with respect to SMUD of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to SMUD. SMUD does not know of any basis for the assertion against SMUD of any liability or obligation of any nature whatsoever that is not reflected in the financial statements included in the 2020 Financial Statements or other written disclosure to the Bank delivered prior to the Closing Date which, in the aggregate, could be material to SMUD.

(f) *Disclosure.* No written information furnished by SMUD to the Bank in connection with this Agreement (except information which has been superseded by subsequent information provided by SMUD) includes any untrue statement of a material fact.

(g) *Environmental Matters.* Except as disclosed in writing to the Bank prior to the Closing Date, SMUD has not received notice to the effect that the operations of the Electric System are not in compliance with any of the requirements of applicable Federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, in each case which non-compliance or remedial action could have a Material Adverse Effect.

(h) *Plans.* SMUD currently has a Plan which is in compliance in all respects with the requirements of the applicable laws of the State of California, including without limitation the obligation to pay contributions on behalf of its employees in accordance therewith, and SMUD has no Plan which is subject to the requirements of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which could reasonably be expected to result in the incurrence by SMUD of any material liability, fine or penalty.

(i) *Regulations U and X.* SMUD is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X

issued by the Board of Governors of the Federal Reserve System); and no proceeds of any Loans or Term Loans will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(j) *Tax-Exempt Status.* SMUD has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Tax-Exempt Note from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(k) *Security.* The Note Resolution creates a pledge of the Available Revenues as security for the punctual payment of the interest and principal due with respect to the Revolving Notes, the Parity Notes, the Obligations owed to the Bank hereunder and all Parity Notes Reimbursement Agreements. All actions necessary to create a pledge of the Available Revenues have been duly and validly taken. SMUD's obligation to pay the Obligations is *pari passu* with its obligation to pay the Revolving Notes, Parity Notes and all Parity Notes Reimbursement Agreements.

(l) *Constitutional Matters.* There is no amendment, or, to the best knowledge of SMUD, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have Material Adverse Effect.

(m) *No Sovereign Immunity.* SMUD represents that it is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California.

(n) *Incorporation of Representations and Warranties by Reference.* SMUD hereby makes to the Bank every representation and warranty made by it in SMUD Program Documents, which representations and warranties, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment, modification, termination or replacement of any such representations, warranties and definitions contained in the SMUD Program Documents shall be effective to amend, modify, terminate or replace the representations, warranties and definitions incorporated herein by this reference, without the prior written consent of the Bank. The representations and warranties of SMUD in all of the SMUD Program Documents are true and correct in all material respects.

(o) *No Violation of Usury Laws.* The terms of the Note Resolution regarding the calculation and payment of interest on the Revolving Notes do not violate any applicable usury laws of the State of California and, assuming that the Bank is an exempted class of persons within the meaning of Article 15 of the California Constitution, the terms of this Agreement, the Fee Agreement, and the Revolving Notes regarding the calculation and payment of interest and fees



and other amounts due under this Agreement, the Fee Agreement, and the Revolving Note do not violate any applicable usury laws of the State of California.

(p) *Compliance.* SMUD is in substantial compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(q) *Default.* SMUD is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any SMUD Program Document, the Master Bond Resolution, the Subordinated Bond Resolution or any other resolution, agreement or instrument to which it is a party which could have a Material Adverse Effect.

(r) *Reserved.*

(s) *Insurance.* The properties of SMUD are insured in accordance with the terms of the Master Bond Resolution.

(t) *Taxes.* SMUD has filed any Federal, state and other material tax returns and reports required to be filed, and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against SMUD that would, if made, have a Material Adverse Effect.

(u) *Casualty.* Neither the business nor the Property of SMUD is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

(v) *Anti-Corruption Laws; Anti-Money Laundering Laws and Sanctions.* (i) None of (i) SMUD, any Subsidiary or, to the knowledge of SMUD or such Subsidiary, any of their respective directors, officers, employees or Affiliates, or (ii) to the knowledge of SMUD, any agent or representative of SMUD that will act in any capacity in connection with or benefit from the credit facility established under this Agreement, (A) is a Sanctioned Person or currently the subject or target of any Sanctions, (B) has its assets located in a Sanctioned Country, (C) is under administrative, civil or criminal investigation for an alleged violation of, or received notice from or made a voluntary disclosure to any governmental entity regarding a possible violation of, Anti-Corruption Laws, Anti-Money Laundering Laws or Sanctions by a governmental authority that enforces Sanctions or any Anti-Corruption Laws or Anti-Money Laundering Laws, or (D) directly or indirectly derives revenues from investments in, or transactions with, Sanctioned Person.

(ii) Each of SMUD and its Subsidiaries has implemented and maintains in effect policies and procedures designed to ensure compliance by SMUD and its Subsidiaries and their respective directors, officers, employees, agents and Affiliates with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions.

(iii) Each of SMUD and its Subsidiaries, and to the knowledge of the Borrower, director, officer, employee, agent and Affiliate of Borrower and each such Subsidiary, is in compliance with all Anti-Corruption Laws, Anti-Money Laundering Laws in all material respects and applicable Sanctions.

(iv) No proceeds of any Extension of Credit have been used, directly or indirectly, by SMUD, any of its Subsidiaries or any of its or their respective directors, officers, employees and agents in violation of Section 5.1(m)(ii).

(w) *Anti-Terrorism Laws.* (i) SMUD is not in violation of any laws relating to terrorism or money laundering ( "*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), and the Patriot Act;

(ii) SMUD is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ( "*OFAC*") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(iii) SMUD is an electrical utility. To its knowledge, SMUD does not (A) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## ARTICLE FIVE

### COVENANTS

*Section 5.1. Covenants of SMUD.* SMUD will do the following so long as any amounts may be drawn hereunder or any Obligations remain outstanding under this Agreement, unless the Bank shall otherwise consent in writing:

(a) *Reports and Other Information.* SMUD will furnish, or cause to be furnished, at SMUD's expense to the Bank:

(i) As soon as possible and in any event within five (5) Business Days after the knowledge (actual or constructive) or notice of occurrence of any Event of Default, a statement of the Authorized SMUD Representative setting forth details of such Event of Default and the action that SMUD proposes to take with respect thereto;

(ii) As soon as available and in any event within two hundred seventy (270) days after the end of each Fiscal Year of SMUD, a copy of the audited financial statements of SMUD for such year, including a balance sheet of SMUD as at the end of such Fiscal Year and the related statements of revenues, expenses and changes in fund balances and statement of cash flows, all in reasonable detail and reported on by a firm of nationally recognized independent certified public accountants, and the report of such firm of independent certified public accountants shall state, without qualification, that such financial statements present fairly the financial position of SMUD as of the end of such Fiscal Year, the results of operations, the changes in fund balances and cash flows of SMUD for such Fiscal Year then ended in conformity with generally accepted accounting principles;

(iii) Simultaneously with the delivery of each set of financial statements referred to in clause (ii) above, a certificate of an Authorized SMUD Representative stating whether there exists on the date of such certificate any Event of Default or Default and, if any Event of Default or Default then exists, setting forth the details thereof and the action that SMUD is taking or proposes to take with respect thereto;

(iv) *Unaudited Semiannual Financials.* As soon as available and in any event within 60 days after June 30 and December 31 of each calendar year, a copy of the unaudited internally prepared balance sheet and statement of changes in net asset of SMUD for the six month or one year period ended on such date, setting forth in each case in comparative form the corresponding figures for the corresponding fiscal period for the preceding fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied, together with a compliance certificate signed by an Authorized SMUD Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(v) As soon as practicable and in any event within ten (10) Business Days after SMUD obtains actual knowledge of: (A) any litigation, arbitration or governmental proceeding pending against SMUD that challenges SMUD's ability to perform its obligations under this Agreement and/or the SMUD Program Documents; or (B) any other

event or condition that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement and/or the SMUD Program Documents, in each case a statement of the Authorized SMUD Representative setting forth details describing the same and the steps being taken with respect thereto;

(vi) As soon as practicable, notice of any disclosure documents publicly distributed in connection with any issue of Parity Bonds, Parity Subordinated Debt or Parity Notes;

(vii) As soon as practicable, notice of any change in, or the withdrawal of, any rating of Bonds or Subordinated Bonds (without regard to bond insurance or any other form of credit enhancement) by any Rating Agency; and

(viii) From time to time, such additional information regarding the financial position, results of operations, business or prospects of SMUD as the Bank may reasonably request.

(b) *Books and Records; Inspections.* SMUD will keep proper books of record and account with respect to the Electric System in which full and correct entries shall be made of assets and liabilities, financial transactions and business of SMUD in conformity with generally accepted accounting principles. SMUD will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of SMUD, and to examine the books and financial records of SMUD relating to the Electric System and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of SMUD relating to SMUD with the principal officers of SMUD all at such reasonable times during normal business hours and as often as the Bank may reasonably request.

(c) *Maintain Existence.* SMUD shall take no action that would terminate its existence, rights and franchises as a municipal utility district duly organized and existing under the Constitution and laws of the State of California.

(d) *Compliance with Laws.* SMUD will comply with the requirements of all laws, rules, regulations and orders of any Governmental Authority having jurisdiction over SMUD and/or the Electric System, noncompliance with which would materially adversely affect the ability of SMUD to perform its obligations under this Agreement and the SMUD Program Documents.

(e) *Compliance with Agreements.* SMUD will observe and perform all of its obligations under this Agreement and the SMUD Program Documents.

(f) *Incorporation of Covenants by Reference.* SMUD, by this reference, hereby incorporates into this Agreement those covenants and agreements made by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Master Bond Resolution (as in effect on the effective date of this Agreement) and in the SMUD Program Documents, as such covenants and agreements exist on the date hereof, as if such covenants and agreements were set forth herein in their entirety together with all defined terms and interpretative provisions necessary for a complete understanding thereof. The incorporated provisions shall be in addition to the express covenants contained herein

and shall not be limited by the express covenants contained herein nor shall the incorporated provisions be a limitation on the express covenants contained herein. In the event of a conflict between the covenants and agreements set forth in this Article V (other than the incorporated provisions) and the incorporated provisions, the covenants and agreements set forth in the other provisions of Article V shall prevail.

(g) *SMUD Program Documents.* SMUD will not amend, supplement or otherwise modify, or agree to the amendment, modification or termination of, any of the SMUD Program Documents (including, without limitation, an amendment to the Note Resolution reducing the Maximum Interest Rate to a rate below 12%) if such action could reasonably be expected to (i) adversely affect SMUD's ability to perform its obligations under this Agreement or the SMUD Program Documents, (ii) adversely affect the business, financial position or results of operations of SMUD or (iii) adversely affect the rights, interests, security or remedies of the Bank, in each case, without the prior written consent of the Bank (the Bank shall provide SMUD its determination as to whether or not it consents to any amendment, supplement or modification to any SMUD Program Documents within ten (10) Business Days of written notice from SMUD of such amendment, supplement or modification). SMUD shall provide written notice to the Bank of any proposed amendment to the Master Bond Resolution or Subordinated Bond Resolution (and a copy of such proposed amendment) at least ten (10) calendar days prior to its effective date.

(h) *Reserved.*

(i) *Alternate Provider.* SMUD agrees that any termination of the Commitment and this Agreement as a result of the provision of any alternate credit facility will require, as a condition thereto, that SMUD or the issuer of the alternate credit facility will provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of the Commitment all Obligations due to the Bank hereunder.

(j) *Reserved.*

(k) *Reserved.*

(l) *Offering Documents.* SMUD shall not make reference to the Bank in any offering document without the Bank's prior written consent thereto (other than references to the name of the Bank solely in the Bank's capacity as the credit provider with respect to the Revolving Notes). Except as may be required by law (including, but not limited to, federal and state securities laws), SMUD shall not use the Bank's name (other than references to the name of the Bank solely in the Bank's capacity as the credit provider with respect to the Revolving Notes) in any published materials (other than SMUD's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Bank.

(m) *Use of Proceeds.* (i). The proceeds of the Loans and Term Loans will be expended in the manner set forth in the Note Resolution and in not in violation of any applicable law.

(ii) SMUD shall not request any Extension of Credit, and SMUD shall not use, and shall ensure that its Subsidiaries and its or their respective directors, officers,

employees and agents shall not use, the proceeds of any Extension of Credit, directly or indirectly, (i) in furtherance of an offer, payment, promise to pay, or authorization of the payment or giving of money, or anything else of value, to any Person in violation of any Anti-Corruption Laws or Anti-Money Laundering Laws, (ii) for the purpose of funding, financing or facilitating any activities, business or transaction of or with any Sanctioned Person, or in any Sanctioned Country, or (iii) in any manner that would result in the violation of any Sanctions applicable to any party hereto.

(n) *Ranking of Obligations.* SMUD shall not take any action that would result in the Obligations not ranking at least pari passu in right of payment from Available Revenues with the Revolving Notes, Parity Notes and Parity Notes Reimbursement Agreements.

(o) *Investments.* SMUD will not, directly or indirectly, invest in instruments and securities other than those permitted by, and in accordance with, California Government Code Sections 53600 to 53609, the Master Bond Resolution, the Subordinated Bond Resolution or the Program Documents. SMUD will not permit SMUD to encumber its cash position nor schedule the interest payment dates and maturities of its investments in a manner which impedes, hinders or interferes with the availability of funds to meet SMUD's expected cash needs.

(p) *Compliance with Anti-Corruption Laws; Beneficial Ownership Regulation, Anti-Money Laundering Laws and Sanctions.* SMUD shall (i) maintain in effect and enforce policies and procedures designed to promote and achieve compliance by SMUD, its Subsidiaries and their respective directors, officers, employees and agents with all Anti-Corruption Laws, Anti-Money Laundering Laws and applicable Sanctions, (ii) notify the Bank of any change in the information provided in the Beneficial Ownership Certification that would result in a change to the list of beneficial owners identified therein (or, if applicable, SMUD ceasing to fall within an express exclusion to the definition of "legal entity customer" under the Beneficial Ownership Regulation) and (iii) promptly upon the reasonable request of the Bank, provide the Bank any information or documentation requested by it for purposes of complying with the Beneficial Ownership Regulation.

(q) *Plans.* SMUD will (i) remain at all times in compliance with any applicable law (including any legally available grace periods) with respect to any Plan, and (ii) maintain each Plan as to which it may have any liability in compliance in all material respects with the provisions of applicable law, the failure to comply with which could subject SMUD to any tax or penalty which tax or penalty, taken together, with all other taxes and penalties which could be assessed against SMUD by reason of all other non-compliances, would have a material adverse effect on the business, financial position or results of operations of SMUD.

(r) *Payment of Taxes, Etc.* SMUD will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon SMUD on account of the Electric System or any portion thereof and which, if unpaid, might impair the security of the Revolving Notes, when the same shall become due, but nothing herein contained shall require SMUD to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. SMUD will duly observe and conform to all

valid material requirements of any Governmental Authority relative to the Electric System or any part thereof.

(s) *Operation and Maintenance of Electric System.* SMUD will operate, maintain and preserve the Electric System in good repair and working order in conformity with standards customarily followed for municipal power supply, transmission and distribution systems of like size and character. SMUD will from time to time make necessary and proper repairs, renewals, replacements and substitutions to the properties of the Electric System, so that business carried on in connection with the Electric System shall and can be conducted in an efficient and economical manner, and will operate the Electric System in an efficient and economical manner. SMUD shall not use the Electric System to conduct any business other than that which is lawfully permitted.

(t) *Amounts of Rates and Charges.* To the extent permitted by law, SMUD hereby covenants to establish, maintain and collect rates and charges with respect to the Electric System sufficient to pay the Parity Bonds, Parity Subordinated Debt, Parity Notes, Parity Notes Reimbursement Agreements, the Revolving Notes and all Obligations due and owing hereunder.

(u) *Maintenance of Insurance.* SMUD maintains self-insurance for general liabilities, property damage and workers' compensation claims. SMUD shall, at all times, continue to maintain such self-insurance or shall use its best efforts to maintain or cause to be maintained insurance or reserves against loss from such hazards and risks to the person or property of others as are usually insured or reserved against by those with rights and interests in property similar to the Electric System. SMUD shall also procure, and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Electric System revenues, such insurance or bonds to be in an aggregate amount at least equal to the maximum amount of such Electric System revenues at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as a part of any comprehensive fidelity and other insurance and not separately for the Electric System.

(v) *Sale or Other Disposition of Property.* SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders (as defined in the Master Bond Resolution) or the Bank with respect to Revenues. Subject to the preceding sentence, nothing contained herein shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

Notwithstanding the foregoing or any other provision of the Master Bond Resolution, SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to

SMUD *provided* that:

(1) SMUD delivers to the Trustee (as defined in the Master Bond Resolution):

(a) a certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to Section 5.04 of the Master Bond Resolution would not have been reduced to less than 1.40:1.0.

(w) *Liens.* Except as permitted by the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or as otherwise acceptable to the Bank, SMUD will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Electric System revenues pledged under the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution and held or set aside by SMUD thereunder, or (b) create or cause to be created any Lien on the Electric System revenues. SMUD shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any portion of the Electric System revenue that would affect the priority of Liens in existence on the Closing Date.

(x) *Reserved.*

(y) *Further Assurances.* SMUD agrees to do such further acts and things and to execute and deliver to the Bank such additional assignments, agreements, powers and instruments as the Bank may reasonably require or reasonably deem advisable to carry into effect the purposes of this Agreement and the Fee Agreement or to better assure and confirm to the Bank its rights, powers and remedies hereunder and under the SMUD Program Documents.

(z) *Immunity.* SMUD covenants that it will not claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California.

(aa) *Ratings.* SMUD shall maintain long-term unenhanced ratings from at least two Rating Agencies on Bonds and Parity Bonds.



(bb) *Swap Contracts.* Without the prior written consent of the Bank, SMUD shall not enter into any Swap Contracts relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of any Obligation.

(cc) *Shorter Amortization.* In the event that SMUD shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement relating to Parity Notes or other Debt of SMUD secured by a lien on Net Revenues on parity with the Revolving Notes which such Bank Agreement provides such Person with a shorter amortization period than what is set forth in Section 2.22(b) hereof (not taking into account any shorter amortization period that might occur under such Bank Agreement because of a default, termination event, or other similar event under such Bank Agreement) (each a “*Shorter Amortization Period*”), SMUD shall provide the Bank with a copy of each such Bank Agreement and such Shorter Amortization Period shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefit of such Shorter Amortization Period as if specifically set forth herein. SMUD shall promptly enter into an amendment to this Agreement to include such Shorter Amortization Period; *provided* that the Bank shall have and maintain the benefit of such Shorter Amortization Period even if SMUD fails to provide such amendment.

(dd) *Incorporation of Covenants by Reference.* SMUD agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Master Bond Resolution and in each of the Program Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against SMUD. To the extent that any such incorporated provision permits SMUD or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to SMUD or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. No termination or amendment to such covenants and agreements or defined terms or release of SMUD with respect thereto made pursuant to the Master Bond Resolution or the Program Documents, shall be effective to terminate or amend such covenants and agreements and defined terms or release SMUD with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Master Bond Resolution or the Program Documents, SMUD shall continue to observe such incorporated covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of all Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

## ARTICLE SIX

### DEFAULTS

*Section 6.1. Events of Default and Remedies.* If any of the following events shall occur, each such event shall be an “*Event of Default*”:

(a) SMUD shall fail to pay when due (i) the principal of any Loan or Term Loan; (ii) the interest on any Loan or Term Loan; or (iii) any other amount payable hereunder or under the Fee Agreement and, solely with respect to clause (iii) hereof, such default shall continue unremedied for five (5) Business Days;

(b) SMUD shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 5.1(a)(i), 5.1(c), 5.1(f), 5.1(g), 5.1(i), 5.1(l), 5.1(m), 5.1(n), 5.1(t), 5.1(v), 5.1(w), 5.1(x) or 5.1(z); (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in Sections 5.1(a)(v), 5.1(a)(vi) or 5.1(a)(vii) and such default shall continue unremedied for a period of 5 Business Days; (iii) default in the due performance or observance by it of any other terms, covenant or agreement contained in Section 5.1(a)(ii), 5.1(a)(iii), 5.1(a)(iv) or 5.1(a)(viii) and such default shall continue unremedied for a period of 5 Business Days after the Bank has provided written notice to SMUD; or (iv) default in the due performance or observance by it of any other term, covenant or agreement hereunder or under the Fee Agreement (other than those referred to in Section 6.1(a), 6.1(b)(i), 6.1(b)(ii) or 6.1(b)(iii) hereof) and such default shall continue unremedied for a period of thirty (30) days;

(c) Any representation, warranty, certification or statement made or deemed made by SMUD in this Agreement, any Program Document or in any certificate, financial statement or other document delivered to the Bank pursuant to this Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(d) SMUD shall (i) default in any payment of (A) any Debt payable from or secured by Net Revenues beyond the period of grace (not to exceed 30 days), if any, provided in the instrument or agreement under which such Debt was created or (B) any obligation under any Swap Contract the obligations under which are secured by a lien on Net Revenues senior to or on a parity with the Obligations, or (ii) default in the observance or performance of any agreement or condition relating to any Debt payable from or secured by Net Revenues on parity with or senior to the Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit (A) the holder or holders (or a trustee or agent on behalf of such holder or holders) of any Debt or (B) the counterparty under any Swap Contract or Bank Agreement, in each case, payable from or secured by Net Revenues on parity with or senior to the Obligations to cause, with the giving of notice if required, such Debt or obligations under such Swap Contract or Bank

Agreement to become due prior to its stated maturity; or (iii) any Debt secured by a lien on Net Revenues senior to or on a parity with the Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof. For purposes of clarity, solely for purposes of this Section 6.1(d), Debt payable from or secured by Net Revenues means all Debt of SMUD regardless of lien level or priority payable from or secured by all or any portion of Net Revenues; or

(e) SMUD shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail generally, or in the reasonable judgment of the Bank be unable, to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against SMUD seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within thirty (30) days and dismissed within sixty (60) days; or an order for relief shall be entered against SMUD under the Federal bankruptcy laws as now or hereafter in effect; or

(g) (i) A court of competent jurisdiction or other governmental authority with appropriate jurisdiction over SMUD shall enter a final and non-appealable judgment, order or decree declaring any (x) obligation of SMUD contained in this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or (y) Program Document, the Master Bond Resolution or the Subordinated Bond Resolution, in either case, to be invalid, not binding or unenforceable against SMUD or (ii) any action is taken by the SMUD Board or any officer of SMUD authorized by the SMUD Board to contest the validity or enforceability of this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or the SMUD Board or any officer of SMUD authorized by the SMUD Board repudiates its obligations under any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or any provision thereof or with respect to any Debt of SMUD secured by or payable from Net Revenues senior to or on a parity with the Obligations, or SMUD shall seek an adjudication that this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution is not valid and binding; or

(h) A moratorium shall have been declared or announced by a Governmental Authority (whether or not in writing) with respect to any Debt of SMUD secured by Net Revenues, Net Subordinated Revenues or Available Revenues; or

(i) Dissolution or termination of the existence of SMUD; or

(j) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree for the payment of money in excess of \$10,000,000 shall be rendered against SMUD and such judgment or order shall continue, unbonded or unsatisfied for a period of 60 days; or

(k) Any of the funds or accounts established pursuant to the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of SMUD relating to an obligation or obligations of SMUD in excess of \$10,000,000 and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(l) Any pledge or security interest created by this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution to secure any amount due by SMUD under this Agreement, the Fee Agreement or either Revolving Note shall fail to be fully enforceable with the priority required hereunder or thereunder; or

(m) (i) Any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement shall have occurred and be continuing, (ii) any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under any SMUD Program Document, the Master Bond Resolution or the Subordinated Bond Resolution shall have occurred and be continuing or (iii) either the Master Bond Resolution or the Subordinated Bond Resolution shall be amended and such amendment materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement; or

(n) An “event of default” (or similar event) shall have occurred under any of the Program Documents, the Master Bond Resolution or the Subordinated Bond Resolution; or

(o) There shall be appointed or designated with respect to SMUD, an entity such as an organization, board, commission, authority, agency or body to declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it; or

(p) The (i) downgrade by any Rating Agency of its long-term unenhanced rating with respect to any Bonds to a level below “Baa3” (or its equivalent) in the case of Moody’s, “BBB-” (or its equivalent) in the case of S&P or “BBB-” (or its equivalent) in

the case of Fitch or (ii) suspension or withdrawal by any Rating Agency of its respective long-term unenhanced rating on any Bonds for credit-related reasons.

*Section 6.2. Remedies.* Upon the occurrence of any Event of Default or an Optional Termination Event the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare all Obligations (including all Reimbursement Obligations and all L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented or shall be entitled to present the documents required thereunder) to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by SMUD; *provided, however*, that in the case of an Event of Default described in Section 6.1(e), 6.1(f) or 6.1(h) hereof, such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) with respect to Non-Credit Events of Default only, give notice to SMUD that its obligation to make Loans and Term Loans hereunder is terminated (SMUD hereby acknowledges that upon the occurrence of a Credit Event of Default, the Bank's obligation to make Loans and Term Loans shall automatically terminate without the giving of any notice) with respect thereto; or

(c) with respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to Section 6.2(a), demand that SMUD shall at such time deposit in a Cash Collateral account opened by the Bank an amount equal to the Minimum Collateral Amount of the aggregate then undrawn and unexpired amount of such Letter of Credit. Amounts held in such Cash Collateral account shall be applied by the Bank to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Obligations. After all such Letters of Credit shall have expired or been fully drawn upon, the Reimbursement Obligations shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, in such Cash Collateral account shall be returned to SMUD; or

(d) pursue any rights and remedies it may have under the Program Documents;  
or

(e) pursue any other action available at law or in equity.

## **ARTICLE SEVEN**

### **MISCELLANEOUS**

*Section 7.1. Amendments, Waivers, Etc.* No amendment or waiver of any provision of this Agreement, or consent to any departure therefrom, shall in any event be effective unless the

same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

*Section 7.2. Notices.* All notices and other communications provided for hereunder (except as provided in Section 2.2(b) hereof) shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile or electronic transmission, or regular mail, as follows:

(a) if to SMUD: Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899  
Attention: Treasurer  
Telephone: (916) 732-5193  
Telecopy: (916) 732-5835  
Email: [Jennifer.Restivo@SMUD.org](mailto:Jennifer.Restivo@SMUD.org)

With copies to:

[Jon.Anderson@smud.org](mailto:Jon.Anderson@smud.org)  
[Alex.Fastovich@smud.org](mailto:Alex.Fastovich@smud.org)  
[smud.cash@smud.org](mailto:smud.cash@smud.org)

(b) if to the Bank, with respect to the Loans: Wells Fargo Bank, National Association  
333 South Grand Ave, 6th Floor  
Los Angeles CA 90071  
MAC E2064-062  
Attention: Tasha Wong Hasan  
Telephone: (213) 271-2455  
Email: [jason.pollack@wellsfargo.com](mailto:jason.pollack@wellsfargo.com)  
[tasha.wong@wellsfargo.com](mailto:tasha.wong@wellsfargo.com)  
[Brian.L.Goins@wellsfargo.com](mailto:Brian.L.Goins@wellsfargo.com)  
[erik.bresnahan@wellsfargo.com](mailto:erik.bresnahan@wellsfargo.com)  
[wfpowerpublicteam@wellsfargo.com](mailto:wfpowerpublicteam@wellsfargo.com)

- (c) if to the Bank, with respect to all matters:

Wells Fargo Commercial Banking  
333 Market St., 17th Floor  
San Francisco, CA 94105  
MAC: A0101-093  
Attention: Jason Pollack  
Telephone: (628) 260-3395  
Email: jason.pollack@wellsfargo.com

With a copy to:

Attention: Andrea Boquet  
Telephone: (213) 253-7212  
Email: andrea.boquet@wellsfargo.com

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, sent by facsimile transmission or mailed, be effective when deposited with the courier, sent by facsimile transmission or mailed respectively, addressed as aforesaid, except that Notices of Borrowings submitted to the Bank shall not be effective until received by the Bank.

*Section 7.3. Survival of Covenants; Successors and Assigns.* (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Loan and Term Loan hereunder and shall continue in full force and effect until the Commitment and this Agreement shall have terminated and all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of SMUD which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank and the Noteholders, and their respective permitted successors, transferees and assigns as set forth herein. SMUD may not transfer its rights or obligations under this Agreement without the prior written consent of the Bank. Except as otherwise expressly permitted by this Section 7.3 and Section 7.18 hereof, neither the Bank nor any Noteholder may transfer its rights or obligations under this Agreement, the Taxable Note or the Tax-Exempt Note without the prior written consent of SMUD. This Agreement is made solely for the benefit of SMUD and the Bank, and no other Person shall have any right, benefit or interest under or because of the existence of this Agreement.

(b) Notwithstanding the foregoing, the Bank and each Noteholder shall be permitted to grant to one or more financial institutions (each a "*Participant*") a participation or participations in all or any part of the Bank's or such Noteholder's rights and benefits and obligations under this Agreement, the Revolving Notes and the Commitment on a participating basis but not as a party to this Agreement (a "*Participation*") without the consent of SMUD. In the event of any such grant by the Bank or a Noteholder of a Participation to a Participant, the Bank and such Noteholder shall remain responsible for the performance of its obligations hereunder, and SMUD shall continue to deal solely and directly with the Bank in connection with the Bank's rights and

obligations under this Agreement. SMUD agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank or such Noteholder, *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof; *provided further* that SMUD's liability to any Participant shall not in any event exceed that liability which SMUD would owe to the Bank but for such participation.

(c) *Noteholders Generally.* (i) Each Noteholder may, in its sole discretion and in accordance with applicable law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Revolving Notes and the Program Documents in accordance with the provisions of paragraph (ii) or (iii) of this subsection (c). Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (b) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of Section 7.18 hereof. Wells Fargo Bank, National Association shall be the Bank hereunder until such time as the Majority Noteholder designates an alternate Person to serve as the Bank hereunder by delivery of written notice to SMUD and such Person accepts and agrees to act as the Bank hereunder and under the Program Documents. The Majority Noteholder may so designate an alternate Person that is an owner of the Revolving Notes to act as the Bank from time to time. Upon acceptance and notification thereof to SMUD, the successor to the Bank for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bank, and Wells Fargo Bank, National Association or any other Person being replaced as the Bank shall be discharged from its duties and obligations as the Bank hereunder. Notwithstanding anything to the contrary set forth herein, neither Wells Fargo Bank, National Association nor any other Bank may assign its obligations to advance or make Loans or Term Loans pursuant to the terms of this Agreement without the prior written consent of SMUD (such consent not to be unreasonably withheld) and SMUD's liability to any successor Bank or to any Noteholder shall not in any event exceed that liability which SMUD would have owed to Wells Fargo Bank, National Association but for any such assignment, sale or transfer, in whole or in part, of this Agreement, its interest in the Revolving Notes or the Program Documents. In addition, if the Bank makes any Loan or Term Loan hereunder, the Bank has no present intent to assign or sell any such Loan or Term Loan and all or any portion of the Revolving Notes relating thereto.

(ii) *Sales and Transfers by Noteholder to a Bank Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees all or a portion of the Revolving Notes to a Person that is (A) a Bank Affiliate or (B) a trust or other custodial arrangement established by the Bank or a Bank Affiliate, the owners of any beneficial interest in which are limited to "qualified institutional buyers" as defined in Rule 144A promulgated under the 1933 Act (each, a "*Bank Transferee*"). From and after the date of such sale or transfer, Wells Fargo Bank, National Association (and its successors) shall continue to have all of the rights of the Bank hereunder and under the other Program Documents as if no such transfer or sale had occurred; *provided, however*, that (x) no such sale or transfer referred to in clause (ii)(A) or (ii)(B) hereof shall in any way affect the obligations of the Bank hereunder, (y) SMUD shall be required to deal only with the Bank with respect to any matters under this Agreement and (z) in the case of a sale or transfer referred to in clause (b)(i) or (b)(ii)



hereof, only the Bank shall be entitled to enforce the provisions of this Agreement against SMUD.

(iii) *Sales and Transfers by Noteholder to a Non-Bank Transferee.* Without limitation of the foregoing generality, a Noteholder may at any time sell or otherwise transfer to one or more transferees which are not Bank Transferees but each of which constitutes (A) a “qualified institutional buyer” as defined in Rule 144A promulgated under the 1933 Act and (B) a commercial bank organized under the laws of the United States, or any state thereof, or any other country which is a member of the Organization for Economic Cooperation and Development, or a political subdivision of any such country, and, in any such case, having a combined capital and surplus, determined as of the date of any transfer pursuant to this clause (iii), of not less than \$5,000,000,000 (each a “*Non-Bank Transferee*”) all or a portion of the Revolving Notes if (1) written notice of such sale or transfer, including that such sale or transfer is to a Non-Bank Transferee, together with addresses and related information with respect to the Non-Bank Transferee, shall have been given to SMUD and the Bank (if different than the Noteholder) by such selling Noteholder and Non-Bank Transferee and (2) the Non-Bank Transferee shall have delivered to SMUD and the selling Noteholder, an investment letter in substantially the form delivered by the Bank on the Closing Date (the “*Investor Letter*”).

From and after the date SMUD and the selling Noteholder have received written notice and an executed Investor Letter for such Non-Bank Transferee, (A) the Non-Bank Transferee thereunder shall be a party hereto and shall have the rights and obligations of a Noteholder hereunder and under the other Program Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the Non-Bank Transferee, and any reference to the assigning Noteholder hereunder and under the other Program Documents shall thereafter refer to such transferring Noteholder and to the Non-Bank Transferee to the extent of their respective interests, and (B) if the transferring Noteholder no longer owns any Revolving Notes, then it shall relinquish its rights and be released from its obligations hereunder and under the Program Documents.

*Section 7.4. Unconditional Obligations.* The obligations of SMUD under this Agreement and the Fee Agreement shall be primary, absolute, independent, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement and the Fee Agreement, including without limitation the following circumstances:

(a) Any lack of validity or enforceability of the Program Documents or any other agreement or instrument relating to any of the above;

(b) Any amendment or waiver of, or any consent to or departure from, any provision of any of the Program Documents, except for any waiver or consent granted by the Bank;

(c) The existence of any claim, setoff, defense or other rights that SMUD may have at any time against the Bank or any other Person, whether in connection with this Agreement, the Program Documents or any unrelated transaction;

(d) Any breach of contract or other dispute between SMUD and any Noteholder, the Bank or any other Person;

(e) Any demand, statement or any other document presented hereunder proving to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;

(f) Payment by the Bank hereunder against presentation of a draft or certificate which does not comply strictly with the terms of this Agreement; or

(h) The failure by the Bank to honor any Notice of Borrowing hereunder or to make any payment demanded hereunder on the grounds that the demand for such payment does not conform strictly to the terms and conditions of this Agreement.

*Section 7.5. Liability of Bank; Indemnification.* (a)(i) Except as provided in this Agreement, the Bank shall not be obligated to issue any further credits, to cure any defaults under any Program Document or otherwise, or in any other manner to extend any financial consideration or accommodation to SMUD.

(ii) The Bank shall not be deemed to have waived or released any of its rights or remedies (whether specified in or arising under this Agreement, the Fee Agreement or otherwise available to it by law or agreement) unless the Bank shall have signed a written waiver or release. Delay or failure to act on the Bank's part shall not constitute a waiver of or otherwise preclude enforcement of any of their rights and remedies. All of the Bank's rights and remedies shall be cumulative and may be exercised separately or concurrently. The Bank need not resort to any particular right or remedy before exercising or enforcing any other, and the Bank's resort to any right or remedy shall not preclude the exercise or enforcement of any other right or remedy.

(iii) Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

(A) The use that may be made of the Commitment or the Loans or Term Loans;

(B) The form, validity, sufficiency, accuracy or genuineness of documents, or of any endorsements thereon, even if such documents should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, so long as the Bank was not grossly negligent or guilty of willful misconduct as determined by a court of competent jurisdiction;

(C) Payment by the Bank against presentation of documents that do not comply strictly with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement;

(D) The validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign this Agreement or the rights or benefits thereunder or

proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(E) Errors, omissions, interruptions or delays in transmission or delivery of any messages by telex, mail, cable, telegraph, facsimile or otherwise, whether or not they have been in cipher, including any Notices of Borrowing under this Agreement;

(F) Errors in interpretation of technical terms; or

(G) Any consequences arising from causes beyond the control of the Bank, including, without limitation, any Government Acts;

*provided* that, notwithstanding anything in the preceding clauses (A) through (G) to the contrary, SMUD shall have a claim against the Bank, and the Bank shall be liable to SMUD, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by SMUD that SMUD proves were caused by (A) the Bank's failure to pay under this Agreement after the presentation to it by SMUD of a certificate strictly complying with the terms and conditions of this Agreement or (B) the Bank's willful or grossly negligent payment under this Agreement as determined by a court of competent jurisdiction in a final non-appealable judgment.

In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) (i) To the maximum extent permitted by applicable law, SMUD agrees to indemnify, save and hold harmless each Bank-Related Person from and against: (A) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations) be asserted or imposed against any Bank-Related Person arising out of or relating to this Agreement, the Loans and Term Loans, the Letters of Credit, the Fee Agreement or any Program Document, the use or contemplated use of the proceeds of any Loan or Term Loan or Letter of Credit (including any refusal by the Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), or the relationship of SMUD and the Bank under this Agreement or any Program Document; (B) any investigative, administrative or judicial proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (A) above; and (C) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including attorney costs) that any Bank-Related Person suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, and whether or not a Bank-Related Person is a party to such claim, demand, action, cause of action or proceeding; *provided* that no Bank-Related Person shall be entitled to indemnification for any claim caused by its own gross negligence or willful misconduct. The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

(ii) To the maximum extent permitted by applicable law, SMUD shall also indemnify and hold harmless the Bank from any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement and the Program Documents or the making available of the Commitment. The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

*Section 7.6. Expenses.* SMUD will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default and (iv) all reasonable costs and expenses, if any, in connection with the administration and enforcement of this Agreement and the Program Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, SMUD agrees to pay, after the occurrence of an Event of Default, all reasonable costs and expenses (including attorneys' and consultants' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from SMUD hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of SMUD under this Section 7.6 shall survive the termination of this Agreement.

*Section 7.7. No Waiver; Conflict.* No failure by the Bank to exercise, and no delay by the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights, remedies, powers and privileges herein provided and provided under each other Program Document are cumulative, and not exclusive of any rights, remedies, powers and privileges provided by law.

*Section 7.8. Modification, Amendment, Waiver, Etc.* No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

*Section 7.9. Dealing with SMUD.* The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with SMUD regardless of the capacity of the Bank hereunder.

*Section 7.10. Severability.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law.

*Section 7.11. Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

*Section 7.12. Table of Contents; Headings.* The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

*SECTION 7.13. ENTIRE AGREEMENT.* THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO AS TO SUCH SUBJECT MATTER.

*Section 7.14. Governing Law.* PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT AND THE FEE AGREEMENT 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 AGREEMENT 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 7.15. Waiver of Jury Trial.* (a) TO THE FULL EXTENT PERMITTED BY LAW, SMUD AND THE BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE FEE AGREEMENT, ANY OF THE OTHER PROGRAM DOCUMENTS, THE MASTER BOND RESOLUTION, THE SUBORDINATED BOND RESOLUTION OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF SMUD AND THE BANK FURTHER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY. WITHOUT LIMITING THE FOREGOING, TO THE EXTENT PERMITTED BY LAW, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A

TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE FEE AGREEMENT, AND/OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND/OR THE FEE AGREEMENT.

(b) In the event the waiver of jury trial as set forth in subsection (a) of this Section shall be declared void or unenforceable, each of SMUD and the Bank agrees to refer the dispute to a judicial referee in accordance with the provisions of Section 638 *et seq.* of the California Code of Civil Procedure.

*Section 7.16. Right of Setoff; Other Collateral.* (a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to SMUD (any such notice being expressly waived by SMUD), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of SMUD (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations of SMUD, whether or not the Bank shall have made any demand for any amount owing to the Bank by SMUD; *provided, however,* that any such setoff, exercise of banker's lien or any right of attachment shall be limited to (i) balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies or (ii) indebtedness owed by the Bank to or for the account of SMUD, the proceeds of which would otherwise be available to pay or satisfy or otherwise secure the Revolving Notes, the Obligations or any other indebtedness or obligations of SMUD secured or payable on a parity with or subordinate to the Lien on Net Revenues securing the Revolving Notes and the Obligations; and *provided further, however,* that the exercise of any such setoff, banker's lien or right of attachment and the application of any such balances, credits, deposits, accounts, monies or proceeds of indebtedness that would constitute Revenues or other funds pledged pursuant to the Master Bond Resolution, Subordinated Bond Resolution or Note Resolution shall be subject to the terms, conditions and lien and payment priorities set forth in the Master Bond Resolution, the Subordinated Bond Resolution and the Note Resolution.

(b) The rights of the Bank under this Section 7.16 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.16, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have hereunder or under the other Program Documents.

*Section 7.17. USA Patriot Act.* The Bank hereby notifies SMUD that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 signed into law October 26, 2001) (the "*Patriot Act*"), it is required to obtain, verify and record information that identifies SMUD, which information includes the name and address of SMUD and other information that will allow the Bank to identify SMUD in accordance with applicable "know your customer" and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act. SMUD hereby agrees that it shall promptly provide such information upon request by the Bank.

*Section 7.18. Assignment to Federal Reserve Bank.* The Bank and each other Noteholder may assign and pledge all or any portion of the Obligations owing to it to any Federal Reserve Bank or the United States Treasury, including, without limitation, as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that any payment in respect of such assigned Obligations made by SMUD or on its behalf to the Bank in accordance with the terms of this Agreement shall satisfy SMUD's Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

*Section 7.19. No Advisory or Fiduciary Relationship.* In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Program Document), SMUD acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm's-length commercial transactions between SMUD, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) SMUD has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) SMUD is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Program Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise, for SMUD or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to SMUD with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Program Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of SMUD, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to SMUD. To the fullest extent permitted by Law, SMUD hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

*Section 7.20. EMMA Postings.* In the event SMUD files with EMMA, this Agreement, any Program Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms with respect thereto, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the "*Rule*") (each such posting, an "*EMMA Posting*"), SMUD shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. SMUD acknowledges and agrees that although the Bank may request or review edits or redactions of such materials prior to filing, the Bank is not responsible for SMUD's or any other entity's (including, but not limited to, any broker-dealer's) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with

any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

## ARTICLE EIGHT

### LETTER OF CREDIT FACILITY

#### *Section 8.1. L/C Facility.*

(a) *Availability.* Subject to the terms and conditions hereof, the Bank agrees to issue performance Letters of Credit in an aggregate amount not to exceed the L/C Sublimit for the account of SMUD. Letters of Credit may be issued on any Business Day from the First Amendment Effective Date to, but not including the fifteenth (15<sup>th</sup>) Business Day prior to the Facility Maturity Date in such form as may be approved from time to time by the Bank; *provided*, that the Bank shall not issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Sublimit or (ii) the outstanding Extensions of Credit would exceed the Commitment. Letters of Credit issued hereunder shall constitute utilization of the Commitment.

(b) *Terms of Letters of Credit.* Each Letter of Credit shall (i) be denominated in Dollars in a minimum amount of \$1,000,000 (or such lesser amount as agreed to by the Bank), (ii) expire on a date no more than twelve (12) months after the date of issuance or last renewal or extension of such Letter of Credit (subject to automatic renewal or extension for additional one (1) year periods (but not to a date later than the date set forth below) pursuant to the terms of the Letter of Credit Documents or other documentation acceptable to the Bank), which date shall be no later than the fifth (5<sup>th</sup>) Business Day prior to the Facility Maturity Date; *provided* that any Letter of Credit may expire after such date (each such Letter of Credit, an “*Extended Letter of Credit*”) with the consent of the Bank and subject to the requirements of Section 8.11, and (iii) unless otherwise expressly agreed by the Bank and SMUD when a Letter of Credit is issued by it, be subject to the ISP as set forth in the Letter of Credit Documents or as determined by the Bank and, to the extent not inconsistent therewith, the laws of the State of New York. The Bank shall not at any time be obligated to issue any Letter of Credit hereunder if (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Bank from issuing such Letter of Credit, or any Law applicable to the Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Bank shall prohibit, or request that the Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Bank with respect to letters of credit generally or such Letter of Credit in particular any restriction or reserve or capital requirement (for which the Bank is not otherwise compensated) not in effect on the First Amendment Effective Date, or any unreimbursed loss, cost or expense that was not applicable, in effect or known to the Bank as of the First Amendment Effective Date and that the Bank in good faith deems material to it, (B) the conditions set forth in Section 3.2 are not satisfied, (C) the issuance of such Letter of Credit would violate one or more policies of the Bank applicable to letters of credit generally, or (D) the proceeds of which would be made available to any Person (x) to fund any activity or business of or with any Sanctioned Person, or in any Sanctioned Country or (y) in any manner that would result in a violation of any Sanctions by any party to this



Agreement. References herein to “issue” and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires.

*Section 8.2. Procedure for Issuance of Letters of Credit.* SMUD may from time to time request that the Bank issue, amend, renew or extend a Letter of Credit by delivering to the Bank at its applicable office a Letter of Credit Application therefor, completed to the satisfaction of the Bank, and such other certificates, documents and other Letter of Credit Documents and information as the Bank may request, not later than 11:00 a.m. (Pacific time) at least seven (7) Business Days (or such later date and time as the Bank may agree in its sole discretion) prior to the proposed date of issuance, amendment, renewal or extension, as the case may be. Such notice shall specify (a) the requested date of issuance, amendment, renewal or extension (which shall be a Business Day), (b) the date on which such Letter of Credit is to expire (which shall comply with Section 8.1(b)), (c) the amount of such Letter of Credit, (d) the name and address of the beneficiary thereof, (e) the purpose and nature of such Letter of Credit and (f) such other information as shall be necessary to issue, amend, renew or extend such Letter of Credit. Upon receipt of any Letter of Credit Application, the Bank shall, process such Letter of Credit Application and the certificates, documents and other Letter of Credit Documents and information delivered to it in connection therewith in accordance with its customary procedures and shall, subject to Section 8.1 and Article Three, promptly issue, amend, renew or extend the Letter of Credit requested thereby (subject to the timing requirements set forth in this Section 8.2) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Bank and SMUD. Additionally, SMUD shall furnish to the Bank such other documents and information pertaining to such requested Letter of Credit issuance or amendment, renewal or extension, including any Letter of Credit Documents, as the Bank may require. The Bank shall promptly furnish to SMUD a copy of such Letter of Credit and the related Letter of Credit Documents.

*Section 8.3. Commissions and Other Charges.*

(a) *Letter of Credit Commissions.* SMUD shall pay to the Bank a letter of credit commission with respect to each Letter of Credit in the amount equal to the daily amount available to be drawn under such performance Letters of Credit times the L/C Fee Rate (determined, in each case, on a per annum basis). Such commission shall be payable quarterly in arrears on the tenth (10th) calendar day of each July, October, January and April (commencing with the first such date to occur after the issuance of such Letter of Credit), on the Facility Maturity Date and thereafter on demand of the Bank.

(b) *Issuance Fee.* In addition to the foregoing commission, SMUD shall pay directly to the Bank, for its own account, an issuance fee with respect to each Letter of Credit issued by the Bank in an amount equal to \$500 or as otherwise agreed upon between the Bank and SMUD. Such issuance fee shall be payable immediately upon the issuance of such Letter of Credit and thereafter on demand of the Bank.

(c) *Other Fees, Costs, Charges and Expenses.* In addition to the foregoing fees and commissions, SMUD shall pay or reimburse the Bank for such normal and customary fees, costs, charges and expenses (including fronting fees) as are incurred or charged by the Bank in issuing,

effecting payment under, amending or otherwise administering any Letter of Credit issued by it. Such customary fees, costs, charges and expenses are due and payable on demand and are nonrefundable.

*Section 8.4. Reserved.*

*Section 8.5. Reimbursement.* In the event of any drawing under any Letter of Credit, SMUD agrees to reimburse (either with the proceeds of a Loan as provided for in this Section or with funds from other sources), in same day funds, the Bank by paying to the Bank the amount of such drawing not later than 12:00 noon (Pacific time) on (i) the Business Day that SMUD receives notice of such drawing, if such notice is received by SMUD prior to 10:00 a.m. (Pacific time), or (ii) the Business Day immediately following the day that SMUD receives such notice, if such notice is not received prior to such time, for the amount of (x) such draft so paid and (y) any amounts referred to in Section 8.3(c) incurred by the Bank in connection with such payment. Unless SMUD shall immediately notify the Bank that SMUD intends to reimburse the Bank for such drawing from other sources or funds, SMUD shall be deemed to have timely given a Notice of Borrowing to the Bank requesting that the Bank make a Loan at the Taxable Daily SOFR Rate on the applicable repayment date in the amount (without regard to the minimum and multiples specified in Section 2.2) of (i) such draft so paid and (ii) any amounts referred to in Section 8.3(c) incurred by the Bank in connection with such payment, and the Bank shall make a Loan as a Loan at the Taxable Daily SOFR Rate in such amount, the proceeds of which shall be applied to reimburse the Bank for the amount of the related drawing and such fees and expenses. The Bank acknowledges and agrees that its obligation to fund a Loan in accordance with this Section to reimburse the Bank for any draft paid under a Letter of Credit issued by it is absolute and unconditional and shall not be affected by any circumstance whatsoever, including non-satisfaction of the conditions set forth in Section 2.2 or Article Three. If SMUD has elected to pay the amount of such drawing with funds from other sources and shall fail to reimburse the Bank as provided above, or if the amount of such drawing is not fully refunded through a Loan at the Taxable Daily SOFR Rate as provided above, the unreimbursed amount of such drawing shall bear interest at the rate which would be payable on any outstanding Loan at the Taxable Daily SOFR Rate which were then overdue from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until paid in full.

*Section 8.6. Obligations Absolute.*

(a) SMUD's obligations under this Article Eight (including the Reimbursement Obligation) shall be absolute, unconditional and irrevocable under any and all circumstances whatsoever, and shall be performed strictly in accordance with the terms of this Agreement, and irrespective of:

- (i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Document or this Agreement, or any term or provision therein or herein;
- (ii) the existence of any claim, counterclaim, setoff, defense or other right that SMUD may have or have had against the Bank or any beneficiary of a Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Bank

or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent, forged or insufficient in any respect or any statement in such draft or other document being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; or

(v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, SMUD's obligations hereunder.

(b) The Bank shall use commercially reasonable efforts to notify SMUD of any drawings under any Letter of Credit. SMUD also agrees that the Bank shall not be responsible for, and SMUD's Reimbursement Obligation under Section 8.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among SMUD and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of SMUD against any beneficiary of such Letter of Credit or any such transferee. The Bank and the Bank-Related Persons shall not have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit, or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Bank; *provided* that the foregoing shall not be construed to excuse the Bank from liability to SMUD to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by SMUD to the extent permitted by Law) suffered by SMUD that are caused by the Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Bank (as finally determined by a court of competent jurisdiction), the Bank shall be deemed to have exercised care in each such determination.

(c) In furtherance of the foregoing and without limiting the generality thereof, the parties agree that (i) with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of

Credit, (ii) the Bank may act upon any instruction or request relative to a Letter of Credit or requested Letter of Credit that the Bank in good faith believes to have been given by a Person authorized to give such instruction or request and (iii) the Bank may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a certified true copy marked as such or waive a requirement for its presentation. The responsibility of the Bank to SMUD in connection with any draft presented for payment under any Letter of Credit issued by it shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment substantially conforms to the requirements under such Letter of Credit.

(d) Notwithstanding anything in this Section 8.6 to the contrary, the provisions set forth in this Section 8.6 shall not by themselves relieve the Bank of liability for damages to SMUD for gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment.

*Section 8.7. Effect of Letter of Credit Documents.* To the extent that any provision of any Letter of Credit Document related to any Letter of Credit is inconsistent with the provisions of this Article Eight, the provisions of this Article Eight shall apply.

*Section 8.8. Reserved.*

*Section 8.9. Reserved.*

*Section 8.10. Letter of Credit Amounts.* Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Documents therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Documents and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn, reimbursed and no longer available under such Letter of Credit).

*Section 8.11. Cash Collateral for Extended Letters of Credit.*

(a) *Cash Collateralization.* SMUD shall provide Cash Collateral to the Bank with respect to each Extended Letter of Credit issued by the Bank (in an amount equal to 105% of the maximum face amount of each Extended Letter of Credit) by a date that is no later than 5 days prior to the Facility Maturity Date by depositing such amount in immediately available funds, in Dollars, into a cash collateral account maintained at the Bank and shall enter into a cash collateral agreement in form and substance satisfactory to the Bank and such other documentation as the Bank may reasonably request; *provided* that if SMUD fails to provide Cash Collateral with respect to any such Extended Letter of Credit by such time, such event shall be treated as a drawing under such Extended Letter of Credit in an amount equal to 105% of the maximum face amount of each such Letter of Credit, which shall be reimbursed (or participations therein funded) in accordance with this Article Eight, with the proceeds of Loans being utilized to provide Cash Collateral for such Letter of Credit (provided that for purposes of determining the usage of the Commitment any

such Extended Letter of Credit that has been, or will concurrently be, Cash Collateralized with proceeds of a Loan, the portion of such Extended Letter of Credit that has been (or will concurrently be) so Cash Collateralized will not be deemed to be utilization of the Commitment); *provided further* that no Cash Collateral will be required if the Extended Letter of Credit is cancelled or returned before the date that is 5 days prior to the Facility Maturity Date.

(b) *Grant of Security Interest.* SMUD hereby grants to the Bank, and agrees to maintain, a first priority security interest in, all Cash Collateral required to be provided by this Section 8.11 as security for the Bank's obligation to fund draws under such Extended Letters of Credit, to be applied pursuant to subsection (c) below. If at any time the Bank determines that the Cash Collateral is subject to any right or claim of any Person other than the Bank as herein provided or that the total amount of such Cash Collateral is less than the amount required pursuant to subsection (a) above, SMUD will, promptly upon demand by the Bank, pay or provide to the Bank additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) *Application.* Notwithstanding anything to the contrary contained in this Agreement or any other Program Document, Cash Collateral provided under this Section 8.11 in respect of Extended Letters of Credit shall be applied to reimburse the Bank for all drawings made under such Extended Letters of Credit and any and all fees, expenses and charges incurred in connection therewith, prior to any other application of such property as may otherwise be provided for herein.

(d) *Cash Collateralized Letters of Credit.* Subject to clause (e) below, if SMUD has fully Cash Collateralized the Bank with respect to any Extended Letter of Credit issued by the Bank in accordance with subsections (a) through (c) above and SMUD and the Bank have made arrangements between them with respect to the pricing and fees associated therewith (each such Extended Letter of Credit, a "*Cash Collateralized Letter of Credit*"), then for so long as such Cash Collateral remains in place (i) such Cash Collateralized Letter of Credit shall cease to be a "Letter of Credit" hereunder, (ii) such Cash Collateralized Letter of Credit shall not constitute utilization of the Commitment, (iii) the Bank shall have no further obligation to fund Loans to reimburse any drawing under any such Cash Collateralized Letter of Credit, (iv) no Letter of Credit commissions under Section 8.3(a) shall be due or payable to the Bank hereunder with respect to such Cash Collateralized Letter of Credit, and (v) any fronting fee, issuance fee or other fee with respect to such Cash Collateralized Letter of Credit shall be as agreed separately between SMUD and the Bank.

(e) *Reinstatement.* SMUD and the Bank agree that, if any payment or deposit made by SMUD or any other Person applied to the Cash Collateral required under this Section 8.11 is at any time avoided, annulled, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or is repaid in whole or in part pursuant to a good faith settlement of a pending or threatened avoidance claim, or the proceeds of any such Cash Collateral are required to be refunded by the Bank to SMUD or its estate, trustee, receiver or any other Person, under any Law or equitable cause, then, to the extent of such payment or repayment, (i) the applicable Extended Letter of Credit shall automatically be a "Letter of Credit" hereunder in a face amount equal to such payment or repayment (each such Letter of Credit, a "*Reinstated Letter of Credit*"), (ii) such Reinstated Letter of Credit shall no longer be deemed to be Cash Collateralized hereunder and shall constitute a utilization of the Commitment, (iii) the

Bank shall be obligated to fund Loans to reimburse any drawing under such Reinstated Letter of Credit, (iv) Letter of Credit commissions under Section 8.3(a) shall accrue and be due and payable to the Bank with respect to such Reinstated Letter of Credit and (v) SMUD's and the Bank's liability hereunder (and any guarantee, Lien or collateral guaranteeing or securing such liability) shall be and remain in full force and effect, as fully as if such payment or deposit had never been made, and, if prior thereto, this Agreement shall have been canceled, terminated, paid in full or otherwise extinguished (and if any guarantee, Lien or collateral guaranteeing or securing SMUD's or the Bank's) liability hereunder shall have been released or terminated by virtue of such cancellation, termination, payment or extinguishment), the provisions of this Article Eight and all other rights and duties of the Bank with respect to such Reinstated Letter of Credit (and any guarantee, Lien or collateral guaranteeing or securing such liability) shall be reinstated in full force and effect, and such prior cancellation, termination, payment or extinguishment shall not diminish, release, discharge, impair or otherwise affect the obligations of such Persons in respect of such Reinstated Letter of Credit (and any guarantee, Lien or collateral guaranteeing or securing such obligation).

(f) *Survival.* With respect to any Extended Letter of Credit, each party's obligations under this Article Eight and all other rights and duties of the Bank of such Extended Letter of Credit shall survive any assignment of rights by the Bank, the termination of the Commitment and the repayment, satisfaction or discharge of the Obligations.

[Execution Page Follows]

IN WITNESS WHEREOF, SMUD and the Bank have duly executed this Agreement as of the date first above written.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: Russell Mills  
Title: Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



## EXHIBIT A

### FORM TAXABLE REVOLVING NOTE

#### SACRAMENTO MUNICIPAL UTILITY DISTRICT TAXABLE REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT)

February 23, 2022

\$50,000,000

The Sacramento Municipal Utility District (“*SMUD*”), for value received, hereby promises to pay to the order of Wells Fargo Bank, National Association (the “*Bank*”), pursuant to that certain Revolving Credit Agreement dated as of February 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Revolving Credit Agreement*”), between SMUD and the Bank and that certain Fee Agreement dated February 23, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Fee Agreement*”), between SMUD and the Bank, at the office of the Bank at 333 South Grand Ave, 6th Floor, Los Angeles CA 90071 (or such other address as designated by the Bank to SMUD in writing), the aggregate unpaid principal amount of all Obligations (as defined in the Revolving Credit Agreement), except for the principal of and interest on Tax-Exempt Loans and related Term Loans, pursuant to the Revolving Credit Agreement and the Fee Agreement on the dates and in the amounts provided for in the Revolving Credit Agreement and the Fee Agreement.

SMUD promises to pay interest on the unpaid principal amount of all Taxable Loans, related Term Loans and all other Obligations (except for the principal of and interest on Tax-Exempt Loans and related Term Loans) owed to the Bank under the Revolving Credit Agreement and the Fee Agreement on the dates and at the rate or rates provided for in the Revolving Credit Agreement and the Fee Agreement. 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 Revolving Credit Agreement.

This Taxable Revolving Note is the Taxable Note referred to in the Revolving Credit Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Revolving Credit Agreement, this Taxable Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Revolving Credit Agreement.

The Bank agrees, by acceptance of this Taxable Revolving Note, that it will make a notation on the schedule attached hereto of all Taxable Loans 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 Revolving Credit 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 Taxable Revolving Note.

This Taxable Revolving Note is authorized by SMUD to be issued to provide funds for the purposes set forth in the Note Resolution and for other authorized purposes, including to pay the principal amount of Taxable Loans, related Term Loans and all other Obligations theretofore issued. This Taxable Revolving Note is issued under and pursuant to and in full compliance with the Note Resolution and the Revolving Credit Agreement providing for the issuance and sale and fixing the form and details of this Taxable Revolving Note.

This Taxable Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.20 of the Revolving Credit Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Taxable Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Taxable Revolving Note to be executed by an authorized officer of SMUD and this Taxable Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: Jennifer Restivo  
Title: Treasurer

**SCHEDULE FOR TAXABLE REVOLVING NOTE**  
**DATED FEBRUARY 23, 2022**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO WELLS FARGO BANK, NATIONAL ASSOCIATION**

DATE	AMOUNT OF TAXABLE LOAN MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY

## EXHIBIT B

### FORM TAX-EXEMPT REVOLVING NOTE

#### SACRAMENTO MUNICIPAL UTILITY DISTRICT TAX-EXEMPT REVOLVING NOTE (WELLS FARGO REVOLVING CREDIT AGREEMENT)

February 23, 2022

\$50,000,000

The Sacramento Municipal Utility District (“*SMUD*”), for value received, hereby promises to pay to the order of Wells Fargo Bank, National Association (the “*Bank*”), pursuant to that certain Revolving Credit Agreement dated as of February 1, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Revolving Credit Agreement*”), between SMUD and the Bank and that certain Fee Agreement dated February 23, 2022 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Fee Agreement*”), between SMUD and the Bank, at the office of the Bank at 333 South Grand Ave, 6th Floor, Los Angeles CA 90071 (or such other address as designated by the Bank to SMUD in writing), the aggregate unpaid principal amount of all Tax-Exempt Loans and related Term Loans (as such terms are defined in the Revolving Credit Agreement) pursuant to the Revolving Credit Agreement and the Fee Agreement on the dates and in the amounts provided for in the Revolving Credit Agreement and the Fee Agreement.

SMUD promises to pay interest on the unpaid principal amount of all Tax-Exempt Loans and related Term Loans owed to the Bank under the Revolving Credit Agreement and the Fee Agreement on the dates and at the rate or rates provided for in the Revolving Credit Agreement and the Fee Agreement. 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 Revolving Credit Agreement.

This Tax-Exempt Revolving Note is the Tax-Exempt Note referred to in the Revolving Credit Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Revolving Credit Agreement, this Tax-Exempt Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Revolving Credit Agreement.

The Bank agrees, by acceptance of this Tax-Exempt Revolving Note, that it will make a notation on the schedule attached hereto of all Tax-Exempt Loans 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 Revolving Credit 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 Tax-Exempt Revolving Note.

This Tax-Exempt Revolving Note is authorized by SMUD to be issued to provide funds for the purposes set forth in the Note Resolution and for other authorized purposes, including to

pay the principal amount of Tax-Exempt Loans and related Term Loans theretofore issued. This Tax-Exempt Revolving Note is issued under and pursuant to and in full compliance with the Note Resolution and the Revolving Credit Agreement providing for the issuance and sale and fixing the form and details of this Tax-Exempt Revolving Note.

This Tax-Exempt Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.20 of the Revolving Credit Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Tax-Exempt Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Tax-Exempt Revolving Note to be executed by an authorized officer of SMUD and this Tax-Exempt Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: Jennifer Restivo  
Title: Treasurer

**SCHEDULE FOR TAX-EXEMPT REVOLVING NOTE**  
**DATED FEBRUARY 23, 2022**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO WELLS FARGO BANK, NATIONAL ASSOCIATION**

DATE	AMOUNT OF TAX-EXEMPT LOAN MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY



**EXHIBIT C**

**FORM OF NOTICE OF BORROWING**

[Date]

To:

Wells Fargo Bank, National Association (the “Bank”)  
333 South Grand Ave, 6th Floor  
Los Angeles CA 90071  
MAC E2064-062  
Attention: Tasha Wong Hasan  
Telephone: (213) 271-2455  
Email: jason.pollack@wellsfargo.com  
tasha.wong@wellsfargo.com  
Brian.L.Goins@wellsfargo.com  
erik.bresnahan@wellsfargo.com  
wfpublicpowerteam@wellsfargo.com

with a copy to:

Wells Fargo Municipal Capital Strategies, LLC  
375 Park Avenue  
New York, New York 10152  
Telephone: (212) 214-5512  
Attention: Brian Goins  
E-mail: Brian.L.Goins@wellsfargo.com

FROM: Sacramento Municipal Utility District

Re: Revolving Credit Agreement  
(the “Credit Agreement”) dated as of February 1, 2022, between  
Sacramento Municipal Utility District and the Bank

We hereby give notice, pursuant to Section 2.2(a) of the Credit Agreement, of the following proposed Borrowing:

Date of Borrowing ..... [Date]  
Loan Principal Amount..... [\$xx,xxx,xxx]  
Amount of Loans Outstanding..... [\$xxx,xxx,xxx]

The Proceeds of such Loan are to be wire transferred to the following account:

Pay: Account Name: SMUD General Account  
Bank Name: Bank of America  
ABA Number: 026 009 593  
Account Number: 01488-80182

The Loan constituting such Borrowing is  
to be a (check applicable box):

Taxable Loan ☐  
Tax-Exempt Loan ☐

**[Attached hereto is an executed copy of the [Tax Certificate/Supplemental Tax Certificate] relating to such Tax-Exempt Loan which includes the related form 8038-G.]**

The rates of interest on the Loan will not exceed the Maximum Interest Rate.

The undersigned hereby acknowledges on and as of the date hereof that submission of this notice shall be deemed to be a representation and warranty by SMUD on the date of such Borrowing as to the facts specified in clauses (b), (c) and (d) of Section 3.2 of the Credit Agreement and that no Default or Event of Default has occurred and is continuing.

Terms used herein have the meanings assigned to them in the Credit Agreement.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**[FORM OF NOTICE OF CONVERSION]**

**NOTICE OF CONVERSION**

Wells Fargo Bank, National Association (the “Bank”)

333 South Grand Ave, 6th Floor

Los Angeles CA 90071

MAC E2064-062

Attention: Tasha Wong Hasan

Telephone: (213) 271-2455

Email: jason.pollack@wellsfargo.com

tasha.wong@wellsfargo.com

Brian.L.Goins@wellsfargo.com

erik.bresnahan@wellsfargo.com

wfpublicpowerteam@wellsfargo.com

with a copy to:

Wells Fargo Municipal Capital Strategies, LLC

375 Park Avenue

New York, New York 10152

Telephone: (212) 214-5512

Attention: Brian Goins

E-mail: Brian.L.Goins@wellsfargo.com

Re: Sacramento Municipal Utility District

Ladies and Gentlemen:

The undersigned, an Authorized SMUD Representative, refers to the Revolving Credit Agreement, dated as of February 1, 2022 (together with any amendments or supplements thereto, the “*Agreement*”), between Sacramento Municipal Utility District and the Bank (the terms defined therein being used herein as therein defined) and hereby gives Bank notice irrevocably, pursuant to Section 2.2(a)(ii) of the Agreement, of the conversion of the Loan(s) specified herein, that:

1. The Business Day of the proposed conversion is \_\_\_\_\_, 20\_\_ (the “*Conversion Date*”), which is at least two (2) U.S. Government Securities Business Days following the date hereof.
2. The aggregate amount of the Loan(s) to be converted is \$\_\_\_\_\_.
3. The Loan(s) is/are Tax-Exempt Loan(s) to be converted into a Taxable Loan(s).

4. The principal amount of the Loans to be outstanding following the conversion will not exceed the Commitment as of the Conversion Date set forth in 1 above.

The undersigned hereby acknowledges on and as of the date hereof that submission of this notice shall be deemed to be a representation and warranty by SMUD on the Conversion Date as to the facts specified in clauses (b), (c) and (d) of Section 3.2 of the Credit Agreement and that no Default or Event of Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Conversion as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**  
**FORM OF**  
**REQUEST FOR EXTENDED FUNDED PERIOD**

[DATE]

To:

Wells Fargo Bank, National Association (the “*Bank*”)  
333 South Grand Ave, 6th Floor  
Los Angeles CA 90071  
MAC E2064-062  
Attention: Tasha Wong Hasan  
Telephone: (213) 271-2455  
Email: jason.pollack@wellsfargo.com  
tasha.wong@wellsfargo.com  
Brian.L.Goins@wellsfargo.com  
erik.bresnahan@wellsfargo.com  
wfpowerpublicteam@wellsfargo.com

with a copy to:

Wells Fargo Municipal Capital Strategies, LLC  
375 Park Avenue  
New York, New York 10152  
Telephone: (212) 214-5512  
Attention: Brian Goins  
E-mail: Brian.L.Goins@wellsfargo.com

Ladies and Gentlemen:

The undersigned, Sacramento Municipal Utility District (“*SMUD*”), hereby refers to the Revolving Credit Agreement dated as of February 1, 2022, as amended, modified, supplemented or restated from time to time (the “*Credit Agreement*”), between SMUD and Wells Fargo Bank, National Association (the “*Bank*”). All capitalized terms contained herein which are not specifically defined shall have the meanings assigned to such terms in the Credit Agreement.

SMUD hereby requests, pursuant to Section 2.22 of the Credit Agreement, that the Term Loans be payable as provided in Section 2.22 of the Credit Agreement with interest as provided in Section 2.22 of the Credit Agreement.

In connection with such request, SMUD hereby represents and warrants that:

(a) no Credit Default or Credit Event of Default shall have occurred and be continuing on the date hereof and no Credit Default or Credit Event of Default will have occurred and be continuing on the Facility Maturity Date,

(b) (1) there has been no material adverse change in SMUD's business, assets, liabilities, financial condition, results of operations or business prospects which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations under this Agreement and the Program Documents or the rights, security or interests of the Bank hereunder and under the Program Documents and (2) no event described in clause (b) of the definition of Material Adverse Change shall have occurred and be continuing on the date hereof and no event described in clause (b) of the definition of Material Adverse Change will have occurred on the Facility Maturity Date.

We have enclosed along with this request the following information:

1. The nature of any and all Defaults and Events of Default; and
2. Any other pertinent information previously requested by the Bank.

Very truly yours,

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Draft Amended and Restated Fee Agreement  
(Wells Fargo Bank, National Association)**

**FEE AGREEMENT**  
**DATED [\_\_\_\_], 2026**

Reference is hereby made to (i) that certain Revolving Credit Agreement dated as of February 1, 2022 (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 WELLS FARGO BANK, NATIONAL ASSOCIATION (the “*Bank*”), relating to the Sacramento Municipal Utility District, Taxable Revolving Note (Wells Fargo Revolving Credit Agreement) and Tax-Exempt Revolving Note (Wells Fargo Revolving Credit Agreement), and (ii) the Fee Agreement dated as of February 23, 2022 (the “*Original Fee Agreement*”), between SMUD and the Bank. Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

SMUD has requested that the Bank make certain modifications to the Original Fee Agreement, and, for the sake of clarity and convenience, the Bank and SMUD wish to amend and restate the Original Fee Agreement in its entirety, and this Amended and Restated Fee Agreement (this “*Fee Agreement*”) shall amend and restate the Original Fee Agreement in its entirety. The purpose of this Fee Agreement is to confirm the agreement between the Bank and SMUD with respect to, among other things, the Commitment Fees (as defined below), the Taxable Applicable Spread and Tax-Exempt Applicable Spread and the L/C Fee Rate and certain other fees payable to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. SMUD acknowledges and agrees that all fees previously paid to the Bank under the Original Fee Agreement were fully earned and nonrefundable. This Fee Agreement 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 all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. FEES AND OTHER AGREEMENTS.

*Section 1.1. Commitment Fees.* SMUD hereby agrees to pay to the Bank quarterly in arrears on the tenth (10th) calendar day of each July, October, January and April (each, a “*Quarterly Payment Date*”) occurring prior to the Termination Date, and on the Termination Date, a non-refundable commitment fee (the “*Commitment Fee*”) in an amount equal to the rate per annum based upon the applicable Level corresponding to the then applicable Rating (as defined below) for each day during the related fee period, as specified below (the “*Commitment Fee Rate*”), on the Unutilized Commitment from time to time in effect for each day during each related period:

(i) For the period commencing on February 23, 2022, through but not including [\_\_\_\_], 2026, the Commitment Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:



LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.175%
Level 2	A1	A+	A+	0.225%
Level 3	A2	A	A	0.275%
Level 4	A3	A-	A-	0.325%
Level 5	Baa1	BBB+	BBB+	0.475%
Level 6	Baa2	BBB	BBB	0.725%
Level 7	Baa3	BBB-	BBB-	1.075%

(ii) For the period commencing on [\_\_\_\_], 2026, and at all times thereafter, the Commitment Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	COMMITMENT FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.280%
Level 2	A1	A+	A+	0.330%
Level 3	A2	A	A	0.380%
Level 4	A3	A-	A-	0.430%
Level 5	Baa1	BBB+	BBB+	0.580%
Level 6	Baa2	BBB	BBB	0.830%
Level 7	Baa3	BBB-	BBB-	1.180%

The following paragraph shall be applicable to both clause (i) (including the pricing matrix) and clause (ii) (including the pricing matrix) above. The term “*Unutilized Commitment*” as used herein means the Commitment, as of the Closing Date for the period commencing on February 23, 2022, through but not including [\_\_\_\_], 2026, and as of the First Amendment Effective Date for the period commencing on [\_\_\_\_], 2026 and at all times thereafter, as permanently reduced from time to time in accordance with the Agreement less the outstanding principal amount of any Loans under the Agreement. 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 Commitment Fee Rate shall be based upon the Level in which the lower of the two highest Ratings appears; *provided, however*, if less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds, the Commitment Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Commitment Fee Rate resulting from an Event of Default or change, withdrawal or suspension of a Rating shall be

and become effective as of and on the date of the Event of Default or the date of the announcement of the change, withdrawal or suspension of 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 Commitment Fee Rate shall increase to the sum of the Commitment Fee Rate specified above for Level 7 of the pricing matrix set forth in clause (ii) above *plus* 1.00% per annum. The Commitment Fees shall be payable as set forth above, together with interest on the Commitment Fees from the date payment is due until payment in full at the Default Rate. The Commitment Fee shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse. SMUD acknowledges that as of the First Amendment Effective Date the Commitment Fee Rate is that specified in the pricing matrix set forth in clause (ii) above for Level 1.

*Section 1.2. Amendment, Consent or Waiver Fee.* SMUD agrees to pay to the Bank on the date of each amendment, supplement, or modification to the Agreement or this Fee Agreement (or any Program Document, the amendment, supplement or modification of which requires the consent of, or waiver from, the Bank), a non-refundable fee equal to \$2,500, or such other fee as may be agreed to between the Bank and SMUD after the Bank has provided SMUD with an estimate of such fee and SMUD has approved such fee estimate in writing plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith in an amount agreed to by the Bank and SMUD after the Bank has provided SMUD with an estimate of such fees and expenses of legal counsel and SMUD has approved such fee and expense estimate in writing.

*Section 1.3. Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate.* For purposes of the Agreement, the “Taxable Applicable Spread,” the “Tax-Exempt Applicable Spread” and the “L/C Fee Rate” means a rate per annum based upon the applicable Level corresponding to the then applicable Rating in the applicable column, as specified below:

(i) For the period commencing on February 23, 2022, through but not including [\_\_\_\_], 2026, the Taxable Applicable Spread and the Tax-Exempt Applicable Spread for such period shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	TAXABLE APPLICABLE SPREAD	TAX- EXEMPT APPLICABLE SPREAD
Level 1	Aa3 or above	AA- or above	AA- or above	0.53%	0.44%
Level 2	A1	A+	A+	0.68%	0.59%
Level 3	A2	A	A	0.83%	0.74%
Level 4	A3	A-	A-	0.98%	0.89%
Level 5	Baa1	BBB+	BBB+	1.23%	1.14%
Level 6	Baa2	BBB	BBB	1.58%	1.49%
Level 7	Baa3	BBB-	BBB-	2.08%	1.99%

(ii) For the period commencing on [\_\_\_\_], 2026, and at all times thereafter, the Taxable Applicable Spread, the Tax-Exempt Applicable Spread and the L/C Fee Rate for such period shall be determined in accordance with the pricing matrix set forth below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	TAXABLE APPLICABLE SPREAD	TAX-EXEMPT APPLICABLE SPREAD	L/C FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.85%	0.75%	1.00%
Level 2	A1	A+	A+	1.00%	0.90%	1.15%
Level 3	A2	A	A	1.15%	1.05%	1.30%
Level 4	A3	A-	A-	1.30%	1.20%	1.45%
Level 5	Baa1	BBB+	BBB+	1.55%	1.45%	1.70%
Level 6	Baa2	BBB	BBB	1.90%	1.80%	2.05%
Level 7	Baa3	BBB-	BBB-	2.40%	2.30%	2.55%

The following paragraph shall be applicable to both clause (i) (including the pricing matrix) and clause (ii) (including the pricing matrix) above. 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 Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate shall be based upon the Level in which the lower of the two highest Ratings appears; *provided, however*, if less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds,

the Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C 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 Loans shall bear interest at the Default Rate. SMUD acknowledges that as of the First Amendment Effective Date the Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate are the spreads and rate, as applicable, that are specified in the pricing matrix set forth in clause (ii) above for Level 1 in this Section 1.3.

*Section 1.4. Termination and Reduction Fees.* (a) Notwithstanding anything set forth herein or in the Agreement to the contrary, SMUD agrees not to terminate, or cause the termination or replacement of, the Agreement and/or the Commitment prior to the one (1) year anniversary of the First Amendment Effective Date, except upon the payment by SMUD to the Bank of a termination fee (the “*Termination Fee*”) on the date of such termination or replacement in an amount equal to the product of (1) the Commitment Fee Rate in effect on the date of such termination or replacement, (2) the Commitment (without regard to any outstanding Loans) on the date of termination or replacement of the Agreement and/or the Commitment and (3) a fraction, the numerator of which is equal to the number of days from and including the date of such termination or replacement until and including the one (1) year anniversary of the First Amendment Effective Date, and the denominator of which is 360; *provided, however*, that no such Termination Fee shall be payable if the Agreement and/or the Commitment is terminated or replaced as a result of (i) the Bank imposing on SMUD increased costs pursuant to Section 2.17 of the Agreement (*provided* that this clause (i) shall not be construed to relieve SMUD of any of its obligations under Section 2.17 of the Agreement), (ii) the occurrence of any event set forth in Section 2.4(e) of the Agreement or (iii) the determination of any Benchmark Replacement by the Bank or the making of any Conforming Changes by the Bank pursuant to Section 2.12 of the Agreement

(b) Notwithstanding anything set forth herein or in the Agreement to the contrary, SMUD agrees not to permanently reduce the Commitment prior to the one (1) year anniversary of the First Amendment Effective Date, without the payment by SMUD to the Bank of a reduction fee (the “*Reduction Fee*”) in connection with each and every permanent reduction of the Commitment on the date of such permanent reduction in an amount equal to the product of (A) the Commitment Fee Rate in effect on the date of such permanent reduction, (B) the difference between the Commitment (without regard to any outstanding Loans) prior to such permanent reduction and the Commitment (without regard to any outstanding Loans) after such permanent reduction, and (C)

a fraction, the numerator of which is equal to the number of days from and including the date of such permanent reduction until and including the one (1) year anniversary of the First Amendment Effective Date and the denominator of which is 360; *provided, however*, that no such Reduction Fee shall be payable if the Commitment is permanently reduced as a result of (i) the Bank imposing on SMUD increased costs pursuant to Section 2.17 of the Agreement (*provided* that this clause (i) shall not be construed to relieve SMUD of any of its obligations under Section 2.17 of the Agreement), (ii) the occurrence of any event set forth in Section 2.4(e) of the Agreement or (iii) the determination of any Benchmark Replacement by the Bank or the making of any Conforming Changes by the Bank pursuant to Section 2.12 of the Agreement.

## ARTICLE II. MISCELLANEOUS.

*Section 2.1. Amendments.* No amendment to this Fee Agreement 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 AGREEMENT 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 AGREEMENT 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 Agreement 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 Agreement 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 Agreement, 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 Agreement 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 2.5. Representation by Legal Counsel; Joint Preparation.* The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

*Section 2.6. No Disclosure.* Unless required by law, SMUD shall not deliver or permit, authorize or consent to the delivery of this Fee Agreement to any Person (other than SMUD's attorneys, accountants or auditors) or for posting on the Electronic Municipal Market Access website as provided by the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent. The Bank acknowledges and agrees, however, that this Fee Agreement was made available to the public for the meetings of the SMUD Board of Directors at which the SMUD Board of Directors considered the approval of the execution and delivery of this Fee Agreement.

*Section 2.7. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

*Section 2.8. Amended and Restated Fee Agreement.* This Fee Agreement amends and restates in its entirety the Original Fee Agreement but is not intended to be or operate as a novation or an accord and satisfaction of the Original Fee Agreement or the indebtedness, obligations and liabilities of SMUD evidenced or provided for thereunder. The parties hereto agree that this Fee Agreement does not extinguish or discharge the obligations of SMUD under the Original Fee Agreement. Reference to this specific Fee Agreement need not be made in any agreement, document, instrument, letter, certificate, the Agreement, the Original Fee Agreement itself, or any communication issued or made pursuant to or with respect to the Original Fee Agreement, any reference to the Original Fee Agreement being sufficient to refer to the Original Fee Agreement as amended and restated hereby, and more specifically, any and all references to the "Fee Agreement" in the Agreement shall mean this Fee Agreement.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement 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: Jennifer Restivo

Title: Treasurer

WELLS FARGO BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



**Draft Resolution  
(PNC Bank, National Association)**

SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. \_\_\_\_\_

**RESOLUTION AUTHORIZING THE ISSUANCE OF THE SACRAMENTO  
MUNICIPAL UTILITY DISTRICT TAXABLE REVOLVING NOTE  
(PNC REVOLVING CREDIT AGREEMENT) AND TAX-EXEMPT REVOLVING NOTE  
(PNC REVOLVING CREDIT AGREEMENT) IN AN AGGREGATE PRINCIPAL  
AMOUNT NOT TO EXCEED \$100,000,000 OUTSTANDING AT ANY ONE TIME AND  
AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION  
THEREWITH**

WHEREAS, the Sacramento Municipal Utility District (“SMUD”) has determined that it is in its best interests to enter into a Revolving Credit Agreement with PNC Bank, National Association (as further defined herein, the “Credit Agreement”) and authorize the issuance of its Taxable Revolving Note (PNC Revolving Credit Agreement) and Tax-Exempt Revolving Note (PNC Revolving Credit Agreement) in an aggregate principal amount not to exceed \$100,000,000 outstanding at any one time (collectively, the “Notes”) 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 Notes, when issued in accordance with this Resolution, will be Parity Notes under and as defined in Resolution No. 11-12-05, adopted by the Board of Directors of SMUD on December 1, 2011, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified and amended in accordance with its terms (the “2011 Resolution”), Resolution No. 19-02-02, adopted by the Board of Directors of SMUD on February 21, 2019, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified and amended in accordance with its terms (the “2019 Resolution”) and Resolution No. 22-02-07, adopted by the Board of Directors of SMUD on February 17, 2022, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified and amended in accordance with its terms (the “2022 Resolution”) and the Credit Agreement, when executed and delivered, will be a Parity Notes Reimbursement Agreement under and as defined in the 2011 Resolution, the 2019 Resolution and the 2022 Resolution;

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

ARTICLE I

DEFINITIONS; INTERPRETATION

Section 1.01. Definitions. Unless the context otherwise requires, the following terms shall, for all purposes of this Resolution and of any resolution supplemental hereto, have the meanings herein specified:

“Act” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.

“Authorized Officer” means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD, the Secretary of SMUD, or the designee of any such officer, and any other officer of SMUD designated by the Board as an Authorized Officer.

“Available Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund created in the Master Bond Resolution for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs with respect to the Electric System for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for the Electric System for such fiscal period, (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund and (f) all amounts required to be paid under the Master Bond Resolution and the Subordinated Bond Resolution for principal, interest and reserve fund requirements on the Bonds, the Parity Bonds, the Subordinated Bonds and the Parity Subordinated Debt then outstanding, as the same become due and payable.

“Bank” means PNC Bank, National Association, and its permitted successors and assigns under the Credit Agreement.

“Board” means the Board of Directors of SMUD or any other governing board of SMUD hereafter provided for pursuant to law.

“Bonds” means the Sacramento Municipal Utility District Electric Revenue Bonds authorized to be issued and at any time outstanding pursuant to the Master Bond Resolution and any bonds issued on a parity therewith solely for the purpose of refunding any or all of the Bonds.

“Borrowing” has the meaning given to such term in the Credit Agreement.

“Code” means the Internal Revenue Code of 1986, as amended.

“Credit Agreement” means the Revolving Credit Agreement between SMUD and the Bank relating to the Notes, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof.

“Electric System” means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements to that system or any part thereof.

“Energy/Fuel Contract Letter of Credit Facility Agreement” means any arrangement entered into between SMUD and a financial institution, in each case as amended or supplemented from time to time in accordance with the terms thereof, under which the financial institution provides letters of credit from time to time for the account of SMUD to secure SMUD’s energy and environmental trading obligations, including the potential posting of

collateral under SMUD's energy, natural gas, carbon, and other environmental product, purchase, sale and swap agreements.

"Energy Payments" means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity and under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

"Fee Letter" means the fee letter or fee agreement (or any term of similar meaning) defined in the Credit Agreement or the applicable Parity Notes Reimbursement Agreement or Energy/Fuel Contract Letter of Credit Facility Agreement.

"Loan" has the meaning given to such term in the Credit Agreement.

"Maintenance and Operation Costs" means, when used with respect to the Electric System, all actual maintenance and operation costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable, but only if said charges are made in conformity with generally accepted accounting principles, and exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of SMUD.

Such Maintenance and Operation Costs of the Electric System include, generally, purchased power (including power purchased from any special district included within the boundaries of SMUD), and such part of the cost of fuel of any type or character (including nuclear fuel), taxes, salaries and wages, fees for services, materials and supplies, rents, office supplies and all other costs as are charged directly or apportioned to the operation and maintenance of the generation, transmission and distribution system, customer accounts, sales and administrative functions, or to the general operation of SMUD.

Said term does not include costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Electric System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of SMUD nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of SMUD.

In the event of any dispute arising hereunder, the phrase "generally accepted accounting principles," and all other accounting methods and terminology contained or referred to in this Resolution, shall be construed, as nearly as practicable, in conformity with the uniform system of accounts, and accounting rules and regulations thereunder, prescribed by the Federal Energy Regulatory Commission for private power companies which are subject to its jurisdiction and which are engaged in business comparable to the Electric System.

“Master Bond Resolution” means Resolution No. 6649 of SMUD, adopted on January 7, 1971, as amended and supplemented from time to time heretofore and hereafter.

“Maximum Interest Rate” means the lesser of (i) 12% per annum or (ii) the maximum rate of interest permitted by applicable law or resolution of SMUD.

“Notes” means, collectively, the Taxable Note and the Tax-Exempt Note.

“Parity Bonds” means all revenue bonds of SMUD having an equal lien and charge upon the Net Revenues (as that term is defined in the Master Bond Resolution) with the Bonds, and therefore payable upon a parity with the Bonds (whether or not any Bonds are outstanding), including all refunding bonds issued under the Master Bond Resolution and all revenue bonds issued on a parity with the Bonds as provided in the Master Bond Resolution.

“Parity Notes” means the Series L Notes (as defined in the 2011 Resolution), the Series M Notes (as defined in the 2019 Resolution), the Notes (as defined in the 2022 Resolution), and any other notes or evidences of indebtedness incurred by SMUD on a parity with the Notes as provided herein.

“Parity Notes Reimbursement Agreement” means the Series L Reimbursement Agreement (as defined in the 2011 Resolution), the Reimbursement Agreement (as defined in the 2019 Resolution), the Credit Agreement (as defined in the 2022 Resolution), and any other credit enhancement agreement or similar agreement or any credit agreement or other arrangement which may be entered into by SMUD with respect to a series of Parity Notes issued by SMUD and designated by SMUD as such in connection with the issuance of such series of Parity Notes.

“Parity Subordinated Debt” means all revenue bonds of SMUD having an equal lien and charge upon the Net Subordinated Revenues (as that term is defined in the Subordinated Bond Resolution) and therefore payable on a parity with the Subordinated Bonds and junior to the Bonds and Parity Bonds.

“Resolution” means this Resolution as originally adopted by the Board and as it may from time to time be supplemented, modified or amended by any Supplemental Resolution adopted pursuant to the provisions hereof.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775 of SMUD), or the Upper American River Project (as defined in Resolution No. 4938 of SMUD),

but does not include revenues or income derived from the retail distribution of water through any distribution facility hereafter acquired by SMUD.

The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Master Bond Resolution or the Subordinated Bond Resolution.

“SMUD” means the Sacramento Municipal Utility District, a municipal utility district duly organized and existing under the Act.

“Subordinated Bond Resolution” means Resolution No. 85-11-1 adopted by the Board of Directors of SMUD on November 7, 1985, as amended and supplemented from time to time heretofore and hereafter.

“Subordinated Bonds” means the electric revenue bonds authorized to be issued and at any time outstanding pursuant to the Subordinated Bond Resolution and any bonds issued on a parity therewith solely for the purpose of refunding any or all of the Subordinated Bonds.

“Supplemental Resolution” means any resolution then in full force and effect which has been duly adopted by the Board at a meeting of the Board duly convened and held, at which a quorum was present and acted thereon, amendatory of or supplemental to this Resolution, but only if and to the extent that such supplemental resolution is specifically authorized hereunder.

“Taxable Note” means the Sacramento Municipal Utility District Taxable Revolving Note (PNC Revolving Credit Agreement).

“Tax-Exempt Note” means the Sacramento Municipal Utility District Tax-Exempt Revolving Note (PNC Revolving Credit Agreement).

“Term Loan” has the meaning given to such term in the Credit Agreement.

“2011 Resolution” means Resolution No. 11-12-05, adopted by the Board on December 1, 2011, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified or amended in accordance with its terms.

“2019 Resolution” means Resolution No. 19-02-02, adopted by the Board on February 21, 2019, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified or amended in accordance with its terms.

“2022 Resolution” means Resolution No. 22-02-07, adopted by the Board on February 17, 2022, as supplemented, modified and amended to the date hereof and as hereafter supplemented, modified or amended in accordance with its terms.

Section 1.02. Interpretation. All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of this Resolution, and the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Resolution as a whole and not to any particular Article, Section or subdivision hereof.

## ARTICLE II

### THE NOTES

Section 2.01. Authorization. Each Note is hereby authorized to be issued in the stated principal amount of not to exceed \$100,000,000 outstanding at any one time. On or after the effective date of the Credit Agreement, SMUD may request Loans and Term Loans under either Note as provided in, and subject to the terms of, the Credit Agreement and this Resolution; provided, that the aggregate principal amount of Loans and Term Loans outstanding under the Notes at any one time shall not exceed \$100,000,000. Subject to the terms of the Credit Agreement and this Resolution, the principal amount of the Loans under the Notes that is paid or prepaid by SMUD may again be reborrowed under either Note.

Section 2.02. Terms of Notes. Subject to the limitations stated in Section 2.01 and the terms of the Credit Agreement, the Notes may be issued at such time and Loans and Term Loans thereunder may be requested from time to time in such amounts as shall be determined by an Authorized Officer.

The principal of the Notes shall be payable as provided in the Credit Agreement. The Notes shall bear interest at the rates and in the manner applicable to the related Loans and Term Loans provided in the Credit Agreement, except that no interest rate on the Notes (or related Loans and Term Loans) shall exceed the Maximum Interest Rate, subject to the terms of the Credit Agreement. Interest on the Notes shall be payable as provided in the Credit Agreement.

Section 2.03. Form of Notes. The Taxable Note shall be issued in substantially the form set forth in Exhibit A to the Credit Agreement (with such variations, omissions and insertions as may be required to conform the same to the terms of this Resolution or terms of the Credit Agreement). The Tax-Exempt Note shall be issued in substantially the form set forth in Exhibit B to the Credit Agreement (with such variations, omissions and insertions as may be required to conform the same to the terms of this Resolution or terms of the Credit Agreement).

Section 2.04. Execution of Notes. The Notes shall be executed in the name and on behalf of SMUD, with the manual signature of an Authorized Officer.

Section 2.05. Registration of Notes. The Notes shall be issued in registered form, initially registered in the name of the Bank. SMUD shall maintain in its books and records the name of each registered owner of the Notes from time to time. Registered ownership of the Notes may only be transferred in accordance with the terms of the Credit Agreement.

## ARTICLE III

### LOANS AND TERM LOANS UNDER THE NOTES

Section 3.01. Loans and Term Loans. Loans and Term Loans under the Notes will be made on the terms and conditions set forth in the Credit Agreement. Each request of SMUD for a Loan or Term Loan under the Notes pursuant to the Credit Agreement shall be deemed to be a representation by SMUD that (a) all action on the part of SMUD (including, if applicable, the adoption of a preliminary resolution pursuant to California Public Utilities Code section 12852)

necessary for the valid incurrence of the indebtedness represented by such Loan or Term Loan under the Notes has been taken, (b) the Notes, taking into account the making of such Loan or Term Loan thereunder, are valid and binding obligations of SMUD according to their terms, the terms of this Resolution and the terms of the Credit Agreement, (c) no Event of Default under Section 6.01 hereof has occurred and is continuing as of the date of such Loan or Term Loan and (b) SMUD is in compliance with the covenants set forth in Article V hereof as of the date of such Loan or Term Loan.

Section 3.02. Proceeds of Loans and Term Loans. The proceeds of Loans under the Notes shall be applied for any or all of the purposes specified in (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.*), as determined by an Authorized Officer. The proceeds of Term Loans under the Notes shall be applied to refund the then-outstanding principal amount of the Loans under the Notes as provided in 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.*) and the Credit Agreement.

Pending expenditure for the foregoing purposes, proceeds of the Loans under the Notes may be invested in bonds, notes, certificates of indebtedness, bills, acceptances or other securities in which funds of SMUD may be legally invested as provided by the law in effect at the time of such investment.

## ARTICLE IV

### PLEDGE OF AVAILABLE REVENUES

Section 4.01. Pledge; Deposit of Revenues. The Notes and all Parity Notes and the obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letter and any Energy/Fuel Contract Letter of Credit Facility Agreement are revenue obligations, are not secured by the taxing power of SMUD and shall be payable exclusively from, and shall be secured by a pledge (which pledge shall be effected in the manner and to the extent hereinafter provided) of, the Available Revenues. The Available Revenues constitute a trust fund for the security and payment of the interest on and principal of the Notes and all Parity Notes and all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letter and any Energy/Fuel Contract Letter of Credit Facility Agreement. The Available Revenues have been pledged pursuant to the 2011 Resolution, the 2019 Resolution, and the 2022 Resolution and are hereby further pledged to the payment of the Notes and all Parity Notes and all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letter and any Energy/Fuel Contract Letter of Credit Facility Agreement without priority or distinction of one over the other, subject to the condition that out of Revenues:

First: There shall be applied all sums required for Maintenance and Operation Costs of the Electric System and all Energy Payments not included in Maintenance and Operation Costs.



Second: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Bonds and all Parity Bonds, together with any sinking fund or reserve fund payments on the Bonds and all Parity Bonds.

Third: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Subordinated Bonds and all Parity Subordinated Debt, together with any sinking fund or reserve fund payments on the Subordinated Bonds and all Parity Subordinated Debt.

Fourth: There shall be applied, on a parity basis, all sums required (i) for the payment of the principal of and interest on the Notes and all Parity Notes, (ii) for all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement and any Fee Letter, and (iii) for all obligations of SMUD under any Energy/Fuel Contract Letter of Credit Facility Agreement.

All remaining Revenues, after making the foregoing allocation, shall be available to SMUD for all lawful SMUD purposes. The pledge of Available Revenues herein made shall be irrevocable until the Notes and all Parity Notes have been paid and retired and all obligations of SMUD under the Credit Agreement, any Parity Notes Reimbursement Agreement, any Fee Letters and any Energy/Fuel Contract Letter of Credit Facility Agreement have been satisfied.

SMUD may issue additional Parity Notes and enter into additional Parity Notes Reimbursement Agreements and/or Energy/Fuel Letter of Credit Facility Agreements from time to time provided no Event of Default under Section 6.01 has occurred and is continuing as of the date of the issuance of such Parity Notes or the execution and delivery of any such Agreements.

## ARTICLE V

### COVENANTS OF SMUD

Section 5.01. Authorization. SMUD will not permit the aggregate principal amount of the Notes outstanding at any one time to exceed the limitations specified in Section 2.01 hereof.

Section 5.02. Punctual Payment. SMUD will punctually pay or cause to be paid the principal of and interest, if any, on the Notes (but only from Available Revenues or, at the sole option of SMUD, any other funds legally available for such payment), in conformity with the Notes, this Resolution and the Credit Agreement.

Section 5.03. Tax Covenant. SMUD covenants with the Bank that no use of the proceeds of the Loans or Term Loans under the Tax-Exempt Note or any other funds of SMUD will be made which will cause the Tax-Exempt Note or any Loan or Term Loan thereunder to be “arbitrage bonds” the interest on which is subject to federal income taxation by reason of Section 148 of the Code. To that end, so long as any principal of the Tax-Exempt Note is outstanding, SMUD, with respect to such proceeds and other funds, shall comply with all requirements of said Section 148 (including any rebate requirements pursuant to Section 148(f)) and of all regulations of the United States Department of the Treasury issued thereunder, to the extent that such regulations are, at the time, applicable and in effect.

SMUD further covenants with the Bank that it will make no use of the proceeds of any Loan or Term Loan under the Tax-Exempt Note or any other funds of SMUD or take any other action which would cause interest on the Tax-Exempt Note or any Loan or Term Loan thereunder to be subject to federal income taxation by reason of Section 141 or Section 149 of the Code. To that end, so long as any principal of the Tax-Exempt Note is outstanding SMUD will comply with all requirements of such Section 141 and Section 149 and all regulations to the extent that such requirements are, at the time, applicable and in effect.

## ARTICLE VI

### EVENTS OF DEFAULT AND REMEDIES

Section 6.01. Events of Default. The following events shall be events of default (the “Events of Default”) hereunder:

(a) if default shall be made in the due and punctual payment of the principal of any Note when and as the same shall become due and payable, whether at maturity as therein expressed, by declaration or otherwise;

(b) if default shall be made in the due and punctual payment of any installment of interest on any Note when and as such interest installment shall become due and payable;

(c) if the holder of any Bond or the trustee for any holders of Bonds at the time outstanding exercises a right under the Bond or the constituent instruments under which such Bond was issued to declare the principal thereof (and interest accrued thereon) to be payable prior to the maturity thereof; or

(d) an Event of Default under and as defined in the Credit Agreement.

Section 6.02. Suits at Law or in Equity and Mandamus. In case one or more Events of Default shall occur, then and in every such case the holder of any Note at the time outstanding shall be entitled to proceed to protect and enforce such holder’s rights by such appropriate judicial proceeding as such holder shall deem most effectual to protect and enforce any such right, whether by mandamus or other suit or proceeding at law or in equity, for the specific performance of any covenant or agreement contained in this Resolution, or in aid of the exercise of any power granted in this Resolution, or to enforce any other legal or equitable right vested in the holders of Notes by this Resolution or the Notes or by law. The provisions of this Resolution shall be a contract with each and every holder of Notes, and the duties of SMUD and of the Board shall be enforceable by any holder of the Notes by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction.

Section 6.03. Remedies Not Exclusive. No remedy herein conferred upon the holders of Notes is intended to be exclusive of any other remedy. Every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing, at law or in equity or by statute or otherwise, and may be exercised at any time or from time to time, and as often as may be necessary, by the holder of any one or more of the Notes.

## ARTICLE VII

### MISCELLANEOUS

Section 7.01. Supplemental Resolutions. SMUD may modify or amend this Resolution at any time but only with the prior written consent of the Bank.

Section 7.02. Approval and Execution of Credit Agreement and Fee Letter. The Credit Agreement and the Fee Letter relating to the Credit Agreement, each between SMUD and the Bank, in substantially the forms submitted to this meeting, are hereby approved. The Authorized Officers, each acting alone, are hereby authorized and directed, for and on behalf of SMUD, to execute and deliver the Credit Agreement and the Fee Letter relating to the Credit Agreement in substantially said forms, with such changes therein as the Authorized Officer executing the same, with the advice of SMUD's counsel, may require or approve, such approval to be conclusively evidenced by the execution and delivery thereof.

Section 7.03. Letters of Credit. The Authorized Officers are hereby authorized and directed to request the issuance from time to time of Letters of Credit (as defined in the Credit Agreement) by the Bank pursuant to the Credit Agreement in such amounts as are required by SMUD and to do any and all things and to execute, deliver and perform any and all agreements and documents which they deem necessary or advisable in order to request or cause the issuance of any such Letter of Credit by the Bank.

Section 7.04. Additional Actions. The Authorized Officers are hereby authorized and directed to do any and all things and to execute, deliver and perform any and all agreements, certificates and documents (including, but not limited to, tax certificates) which they deem necessary or advisable in order to consummate the issuance and delivery of the Notes in accordance with the this Resolution and the Credit Agreement and to effect the purposes of this Resolution and the transactions contemplated hereby. The Authorized Officers are hereby further authorized and directed to do any and all things and to execute, deliver and perform any and all agreements, certificates and documents which they deem necessary or desirable to extend the Facility Maturity Date (as defined in the Credit Agreement) from time to time; provided that, (a) the Commitment (as defined in the Credit Agreement) shall not exceed \$100,000,000 and (b) the fees payable under the Fee Letter during the term of any such extension shall continue to be commercially reasonable, as determined by any Authorized Officer, such determination to be conclusively evidenced by the execution and delivery of the applicable agreements, certificates and documents extending the Facility Maturity Date.

Section 7.05. Effective Date of Resolution. This Resolution shall take effect immediately upon adoption.

**Draft Revolving Credit Agreement  
(PNC Bank, National Association)**

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REVOLVING CREDIT AGREEMENT

dated as of [\_\_\_\_\_] 1, 2026,

between

SACRAMENTO MUNICIPAL UTILITY DISTRICT

and

PNC BANK, NATIONAL ASSOCIATION

relating to:

\$100,000,000  
SACRAMENTO MUNICIPAL UTILITY DISTRICT,  
TAXABLE AND TAX-EXEMPT REVOLVING NOTES  
(PNC REVOLVING CREDIT AGREEMENT)

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## REVOLVING CREDIT AGREEMENT

(This Table of Contents is not a part of this  
Revolving Credit Agreement and is only  
for convenience of reference)

SECTION	DESCRIPTION	PAGE
Parties.....		1
ARTICLE ONE	DEFINITIONS .....	1
Section 1.1.	Definitions.....	1
Section 1.2.	Incorporation of Certain Definitions by Reference .....	15
Section 1.3.	Accounting Terms and Determinations .....	15
Section 1.4.	Interpretation.....	15
Section 1.5.	Rates.....	16
ARTICLE TWO	THE CREDIT .....	16
Section 2.1.	Commitment to Lend .....	16
Section 2.2.	Method of Borrowing, Continuing or Converting Loans; Account to Which Proceeds of Loans to Be Credited .....	17
Section 2.3.	Maturity of Loans and Term Loans .....	18
Section 2.4.	Interest Rates.....	18
Section 2.5.	Fees .....	19
Section 2.6.	The Revolving Notes .....	20
Section 2.7.	Optional Termination or Reduction of Commitment.....	20
Section 2.8.	Mandatory Termination or Reduction of Commitment .....	21
Section 2.9.	Optional Prepayments.....	21
Section 2.10.	Reserved.....	21
Section 2.11.	Computation of Interest and Fees .....	21
Section 2.12.	Benchmark Replacement .....	21
Section 2.13.	Determination of Taxability.....	23
Section 2.14.	Payment Due on Non-Business Day to Be Made on Next Business Day.....	24
Section 2.15.	Default Rate .....	24
Section 2.16.	Net of Taxes, Etc.....	24
Section 2.17.	Increased Costs .....	25
Section 2.18.	Margin Regulations.....	27
Section 2.19.	Maximum Rate; Payment of Fee .....	27
Section 2.20.	Security for Obligations.....	28
Section 2.21.	Method of Payment; Etc. ....	28
Section 2.22.	The Term Loans.....	28
ARTICLE THREE	CONDITIONS PRECEDENT .....	29
Section 3.1.	Conditions Precedent to the Effectiveness of this Agreement.....	29

Section 3.2.	Borrowings During the Revolving Credit Period and Letters of Credit.....	31
Section 3.3.	Each Tax-Exempt Loan Borrowing.....	31
Section 3.4.	No Rating; DTC; Offering Document .....	32
ARTICLE FOUR	REPRESENTATIONS AND WARRANTIES.....	32
Section 4.1.	Representations of SMUD .....	32
ARTICLE FIVE	COVENANTS.....	37
Section 5.1.	Covenants of SMUD.....	37
ARTICLE SIX	DEFAULTS.....	44
Section 6.1.	Events of Default and Remedies.....	44
Section 6.2.	Remedies.....	47
ARTICLE SEVEN	MISCELLANEOUS .....	48
Section 7.1.	Amendments, Waivers, Etc.....	48
Section 7.2.	Notices. ....	48
Section 7.3.	Survival of Covenants; Successors and Assigns.....	49
Section 7.4.	Unconditional Obligations.....	51
Section 7.5.	Liability of Bank; Indemnification .....	51
Section 7.6.	Expenses. ....	53
Section 7.7.	No Waiver; Conflict.....	53
Section 7.8.	Modification, Amendment, Waiver, Etc.....	54
Section 7.9.	Dealing with SMUD. ....	54
Section 7.10.	Severability. ....	54
Section 7.11.	Counterparts.....	54
Section 7.12.	Table of Contents; Headings.....	54
Section 7.13.	Entire Agreement.....	54
Section 7.14.	Governing Law .....	55
Section 7.15.	Waiver of Jury Trial.....	55
Section 7.16.	Right of Setoff; Other Collateral.....	55
Section 7.17.	USA Patriot Act .....	56
Section 7.18.	Assignment to Federal Reserve Bank .....	56
Section 7.19.	No Advisory or Fiduciary Relationship.....	56
Section 7.20.	EMMA Postings.....	57
Section 7.21.	US QFC Stay Rules .....	57
ARTICLE EIGHT	LETTER OF CREDIT FACILITY .....	58
Section 8.1.	L/C Facility .....	58
Section 8.2.	Procedure for Issuance of Letters of Credit .....	59
Section 8.3.	Commissions and Other Charges.....	60
Section 8.4.	Reserved.....	60
Section 8.5.	Reimbursement .....	60

Section 8.6.	Obligations Absolute .....	61
Section 8.7.	Effect of Letter of Credit Documents .....	62
Section 8.8.	Reserved.....	62
Section 8.9.	Reserved.....	62
Section 8.10.	Letter of Credit Amounts .....	63
Section 8.11.	Cash Collateral for Extended Letters of Credit.....	63

Exhibit A	—	Form of Taxable Revolving Note
Exhibit B	—	Form of Tax-Exempt Revolving Note
Exhibit C	—	Form of Notice of Borrowing
Exhibit D	—	Notice of Conversion
Exhibit E	—	Form of Request for Extended Funded Period



## REVOLVING CREDIT AGREEMENT

This REVOLVING CREDIT AGREEMENT dated as of [\_\_\_\_\_] 1, 2026 (together with all amendments, supplements and other modifications hereto, this “*Agreement*”), between SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district of the State of California (together with its successors and assigns, “*SMUD*”) and PNC BANK, NATIONAL ASSOCIATION, a national banking association (together with its successors and assigns, the “*Bank*”).

### WITNESSETH:

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.*), and Resolution No. [\_\_\_\_\_] (the “*Note Resolution*”) adopted by the Board of Directors of SMUD, on [\_\_\_\_\_] 2026, SMUD authorized the issuance of its Taxable Revolving Note (PNC Revolving Credit Agreement) and Tax-Exempt Revolving Note (PNC Revolving Credit Agreement) in an aggregate principal amount not to exceed \$100,000,000 outstanding at any one time; and

WHEREAS, SMUD has requested the Bank to establish the Commitment and execute and deliver this Agreement and the Bank is prepared to establish the Commitment upon the terms and conditions stated in this Agreement;

NOW, THEREFORE, in consideration of the agreements set forth herein and in order to induce the Bank to establish the Commitment and execute and deliver this Agreement, the Bank and SMUD agree as follows:

## ARTICLE ONE

### DEFINITIONS

*Section 1.1. Definitions.* As used in this Agreement:

“*Act*” means the Municipal Utility District Act, constituting Division 6 of the Public Utilities Code of the State of California, and all laws of the State of California amendatory thereof or supplemental thereto.

“*Affiliate*” means, as to any Person, any other Person directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person. A Person shall be deemed to be “controlled by” any other Person if such other Person possesses, directly or indirectly, power (a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or (b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

*“Agreement”* has the meaning set forth in the introductory paragraph hereof.

*“Alternate Base Rate”* means, for any day, the rate per annum equal to the highest of (i) the Prime Rate then in effect, and (ii) the Overnight Bank Funding Rate *plus* 0.50%.

*“Alternate Rate”* means (a) in the case of Taxable Loans, the Alternate Base Rate and (b) in the case of Tax-Exempt Loans, the product of (i) the Alternate Base Rate and (ii) eighty-one percent (81%).

*“Alternate Rate Loan”* means any Loan bearing interest at a rate based upon the Alternate Rate as provided in Section 2.12 hereof.

*“Amortization End Date”* means, with respect to any Term Loan, the earliest to occur of: (i) the fifth (5th) anniversary of the Facility Maturity Date, and (ii) the date on which the Commitment could have been permanently reduced to zero or this Agreement is otherwise terminated, including as a result of the occurrence of an Event of Default (*provided, however*, that the occurrence of a Rating Event at any time shall not result in an Amortization End Date).

*“Amortization Payment Date”* means, with respect to each Term Loan, (a) the first Business Day to occur on or after the one hundred eightieth (180th) calendar day following the Facility Maturity Date and the first Business Day of each sixth (6th) calendar month occurring thereafter prior to the Amortization End Date and (b) the related Amortization End Date.

*“Anti-Corruption Laws”* has the meaning set forth in Section 4.1(u)(ii) hereof.

*“Anti-Terrorism Law”* has the meaning set forth in Section 4.1(v) hereof.

*“Authorized SMUD Representative”* means the Chief Executive Officer and General Manager of SMUD, any Member of the Executive Committee of SMUD, the Chief Financial Officer of SMUD, the Treasurer of SMUD and/or the Secretary of SMUD.

*“Available Revenues”* has the meaning set forth in the Note Resolution.

*“Bank”* has the meaning set forth in the introductory paragraph hereof.

*“Bank Agreement”* means any credit agreement, loan agreement, letter of credit, reimbursement agreement, bond purchase agreement, liquidity agreement, direct purchase agreement (such as a continuing covenant agreement or supplemental bondholder’s agreement) or other agreement or instrument (or any amendment, supplement or modification thereto) entered into by SMUD with any Person, directly or indirectly, or otherwise consented to by SMUD, under which any Person or Persons undertakes to directly purchase, make loans, extend credit or liquidity to SMUD in connection with any of SMUD’s Debt payable from or secured by a lien on Net Revenues senior to or on a parity with the Obligations.

*“Bank Rate”* means the rate of interest per annum with respect to any Term Loan (i) for any day commencing on the date such Term Loan is made to and including the thirtieth (30th) day

next succeeding the date such Term Loan is made, equal to the Base Rate from time to time in effect, (ii) for any day commencing on the thirty-first (31st) day next succeeding the date such Term Loan is made to and including the ninetieth (90th) day next succeeding the date such Term Loan is made, equal to the sum of the Base Rate from time to time in effect *plus* one percent (1.00%) and (iii) for any day commencing on the ninety-first (91st) day next succeeding the date such Term Loan is made and thereafter, equal to the sum of the Base Rate from time to time in effect *plus* two percent (2.00%); *provided, however*, that immediately and automatically upon the occurrence of an Event of Default (and without any notice given with respect thereto) and during the continuance of such Event of Default, “*Bank Rate*” shall mean the Default Rate.

“*Bank-Related Persons*” means the Bank, its Affiliates and the officers, directors, employees, agents and attorneys-in-fact of the Bank and Affiliates.

“*Base Rate*” means, for any day, the rate per annum equal to the highest of (i) the Prime Rate then in effect, (ii) the Overnight Bank Funding Rate *plus* 0.50%, and (iii) 9.00%.

“*Bonds*” has the meaning set forth in the Master Bond Resolution.

“*Borrowing*” means the borrowing of a Loan, as requested in each Notice of Borrowing.

“*Business Day*” means a day which is not (a) a Saturday, Sunday or legal holiday on which banking institutions in Los Angeles, California or New York, New York are authorized by law to close, (b) a day on which the New York Stock Exchange or the Federal Reserve Bank is closed or (c) a day on which the principal offices of the Bank are closed; *provided* that, when used in connection with an amount that bears interest at a rate based on SOFR or any direct or indirect calculation or determination involving SOFR, the term “*Business Day*” means any such day that is also a U.S. Government Securities Business Day.

“*Cash Collateral*” means, to pledge and deposit with, or deliver to the Bank, as collateral for L/C Obligations, cash or deposit account balances or, if the Bank shall agree, in its sole discretion, other credit support, in each case pursuant to documentation in form and substance reasonably satisfactory to the Bank. “*Cash Collateral*” shall have a meaning correlative to the foregoing and shall include the proceeds of such cash collateral and other credit support.

“*Cash Collateralized Letter of Credit*” has the meaning set forth in Section 8.11(d) hereof.

“*Change in Law*” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any Law, rule, regulation or treaty, including, without limitation Risk-Based Capital Guidelines, (b) any change in any Law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any Governmental Authority or (c) the making or issuance of any request, rule, ruling, guideline, regulation or directive (whether or not having the force of law) by any Governmental Authority; *provided* that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, rulings, guidelines, regulations or directives thereunder or issued in connection therewith and (ii) all requests, rules, rulings, guidelines, regulations or directives promulgated by the Bank for International Settlements, the Basel

Committee on Banking Supervision (or any successor or similar authority) or the United States of America or foreign regulatory authorities, in each case pursuant to Basel III, shall in each case be deemed to be a “Change in Law,” regardless of the date enacted, adopted or issued.

“*Closing Date*” means [\_\_\_\_], 2026, subject to the satisfaction (or waiver by the Bank) of all of the conditions precedent set forth in Section 3.1 hereof.

“*Code*” means the Internal Revenue Code of 1986, as amended, and any successor statute thereto, and the regulations promulgated thereunder.

“*Commitment*” means the amount of \$100,000,000, as such amount may be reduced from time to time or terminated pursuant to Sections 2.7, 2.8 and 6.2 hereof.

“*Commitment Fee*” has the meaning set forth in the Fee Agreement.

“*Confidential Information*” means any permitted redactable information regarding SMUD, the Bank or any Affiliate of the Bank including, without limitation, address and account information, e-mail addresses, telephone numbers, facsimile numbers, names and signatures of officers, employees and signatories.

“*Conforming Changes*” means, with respect to Daily SOFR or any Benchmark Replacement in relation thereto, any technical, administrative or operational changes (including changes to the definition of “Base Rate,” the definition of “Business Day,” the definition of “U.S. Government Securities Business Day,” timing and frequency of determining rates and making payments of interest, timing of borrowing requests or prepayment, conversion or continuation notices, the applicability and length of lookback periods, the applicability of breakage provisions, and other technical, administrative or operational matters) that the Bank decides may be appropriate to reflect the adoption and implementation of Daily SOFR or such Benchmark Replacement and to permit the administration thereof by the Bank in a manner substantially consistent with market practice (or, if the Bank decides that adoption of any portion of such market practice is not administratively feasible or if the Bank determines that no market practice for the administration of Daily SOFR or the Benchmark Replacement exists, in such other manner of administration as the Bank decides is reasonably necessary in connection with the administration of this Agreement and the other Program Documents).

“*Credit Default*” means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become a Credit Event of Default.

“*Credit Event of Default*” means any of those Events of Default set forth in Sections 6.1(a), 6.1(d), 6.1(e), 6.1(f), 6.1(g), 6.1(h), 6.1(i), 6.1(j), 6.1(k), 6.1(m), 6.1(n), 6.1(o) and 6.1(p) hereof.

“*Daily 1M SOFR*” means, for any day, the interest rate per annum determined by the Bank by dividing (the resulting quotient rounded upwards, at the Bank’s discretion, to the nearest 1/100th of 1%) (A) the Term SOFR Reference Rate for such day for a one-month period, as published by the Term SOFR Administrator, by (B) a number equal to 1.00 minus the SOFR Reserve Percentage; provided that if Daily 1M SOFR, determined as provided above, would be

less than the Floor, then Daily 1M SOFR shall be deemed to be the Floor. The rate of interest will be adjusted automatically as of each Business Day based on changes in Daily 1M SOFR without notice to SMUD.

*“Daily SOFR”* means Daily 1M SOFR.

*“Debt”* of any Person means at any date, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes, loan agreements, bank agreements or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable arising in the ordinary course of business), (d) all obligations of such Person as lessee under leases (as determined under Governmental Accounting Standards Board Statement No. 87 Leases, or any successor guidance) shown on the liabilities side of the balance sheet of such Person, excluding any leases that (i) arise in connection with purchase agreements for power, gas, resource adequacy, capacity, renewable energy credits, energy storage, renewable energy, or other similar products or (ii) are for operational or administrative purposes only and do not represent a financing transaction, (e) all obligations secured by any Lien upon property of such Person, whether or not such Person has assumed or become liable for the payment of such obligations (other than collateralized commodity swaps the obligations under which are either (a) not secured by a Lien on Net Revenues or (b) secured by a Lien on Net Revenues subordinate to the Obligations), (f) all obligations of such Person on or with respect to letters of credit, banker’s acceptances and other evidences of indebtedness representing extensions of credit whether or not representing obligations for borrowed money, and (g) certificates of participation evidencing an undivided ownership interest in payments made by such Person (A) as lessee under any lease of property which in accordance with generally accepted accounting principles would be required to be capitalized on the balance sheet of such Person, (B) as purchaser under an installment sale agreement or (C) otherwise as an obligor in connection therewith, and (h) all Debt of any other Person of the kind referred to in clauses (a) through (g) above which is guaranteed directly or indirectly in any manner by such Person.

*“Default”* means any condition or event which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

*“Default Rate”* means a per annum rate of interest equal to the sum of the Base Rate from time to time in effect plus three percent (3.00%).

*“Designated Jurisdiction”* means any country or territory to the extent that such country or territory itself is the subject of any Sanction.

*“Determination of Taxability”* means and shall be deemed to have occurred on the first to occur of the following:

- (i) on the date on which SMUD files any statement, supplemental statement or other tax schedule, return or document which discloses that an Event of Taxability shall have in fact occurred;

(ii) the date on which the Bank or any Noteholder or former Noteholder notifies SMUD that it has received a written opinion by a nationally recognized firm of attorneys of substantial expertise on the subject of tax-exempt municipal finance to the effect that an Event of Taxability shall have occurred unless, within one hundred eighty (180) days after receipt by SMUD of such notification from the Bank or such Noteholder or any former Noteholder, SMUD shall deliver to the Bank, the Noteholder and any former Noteholder a ruling or determination letter issued to or on behalf of SMUD by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such ruling or determination letter) or a written opinion of its Note Counsel to the effect that, after taking into consideration such facts as form the basis for the opinion that an Event of Taxability has occurred, an Event of Taxability shall not have occurred;

(iii) the date on which SMUD shall be advised in writing by the Commissioner of the Internal Revenue Service or the Director of Tax-Exempt Bonds of the Tax-Exempt and Government Entities Division of the Internal Revenue Service (or any other government official exercising the same or a substantially similar function from time to time, including an employee subordinate to one of these officers who has been authorized to provide such advice) that, based upon filings of SMUD, or upon any review or audit of SMUD or upon any other ground whatsoever, an Event of Taxability shall have occurred; or

(iv) the date on which SMUD shall receive notice from the Noteholder or any former Noteholder that the Internal Revenue Service (or any other government official or agency exercising the same or a substantially similar function from time to time) has assessed as includable in the gross income of the Bank, such Noteholder or such former Noteholder the interest on the Tax-Exempt Note or Tax-Exempt Loan due to the occurrence of an Event of Taxability;

*provided, however*, no Determination of Taxability shall occur under subparagraph (iii) or (iv) hereunder unless SMUD has been afforded the opportunity, at its expense, to contest any such assessment or opinion, and, further, no Determination of Taxability shall occur until such contest, if made, has been finally determined; *provided further, however*, that upon demand from the Bank, such Noteholder or former Noteholder, SMUD shall promptly reimburse, the Bank, such Noteholder or former Noteholder for any payments, including any taxes, interest, penalties or other charges, the Bank, such Noteholder or former Noteholder shall be obligated to make as a result of the Determination of Taxability.

“Dollars” and the sign “\$” means lawful money of the United States of America.

“Electric System” has the meaning set forth in the Note Resolution.

“EMMA” means the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access System.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended, or any successor statute thereto.

“*Event of Default*” has the meaning set forth in Section 6.1 hereof.

“*Event of Taxability*” means a (i) change in Law or fact or the interpretation thereof, or the occurrence or existence of any fact, event or circumstance (including, without limitation, the taking of any action by SMUD, or the failure to take any action by SMUD, or the making by SMUD of any misrepresentation herein or in any certificate given in connection with the Tax-Exempt Note or Tax-Exempt Loans) which has the effect of causing interest paid or payable on any Tax-Exempt Note or any Tax-Exempt Loan to become includable in the gross income of the Bank, the Noteholder or any former Noteholder for federal income tax purposes or (ii) the entry of any decree or judgment by a court of competent jurisdiction, or the taking of any official action by the Internal Revenue Service or SMUD of the Treasury, which decree, judgment or action shall be final under applicable procedural law, in either case, which has the effect of causing interest paid or payable on any Tax-Exempt Note or any Tax-Exempt Loan to become includable in the gross income of the Bank, the Noteholder or any former Noteholder for federal income tax purposes with respect to any Tax-Exempt Note or any Tax-Exempt Loan.

“*Excess Interest*” has the meaning set forth in Section 2.19 hereof.

“*Excluded Taxes*” means, with respect to the Bank, any Participant or any Noteholder, (a) taxes imposed on or measured by its overall net income (however denominated), and franchise taxes imposed on it (in lieu of net income taxes), by the jurisdiction (or any political subdivision thereof) under the laws of which the Bank, such Participant or such Noteholder is organized or in which its principal office is located, and (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which the Bank, such Participant or such Noteholder is located.

“*Extended Letter of Credit*” has the meaning set forth in Section 8.1(b) hereof.

“*Extensions of Credit*” means at any time, (a) an amount equal to the sum of (i) the aggregate principal amount of all Loans then outstanding, and (ii) the L/C Obligations then outstanding, or (b) the making of any Loan or the issuance of any Letter of Credit by the Bank, as the context requires.

“*Facility Maturity Date*” means April 30, 2029, or, if such day is not a Business Day, the next preceding Business Day.

“*Favorable Opinion of Note Counsel*” means a written opinion of Note Counsel, addressed to SMUD and the Bank to the effect that the new Benchmark Replacement will not, in and of itself, cause interest on the outstanding Tax-Exempt Loans to be included in gross income for purposes of federal income taxation.

“*Fee Agreement*” means that certain Fee Agreement, dated the Closing Date, between SMUD and the Bank, as the same may be amended, 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.

*“Fiscal Year”* means the twelve-month period commencing on January 1 of each year and ending on December 31 of the same calendar year or such other twelve-month period as SMUD may from time to time determine as its Fiscal Year.

*“Fitch”* means Fitch Ratings, Inc. and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, “Fitch” shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“Floor”* means a rate of interest per annum equal to zero percent (0.0%).

*“Government Acts”* means any act or omission to act, whether rightful or wrongful, of any present or future de jure or de facto government or Governmental Authority.

*“Governmental Authority”* means the government of the United States or any other nation, or of any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government (including, without limitation, the Financial Conduct Authority, the Prudential Regulation Authority and any supra-national bodies such as the European Union or the European Central Bank); *provided, however*, that, for the purposes of Sections 2.16 and 2.17 hereof only, *“Governmental Authority”* means the government of the United States of America or any other nation or any political subdivision thereof or any governmental or quasi-governmental entity, including any court, department, commission, board, bureau, agency, administration, central bank, service, district or other instrumentality of any governmental entity or other entity exercising executive, legislative, judicial, taxing, regulatory, fiscal, monetary or administrative powers or functions of or pertaining to government (including any supra-national bodies such as the European Union or European Central Bank), or any arbitrator, mediator or other Person with authority to bind a party at law.

*“Indemnified Taxes”* means Taxes other than Excluded Taxes.

*“Interest Payment Date”* means with respect to each Loan and each Term Loan, the tenth (10th) calendar day of each calendar month (with the first Interest Payment Date being [\_\_\_\_\_] 10, 2026), the Facility Maturity Date and such earlier date on which all Loans and Term Loans are required to be paid in full in accordance with the terms hereof or, if applicable, on the Amortization End Date.

*“ISP”* means the International Standby Practices, International Chamber of Commerce Publication No. 590 (or such later version thereof as may be in effect at the applicable time).

*“L/C Fee Rate”* has the meaning set forth in the Fee Agreement.



*“L/C Obligations”* means at any time, an amount equal to the sum of (a) the aggregate undrawn and unexpired amount of the then outstanding Letters of Credit and (b) the aggregate amount of drawings under Letters of Credit which have not then been reimbursed pursuant to Section 8.3 hereof.

*“L/C Sublimit”* means \$20,000,000.

*“Laws”* means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law.

*“Letter of Credit”* has the meaning set forth in Section 8.1(a) hereof.

*“Letter of Credit Application”* means an application requesting the Bank to issue a Letter of Credit in the form specified by the Bank from time to time.

*“Letter of Credit Documents”* means with respect to any Letter of Credit, such Letter of Credit, any Letter of Credit Application and any other document, agreement and instrument required by the Bank and relating to such Letter of Credit, in each case in the form specified by the Bank from time to time.

*“Lien”* means, with respect to any property, tangible or intangible, real or personal, any mortgage, lien, pledge, charge, security interest or other encumbrance of any kind in respect of such property.

*“Loan”* means a Loan to be made by the Bank in accordance with the applicable Notice of Borrowing. The term *“Loan”* means, individually, a Taxable Loan or a Tax-Exempt Loan and *“Loans”* means Taxable Loans or Tax-Exempt Loans, or a combination thereof, as applicable.

*“Majority Noteholder”* means the Noteholders with a majority of the aggregate ownership interest in Loans and Term Loans evidenced by the Taxable Note and Tax-Exempt Note from time to time. As of the Closing Date, PNC Bank, National Association, is the Majority Noteholder.

*“Master Bond Resolution”* means Resolution No. 6649 of SMUD, adopted on January 7, 1971, and amended and supplemented from time to time in accordance with the terms thereof.

*“Material Adverse Effect”* or *“Material Adverse Change”* means (a) with respect to SMUD, a material adverse effect upon SMUD’s business, assets, liabilities, financial condition, results of operations or business prospects, and (b) with respect to SMUD’s obligations under this Agreement, the Fee Agreement or any other SMUD Program Document, a material adverse effect upon (i) the binding nature, validity or enforceability of SMUD’s obligations hereunder or

thereunder, (ii) SMUD's ability to perform its obligations hereunder or thereunder or (iii) the rights, security or interests of the Bank.

*"Maximum Federal Corporate Tax Rate"* means, on any given day, the maximum rate of income taxation imposed on corporations pursuant to Section 11(b) of the Code, as in effect as of such day (or, if as a result of a change in the Code, the rate of income taxation imposed on corporations generally shall not be applicable to the Bank, the maximum statutory rate of federal income taxation which could apply to the Bank).

*"Maximum Interest Rate"* means the maximum interest rate with respect to the Revolving Notes and the Obligations as provided in the Note Resolution, which initially shall be 12% per annum.

*"Maximum Rate"* means the maximum non-usurious lawful rate of interest permitted by applicable law.

*"Minimum Collateral Amount"* means, at any time, (a) with respect to Cash Collateral consisting of cash or deposit account balances provided in accordance with the provisions of Section 6.2(c) hereof, an amount equal to 105% of the aggregate outstanding amount of all L/C Obligations and (b) otherwise, an amount determined by the Bank in its sole discretion.

*"Moody's"* means Moody's Investors Service and its successors, and if such Person shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*"Net Revenues"* has the meaning set forth in the Master Bond Resolution.

*"Net Subordinated Revenues"* has the meaning set forth in the Subordinated Bond Resolution.

*"Non-Credit Event of Default"* means those Events of Default set forth in Sections 6.1(b), 6.1(c) and 6.1(l) hereof.

*"Noteholder"* means the Bank and each transferee pursuant to the terms hereof so long as such transferee owns an interest in the Taxable Note or the Tax-Exempt Note, as applicable, and shall include any holder of Term Loans.

*"Note Counsel"* means Orrick Herrington & Sutcliffe LLP, or any other firm of attorneys nationally recognized on the subject of tax-exempt municipal finance selected by SMUD.

*"Note Resolution"* has the meaning set forth in the recitals hereof.

*"Notice of Borrowing"* has the meaning set forth in Section 2.2(a)(i) hereof.

*"Notice of Conversion"* has the meaning set forth in Section 2.2(a)(ii) hereof.

“*NYFRB*” means the Federal Reserve Bank of New York.

“*Obligations*” means the Loans and Term Loans (which includes amounts owing to the Bank evidenced by and payable under the Revolving Notes), the Commitment Fees and all other obligations of SMUD to the Bank arising under or in relation to this Agreement, the Fee Agreement, the Letters of Credit or any of the other Program Documents (including any amounts to reimburse the Bank for any advances or expenditures by it under any of such documents).

“*OFAC*” means the U.S. Department of the Treasury’s Office of Foreign Assets Control, and any successor thereto.

“*Optional Termination Event*” means (i) a consolidation or merger of SMUD or the Electric System into another entity whereby either (a) as a result of such consolidation or merger, SMUD or the Electric System is not the surviving entity or (b) such consolidation or merger could reasonably be expected to result in a Material Adverse Effect, or (ii) the failure of SMUD to comply with generally accepted accounting principles applicable to governmental entities and such failure shall continue for a period of forty-five (45) consecutive days after SMUD has actual knowledge of such failure.

“*Overnight Bank Funding Rate*” means, for any day, the rate comprised of both overnight federal funds and overnight Eurocurrency borrowings by U.S.-managed banking offices of depository institutions, as such composite rate shall be determined by the NYFRB, as set forth on its public website from time to time, and as published on the next succeeding Business Day as the overnight bank funding rate by the NYFRB (or by such other recognized electronic source (such as Bloomberg) selected by the Bank for the purpose of displaying such rate); *provided*, that if such day is not a Business Day, the Overnight Bank Funding Rate for such day shall be such rate on the immediately preceding Business Day; *provided, further*, that if such rate shall at any time, for any reason, no longer exist, a comparable replacement rate determined by the Bank at such time (which determination shall be conclusive absent manifest error). If the Overnight Bank Funding Rate determined as above would be less than zero, then such rate shall be deemed to be zero. The rate of interest charged shall be adjusted as of each Business Day based on changes in the Overnight Bank Funding Rate without notice to SMUD.

“*Parity Bonds*” has the meaning set forth in the Note Resolution.

“*Parity Notes*” has the meaning set forth in the Note Resolution.

“*Parity Notes Reimbursement Agreement*” has the meaning set forth in the Note Resolution.

“*Parity Subordinated Debt*” has the meaning set forth in the Note Resolution.

“*Participant*” has the meaning set forth in Section 7.3(b) hereof.

“*Participation*” has the meaning set forth in Section 7.3(b) hereof.

*"Payment Account"* means [ABA: [\_\_\_\_\_]], Bank: PNC Bank, Account Number: [\_\_\_\_\_] , Account Name: [\_\_\_\_\_] , Address: [\_\_\_\_\_] , Reference: [\_\_\_\_\_] , Customer Name: Sacramento Municipal Utility District, Obligor: [\_\_\_\_\_] ], or such other account as the Bank may designate from time to time.

*"Person"* means an individual, a corporation, a partnership, an association, a limited liability company, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or any agency or instrumentality thereof.

*"Plan"* means a pension plan providing benefits for employees of any Person.

*"Prime Rate"* means the rate publicly announced by the Bank from time to time as its prime rate. The Prime Rate is determined from time to time by the Bank as a means of pricing some loans to its borrowers. The Prime Rate is not tied to any external rate of interest or index and does not necessarily reflect the lowest rate of interest actually charged by the Bank to any particular class or category of customers.

*"Program Documents"* means this Agreement, the Revolving Notes, the Fee Agreement, the Note Resolution, the Letter of Credit Documents and any documents related thereto.

*"Property"* means any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible, whether now owned or hereafter acquired.

*"Rating"* means, with respect to any Rating Agency, the lowest rating assigned by such Rating Agency to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD.

*"Rating Agency"* and *"Rating Agencies"* means, individually or collectively, as applicable, Moody's, S&P and Fitch.

*"Rating Event"* means the occurrence of a downgrade by any Rating Agency of its long-term rating with respect to any senior lien, long-term Bonds (without regard to bond insurance or any other form of credit enhancement) of SMUD to a level below "Baa1" (or its equivalent) in the case of Moody's, "BBB+" (or its equivalent) in the case of S&P or "BBB+" (or its equivalent) in the case of Fitch and such downgrade shall continue for a period of one hundred sixty (160) days.

*"Recipient"* means the Bank, each Participant, each Noteholder and any other recipient of any payment to be made by or on account of any obligation of SMUD hereunder.

*"Reimbursement Obligations"* means the obligation of SMUD to reimburse the Bank pursuant to Section 8.3 hereof for amounts drawn under any and all Letters of Credit issued by the Bank.

*"Reinstated Letter of Credit"* has the meaning set forth in Section 8.11(d) hereof.

*“Revenues”* has the meaning set forth in the Note Resolution.

*“Revolving Credit Period”* means the period from and including the Closing Date to and including the Termination Date.

*“Revolving Notes”* means the Taxable Note and the Tax-Exempt Note.

*“Risk-Based Capital Guidelines”* means (a) the risk-based capital guidelines in effect in the United States of America, including transition rules, and (b) the corresponding capital regulations promulgated by regulatory authorities outside the United States of America including transition rules, and any amendment to such regulations.

*“S&P”* means S&P Global Ratings, and its successors, and if such division shall for any reason no longer perform the functions of a securities rating agency, *“S&P”* shall be deemed to refer to any other nationally recognized securities rating agency designated by SMUD that is acceptable to the Bank in its sole discretion.

*“Sanction”* or *“Sanctions”* means any economic or financial sanction administered or enforced by the United States Government (including, without limitation, those administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC), the U.S. Department of State, the U.S. Department of Commerce, or through any existing or future United States Government statute or executive order.

*“SMUD”* has the meaning set forth in the introductory paragraph hereof.

*“SMUD Board”* means the board of directors of SMUD.

*“SMUD Program Documents”* means the Program Documents to which SMUD is a party (including, without limitation, the Note Resolution).

*“SOFR”* means a rate equal to the secured overnight financing rate as administered by the NYFRB (or a successor administrator of the secured overnight financing rate).

*“SOFR Reserve Percentage”* means, for any day, the maximum effective percentage in effect on such day, if any, as prescribed by the Board of Governors of the Federal Reserve System (or any successor) for determining the reserve requirements (including, without limitation, supplemental, marginal and emergency reserve requirements) with respect to SOFR funding.

*“State”* means the State of California.

*“Subordinated Bond Resolution”* means Resolution No. 85-11-1 of SMUD, duly adopted at a meeting of SMUD on November 7, 1985, as amended and restated by Resolution No. 01 06 10 of SMUD, duly adopted at a meeting of SMUD on June 21, 2001, and amended and supplemented from time to time in accordance with the terms thereof.

*“Subordinated Bonds”* has the meaning set forth in the Note Resolution.

“*Swap Contract*” means any and all interest rate swap transactions or any other similar interest rate hedging transactions that hedge the interest rate on securities or other obligations issued by or on behalf of SMUD (including any options to enter into any of the foregoing), whether or not any such transaction is governed by or subject to any master agreement.

“*Taxable Applicable Spread*” has the meaning set forth in the Fee Agreement.

“*Taxable Daily SOFR Rate*” means a per annum rate of interest equal to the sum of the Taxable Applicable Spread *plus* Daily SOFR. Upon the occurrence and during the continuance of an Event of Default, the Taxable Daily SOFR Rate shall equal the Default Rate.

“*Taxable Date*” means the date on which interest on any Tax-Exempt Loan or Tax-Exempt Note is first includable in the gross income of any holder thereof (including, without limitation, the Bank) as a result of an Event of Taxability as such date is established pursuant to a Determination of Taxability.

“*Taxable Loan*” means a Loan that is identified as a Taxable Loan in the Notice of Borrowing or Notice of Conversion, or a Term Loan that refunded one or more Loans which were Taxable Loans.

“*Taxable Note*” means the Sacramento Municipal Utility District Taxable Revolving Note (PNC Revolving Credit Agreement), such note to be executed and delivered to the Bank on the Closing Date in the form of Exhibit A attached hereto with appropriate insertions, executed and delivered by SMUD, as the same may be amended, modified, restated or supplemented from time to time by written instrument executed by the Bank and SMUD.

“*Taxable Period*” has the meaning set forth in Section 2.13 hereof.

“*Taxable Rate*” means, with respect to a Taxable Period, the product of (i) the interest rate on the applicable Tax-Exempt Loan or Tax-Exempt Note during such period and (ii) the quotient of (A) one divided by (B) one minus the then current Maximum Federal Corporate Tax Rate.

“*Tax-Exempt Applicable Spread*” has the meaning set forth in the Fee Agreement.

“*Tax-Exempt Daily SOFR Rate*” means a per annum rate of interest equal to the sum of (a) the Tax-Exempt Applicable Spread *plus* (b) the product of (i) Daily SOFR multiplied by (ii) 0.81. Upon the occurrence and during the occurrence of an Event of Default, the Tax-Exempt Daily SOFR Rate shall equal the Default Rate.

“*Tax-Exempt Loan*” means a Loan that is identified as a Tax-Exempt Loan in the Notice of Borrowing, or a Term Loan that refunded one or more Loans which were Tax-Exempt Loans.

“*Tax-Exempt Note*” means the Sacramento Municipal Utility District Tax-Exempt Revolving Note (PNC Revolving Credit Agreement), such note to be executed and delivered to the Bank on the Closing Date in the form of Exhibit B attached hereto with appropriate insertions,

executed and delivered by SMUD, as the same may be amended, modified, restated or supplemented from time to time by written instrument executed by the Bank and SMUD.

*“Taxes”* means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, fines, additions to tax or penalties applicable thereto.

*“Term Loans”* has the meaning set forth in Section 2.22(a) hereof.

*“Term SOFR Administrator”* means CME Group Benchmark Administration Limited (CBA) (or a successor administrator of the Term SOFR Reference Rate selected by the Bank in its reasonable discretion).

*“Term SOFR Reference Rate”* means the forward-looking term rate based on SOFR.

*“Termination Date”* means the Facility Maturity Date or, if earlier, the date on which the Commitment is terminated or permanently reduced to zero in accordance with the terms hereof.

*“U.S. Government Securities Business Day”* means any day except for (i) a Saturday, (ii) a Sunday or (iii) a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in United States government securities; *provided*, that for purposes of notice requirements in Section 2.2, in each case, such day is also a Business Day.

*“2024 Financial Statements”* means the audited financial statements of SMUD for the Fiscal Year ended December 31, 2024.

*Section 1.2. Incorporation of Certain Definitions by Reference.* Each capitalized term used herein and not otherwise defined herein shall have the meaning provided therefor in the Note Resolution and, if not defined therein, in the Master Bond Resolution or the Subordinated Bond Resolution, as applicable.

*Section 1.3. Accounting Terms and Determinations.* All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles.

*Section 1.4. Interpretation.* The following rules shall apply to the construction of this Agreement and the Fee Agreement unless the context requires otherwise: (a) the singular includes the plural, and the plural the singular; (b) words importing any gender include the other gender and the neuter gender; (c) references to statutes are to be construed as including all statutory provisions consolidating, and all regulations promulgated pursuant to, such statutes; (d) references to “writing” include printing, photocopy, typing, lithography and other means of reproducing words in a tangible visible form; (e) the words “including,” “includes” and “include” shall be deemed to be followed by the words “without limitation”; (f) references to the introductory paragraph, recitals, articles, sections (or clauses or subdivisions of sections), exhibits, appendices, annexes or schedules are to those of this Agreement unless otherwise indicated; (g) references to agreements and other contractual instruments shall be deemed to include all subsequent

amendments and other modifications to such instruments, but only to the extent that such amendments and other modifications are permitted or not prohibited by the terms of this Agreement; (h) article and section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose; and (i) unless otherwise indicated, references to Persons include their respective permitted successors and assigns.

*Section 1.5. Benchmark Replacement Notification; Rates.* Section 2.12 of this Agreement provides a mechanism for determining an alternative rate of interest in the event that any Benchmark is no longer available or in certain other circumstances. The Bank does not warrant or accept any responsibility for and shall not have any liability with respect to, (a) the continuation of, administration of, submission of or calculation of, or any other matter related to, any Benchmark or any component definition thereof or rates referred to in the definition thereof, or any alternative or successor rate thereto, or replacement rate therefor (including any Benchmark Replacement), including whether the composition or characteristics of any such alternative, successor or replacement rate (including any Benchmark Replacement) will be similar to, or produce the same value or economic equivalence of, or have the same volume or liquidity as, such Benchmark prior to its discontinuance or unavailability, or (b) the effect, implementation or composition of any Conforming Changes. The Bank and its affiliates or other related entities may engage in transactions that affect the calculation of any Benchmark, any alternative, successor or replacement rate (including any Benchmark Replacement) or any relevant adjustments thereto, in each case, in a manner adverse to SMUD or any other person or entity. The Bank may select information sources or services in its reasonable discretion to ascertain any Benchmark, any component definition thereof or rates referred to in the definition thereof, in each case pursuant to the terms of this Agreement, and shall have no liability to SMUD, the Bank or any other person or entity for damages of any kind, including direct or indirect, special, punitive, incidental or consequential damages, costs, losses or expenses (whether in tort, contract or otherwise and whether at law or in equity), for any error or calculation of any such rate (or component thereof) provided by any such information source or service.

## ARTICLE TWO

### THE CREDIT

#### *Section 2.1. Commitment to Lend.*

(a) *Loans.* During the Revolving Credit Period, the Bank agrees, on the terms and conditions set forth in this Agreement, to make revolving loans to SMUD pursuant to this Section from time to time in amounts such that the aggregate principal amount of Loans by the Bank at any one time outstanding shall not exceed the amount of the Commitment; *provided, however*, that after giving effect to any Borrowing, the outstanding Extensions of Credit shall not exceed the Commitment. Within the foregoing limit and subject to the terms and conditions of Section 2.2 hereof, SMUD may borrow under this subsection (a), repay or, to the extent permitted by Section 2.9 hereof, prepay, the Loans and re-borrow at any time during the Revolving Credit Period under this subsection (a).



(b) *Extension of Revolving Credit Period.* (i) SMUD may from time to time request the Bank to extend the then current Facility Maturity Date for a period as agreed to by SMUD and the Bank. If the Bank, in its sole discretion, elects to extend the Facility Maturity Date then in effect, they shall deliver to SMUD within 30 days of receiving a request, a written notice of extension (herein referred to as a “*Notice of Extension*”) designating the date to which the Facility Maturity Date is being extended. Such extension of the Facility Maturity Date shall be effective, after receipt of such Notice of Extension, on the Business Day following the date of delivery of such Notice of Extension, and thereafter all references in this Agreement to the Facility Maturity Date shall be deemed to be references to the date designated as such in the most recent Notice of Extension delivered to SMUD. Any date to which the Facility Maturity Date has been extended in accordance with this Section 2.1(b) may be extended in like manner. If the Bank fails to provide SMUD with a Notice of Extension as provided hereinabove, the Bank shall be deemed not to have consented to SMUD’s request. The Bank shall use commercially reasonable efforts to promptly notify SMUD if it will not extend the Facility Maturity Date, but the Bank’s failure to do so shall be deemed a denial of the extension request.

(ii) Notwithstanding the foregoing, it is understood and agreed that the foregoing provisions are intended for the convenience of the parties only and shall in no respect prohibit the parties from agreeing to extend the Revolving Credit Period under other circumstances or at other times. In the event the Revolving Credit Period is extended under any other circumstances, the Bank shall give prompt written notice thereof to SMUD.

(iii) If the Revolving Credit Period is extended, whether pursuant to subsection (i) above or otherwise, such extension shall be conditioned upon the prompt preparation, execution and delivery of documentation, satisfactory to SMUD and the Bank and their respective counsel.

*Section 2.2. Method of Borrowing, Continuing or Converting Loans; Account to Which Proceeds of Loans to Be Credited.* (a)(i) In the case of any Borrowing, SMUD shall give the Bank notice in the form of Exhibit C hereto, executed by an Authorized SMUD Representative (a “*Notice of Borrowing*”), and SMUD shall telephonically confirm the Bank’s receipt of such Notice of Borrowing, by not later than 11:00 a.m. (Pacific time) on any Business Day, specifying:

(A) the date of such Borrowing, which shall be a Business Day during the Revolving Credit Period that is at least two (2) U.S. Government Securities Business Days following the Bank’s receipt of such Notice of Borrowing,

(B) the aggregate amount of such Borrowing (which shall not exceed the difference between (i) the amount of the Commitment and (ii) the aggregate principal amount of Extensions of Credit then outstanding),

(C) whether such Borrowing will be a Taxable Loan or a Tax-Exempt Loan, and

(D) that the following items are attached and delivered to Note Counsel, if the Borrowing is a Tax-Exempt Loan, a tax certificate or supplement to an existing tax

certificate, including a completed Form 8038-G, relating to such Borrowing, in each case in a form acceptable to Note Counsel.

(ii) SMUD may convert any Tax-Exempt Loan to a Taxable Loan, only upon two (2) U.S. Government Securities Business Days prior written notice by giving appropriate notice to the Bank prior to 11:00 a.m. (Pacific time), on such required prior U.S. Government Securities Business Day in the form of Exhibit D hereto with blanks appropriately completed (each, a “*Notice of Conversion*”).

(b) Subject to the provisions of subsection (a) of this Section 2.2, by not later than 3:00 p.m. (Pacific time) on the date of each Borrowing, the Bank shall, subject to satisfaction of the requirements of Section 2.2 and Article Three hereof, wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to SMUD on the Borrowing date specified in the Notice of Borrowing, so long as such Borrowing date occurs during the Revolving Credit Period and is at least two (2) U.S. Government Securities Business Days following the Bank’s receipt of such Notice of Borrowing, as specified in such Notice of Borrowing, in immediately available funds, an amount equal to the Loan thereby requested. The Bank shall wire transfer, in federal or other immediately available funds, the proceeds of such Borrowing to the following account: Account Name: [\_\_\_\_], Bank Name: [\_\_\_\_], ABA Number: [\_\_\_\_], Account Number: [\_\_\_\_]; *provided, however*, that SMUD may, from time to time, change such account by written notice to the Bank, executed by an Authorized SMUD Representative, given to the Bank at its address referred to in Section 7.2 hereof.

(c) The Bank shall not be obligated to honor more than one Borrowing with respect to a Taxable Loan or more than one Borrowing with respect to a Tax-Exempt Loan on any Business Day.

(d) Each Loan shall be in the principal amount requested by SMUD pursuant to each notice in the form of Exhibit C hereto but in any event in a minimum principal amount of \$100,000 or such greater amount which is an integral multiple of \$100,000 in excess thereof.

*Section 2.3. Maturity of Loans and Term Loans.* (a) Each Loan included in any Borrowing shall mature, and the principal amount thereof (together with all accrued and unpaid interest therein) shall be due and payable by SMUD, on the Facility Maturity Date or such earlier date on which all Loans or the related Loans become due and payable in accordance with the terms hereof.

(b) The Term Loans shall mature, and the principal amount thereof (together with all accrued and unpaid interest thereon) shall be due and payable by SMUD, on the Amortization End Date or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof.

*Section 2.4. Interest Rates.* (a) Subject to subsection (d) below, and Section 2.15 hereof, each Loan (other than a Term Loan) which is a Taxable Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it is paid in full,

at a rate per annum equal to the Taxable Daily SOFR Rate, and such interest shall be payable by SMUD on each Interest Payment Date and on the Termination Date.

(b) Subject to subsections (d) and (f) below, and Section 2.15 hereof, each Loan (other than a Term Loan) which is a Tax-Exempt Loan shall bear interest on the outstanding principal amount thereof, for each day from the date such Loan is advanced until it is paid in full, at a rate per annum equal to the Tax-Exempt Daily SOFR Rate, and such interest shall be payable by SMUD on each Interest Payment Date and on the Termination Date.

(c) Interest on the Tax-Exempt Loans is to be excluded from gross income for federal income tax purposes. Interest on Taxable Loans, Alternate Rate Loans and other amounts owing hereunder (other than Tax-Exempt Loans) is to be includable in the Bank's gross income for federal income tax purposes.

(d) The Bank shall determine the applicable interest rate for the Loans in accordance with the terms of this Agreement while such Loan is outstanding. Interest on each Loan shall accrue each day such Loan is outstanding commencing on and including the date such Loan is advanced by the Bank hereunder until such Loan is paid in full. Notwithstanding the foregoing, (i) with respect to a Loan designated to bear interest with respect to the Taxable Daily SOFR Rate that is advanced pursuant to new Borrowing, the rate for such Loan shall be the same rate as for all outstanding Loans bearing interest with respect to the Taxable Daily SOFR Rate and (ii) with respect to a Loan designated to bear interest with respect to the Tax-Exempt Daily SOFR Rate that is advanced pursuant to new Borrowing, the rate for such Loan shall be the same rate as for all outstanding Loans bearing interest with respect to the Tax-Exempt Daily SOFR Rate.

(e) *Reserved.*

(f) Upon a Determination of Taxability, all Tax-Exempt Loans shall bear interest at the Taxable Rate.

(g) Subject to Section 2.15 hereof, the Term Loans shall bear interest on the outstanding principal amount thereof, for each date from the date of extension of such Term Loan until it becomes due, at a rate per annum equal to the Bank Rate. Such interest shall be payable by SMUD on each Interest Payment Date and on the Amortization End Date (or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof).

*Section 2.5. Fees.* (a) SMUD hereby agrees to pay and perform its obligations provided for in the Fee Agreement, including the payment by SMUD to the Bank of the nonrefundable Commitment Fees and the other fees, expenses and payments described in the Fee Agreement at the times, on the dates and in the amounts specified in the Fee Agreement, the terms of such Fee Agreement being incorporated herein by reference as if fully set forth herein. Any references herein or in any other document to the Commitment Fee and such other fees, expenses and payments owed to the Bank hereunder without specific reference to the Fee Agreement shall be read so as to include the Fee Agreement, and any reference to this Agreement shall be deemed to include a reference to the Fee Agreement. The Fee Agreement and this Agreement shall be

construed as one agreement between SMUD and the Bank and all obligations under the Fee Agreement shall be construed as obligations hereunder.

(b) If SMUD shall fail to pay any amount payable hereunder and/or under the Fee Agreement as and when due, each such unpaid amount shall bear interest for each day from and including the date it was due until paid in full at the applicable Default Rate and shall be payable by SMUD on demand.

(c) SMUD shall pay within thirty (30) days after demand any amounts advanced by or on behalf of the Bank to the extent required to cure any Default, Event of Default or event of nonperformance hereunder or any Program Document, together with interest at the Default Rate.

*Section 2.6. The Revolving Notes.* (a) All Taxable Loans, L/C Obligations and other Obligations (other than Tax-Exempt Loans) shall be made against and evidenced by the Taxable Note. All Taxable Loans, L/C Obligations and other Obligations (other than Tax-Exempt Loans) and all payments and prepayments on account of the principal of and interest on each Taxable Loan, L/C Obligations and other Obligation (other than Tax-Exempt Loans) 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 Taxable Note.

(b) All Tax-Exempt Loans shall be made against and evidenced by the Tax-Exempt Note. All Tax-Exempt Loans and all payments and prepayments on account of the principal of and interest on each Tax-Exempt Loan 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 Tax-Exempt Note.

(c) SMUD's obligations to repay each Loan, Term Loan and the other Obligations and to pay interest thereon as provided herein shall be evidenced and secured by the related Revolving Note, and SMUD shall pay amounts under the related Revolving Note on each date on which SMUD is required to make a principal payment on the related Loan, Term Loan and other Obligations, as applicable, in an amount equal to the Loan, Term Loan and the other Obligations, as applicable, payment due on such date. The payment of the principal of and interest on a Revolving Note shall constitute payment of the principal of and interest on the related Loans, Term Loan and the other Obligations, as applicable, and the payment of the principal of and interest on the Loans, Term Loan and the other Obligations, as applicable, shall constitute the payment of principal and interest on the related Revolving Note and the failure to make any payment on any Loan, Term Loan and the other Obligations, as applicable, when due shall be a failure to make a payment on the related Revolving Note and the failure to make any payment on the related Revolving Note when due shall be a failure to make a payment on the related Loan, Term Loan and the other Obligations, as applicable.

*Section 2.7. Optional Termination or Reduction of Commitment.* During the Revolving Credit Period, SMUD may, upon at least three Business Days' notice to the Bank, (i) terminate the Commitment at any time, if no Loans and L/C Obligations are outstanding at such time, or (ii) reduce the Commitment from time to time by an aggregate amount of \$1,000,000 or any larger integral multiple of \$100,000, *provided*, that, after giving effect to such reduction of the

Commitment, the Commitment shall be not less than the amount of the aggregate outstanding principal amount of the Extensions of Credit.

*Section 2.8. Mandatory Termination or Reduction of Commitment.* (a) The Commitment shall terminate on the Termination Date, and any Loans then outstanding (together with accrued interest thereon and all other amounts payable hereunder) shall be due and payable on such date, unless such Loans are converted to Term Loans as provided in Section 2.22 hereof.

(b) If at any time an Event of Default shall have occurred and be continuing, the Bank may deliver a written notice to that effect to SMUD, and the Commitment shall immediately terminate.

(c) In the event and on such occasion that the principal amount of outstanding Extensions of Credit exceeds the Commitment, SMUD shall prepay the Loans or otherwise reduce the outstanding Extensions of Credit in an aggregate amount equal to such excess.

*Section 2.9. Optional Prepayments.* SMUD may, upon at least one Business Days' notice to the Bank, prepay any Borrowing in whole at any time, or from time to time in part in amounts aggregating \$1,000,000 or any larger integral multiple of \$100,000, by paying the principal amount to be prepaid together with accrued interest thereon to the date of prepayment.

*Section 2.10. Reserved.*

*Section 2.11. Computation of Interest and Fees.* Interest with respect to Loans bearing interest at the Tax-Exempt Daily SOFR Rate or the Taxable Daily SOFR Rate, and all fees payable hereunder and under the Fee Agreement, shall be calculated on the basis of a 360-day year based upon the actual number of days elapsed, and interest with respect to Alternate Rate Loans and Term Loans shall be calculated on the basis of a 365 or 366 day year, as applicable, and the actual number of days elapsed.

<sup>1</sup>*Section 2.12. Benchmark Replacement.* (a) The Bank shall have the right to make any technical, administrative or operational changes from time to time that the Bank decides may be appropriate to reflect the adoption and implementation of SOFR or any other Benchmark (as defined below) or to permit the use and administration thereof by the Bank in a manner substantially consistent with market practice or in such other manner as the Bank decides is reasonably necessary. Notwithstanding anything to the contrary herein or in any other Program Document, any amendments implementing such technical, administrative or operational changes will become effective without any further action or consent of SMUD. The Bank shall provide notice to SMUD of any such amendment reasonably promptly after such amendment becomes effective.

If the applicable rate under this Agreement is based on a Benchmark and the Bank determines (which determination shall be final and conclusive) that (A) such Benchmark cannot be determined pursuant to its definition other than as a result of a Benchmark Transition Event (as

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<sup>1</sup> We are confirming that the Bank's internal counsel is comfortable with this Section

defined below), (B) such Benchmark does not adequately and fairly reflect the cost to the Bank of funding, establishing or maintaining any Loan or (C) any enactment, promulgation or adoption of or any change in any applicable law, rule or regulation, or any change in the interpretation or administration thereof by a governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Bank with any guideline, request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency shall make it unlawful or impracticable for the Bank to make or maintain or fund loans based on that Benchmark, then the Bank shall give notice thereof to SMUD. Thereafter, until the Bank notifies SMUD that the circumstances giving rise to such determination no longer exist, the interest rate on all Loans outstanding under this Agreement shall be the Alternate Rate.

Notwithstanding anything to the contrary herein or in any other Program Document, if the Bank determines (which determination shall be final and conclusive) that a Benchmark Transition Event has occurred with respect to a Benchmark, the Bank may amend this Agreement to replace such Benchmark with a Benchmark Replacement (as defined below); and any such amendment shall be in writing, shall specify the date that the Benchmark Replacement is effective and will not require any further action or consent of SMUD. Until the Benchmark Replacement is effective, amounts bearing interest with reference to a Benchmark will continue to bear interest with reference to such Benchmark as long as such Benchmark is available, and otherwise such amounts automatically will bear interest at the Alternate Rate.

For purposes of this Section 2.12, the following terms have the meanings set forth below:

*“Benchmark”* means, at any time, any interest rate index then used in the determination of an interest rate under the terms of this Agreement. Once a Benchmark Replacement becomes effective under this Agreement, it is a Benchmark. As of the Closing Date, the Benchmark under this Agreement is Daily SOFR.

*“Benchmark Replacement”* means, for any Benchmark, the sum of (a) an alternate benchmark rate and (b) an adjustment (which may be a positive or negative value or zero), in each case that has been selected by the Bank as the replacement for such Benchmark giving due consideration to any evolving or then-prevailing market convention, including any applicable recommendations made by the official sector or any official *sector*-sponsored committee or working group, for U.S. dollar-denominated credit facilities at such time; *provided* that, if the Benchmark Replacement as determined pursuant to the foregoing would be less than the Floor, the Benchmark Replacement will be deemed to be the Floor for the purposes of this Agreement and the other Program Documents.

*“Benchmark Transition Event”* means a public statement or publication by or on behalf of the administrator of a Benchmark, the regulatory supervisor of such administrator, the Board of Governors of the Federal Reserve System, NYFRB, an insolvency official or resolution authority with jurisdiction over the administrator for such Benchmark or a court or an entity with similar insolvency or resolution authority over the administrator for such Benchmark, announcing or stating that

(a) such administrator has ceased or will cease to provide such Benchmark permanently or indefinitely, provided that at the time of such statement or publication there is no successor administrator that will continue to provide such Benchmark or (b) such Benchmark is or will no longer be representative.

(b) *Favorable Opinion of Note Counsel.* If any Tax-Exempt Loan or Tax-Exempt Loans are then outstanding, SMUD shall cause a Favorable Opinion of Note Counsel to be delivered each time a new Benchmark Replacement is determined for calculation of the Tax-Exempt Daily SOFR Rate.

*Section 2.13. Determination of Taxability.* (i) In the event a Determination of Taxability occurs, SMUD hereby agrees to pay to the Bank and each Noteholder within thirty (30) days of demand therefor (1) an amount equal to the difference between (A) the amount of interest that would have been paid to the Bank and such Noteholder on the Tax-Exempt Note or Tax-Exempt Loan, without duplication, during the period for which interest on the such Tax-Exempt Note or Tax-Exempt Loan is included in the gross income of the Bank and such Noteholder if the Tax-Exempt Note or Tax-Exempt Loan had borne interest at the Taxable Rate, beginning on the Taxable Date (the “*Taxable Period*”), and (B) the amount of interest actually paid to the Bank and such Noteholder during the Taxable Period, and (2) an amount equal to any interest, penalties or charges owed by the Bank and such Noteholder as a result of interest on the Tax-Exempt Note or Tax-Exempt Loan becoming included in the gross income of the Bank and such Noteholder, together with any and all reasonable attorneys’ fees, court costs, or other reasonable out-of-pocket costs incurred by the Bank and such Noteholder in connection therewith;

(ii) Subject to the provisions of clause (iii) below, the Bank and such Noteholder shall afford SMUD the opportunity, at SMUD’s sole cost and expense, to contest (1) the validity of any amendment to the Internal Revenue Code which causes the interest on the Tax-Exempt Note or Tax-Exempt Loan to be included in the gross income of Bank and such Noteholder or (2) any challenge to the validity of the tax exemption with respect to the interest on the Tax-Exempt Note or Tax-Exempt Loan, including the right to direct the necessary litigation contesting such challenge (including administrative audit appeals); *provided* that, in no event shall the Bank or a Noteholder be required to make available its tax returns (or any other information relating to its taxes that it deems confidential) to SMUD or any other Person; and

(iii) As a condition precedent to the exercise by SMUD of its right to contest set forth in clause (ii) above, SMUD shall, upon reasonable demand, within thirty (30) days, reimburse the Bank and such Noteholder for any and all reasonable expenses (including reasonable attorneys’ fees for services that may be required or desirable, as determined by the Bank and such Noteholder in its reasonable discretion) that may be incurred by the Bank and such Noteholder in connection with any such contest, and shall, within thirty (30) days from demand, reimburse Bank and such Noteholder for any and all penalties or other charges payable by the Bank or such Noteholder for failure to include such interest in its gross income.

(iv) Without prejudice to the survival of any other agreement of SMUD hereunder, the agreements and obligations of SMUD contained in this Section 2.13 shall survive the termination of this Agreement and the payment in full of the Obligations of SMUD thereunder and hereunder.

*Section 2.14. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Agreement or the Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

*Section 2.15. Default Rate.* Upon the occurrence and during the continuance of an Event of Default, all Obligations payable hereunder (for avoidance of doubt, excluding any fees which are not yet due and payable) shall bear interest until paid in full at a rate per annum equal to the Default Rate.

*Section 2.16. Net of Taxes, Etc.* (a) Any and all payments to the Bank or any Noteholder by SMUD hereunder or with respect to the Loans, Term Loans and the other Obligations shall be made free and clear of and without deduction or withholding for any and all Indemnified Taxes. If SMUD shall be required by law to deduct or withhold any Indemnified Taxes imposed by the United States of America or any political subdivision thereof from or in respect of any sum payable hereunder or with respect to the Loans, Term Loans and the other Obligations, then (i) the sum payable shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Bank or such Noteholder receives an amount equal to the sum it would have received had no such deductions been made, (ii) SMUD shall make such deductions and (iii) SMUD shall timely pay the full amount deducted to the relevant taxation authority or other authority in accordance with applicable law. If SMUD shall make any payment under this Section to or for the benefit of the Bank or such Noteholder with respect to Indemnified Taxes and if the Bank or such Noteholder shall claim any credit or deduction for such Indemnified Taxes against any other taxes payable by the Bank or such Noteholder to any taxing jurisdiction in the United States of America then the Bank or such Noteholder shall pay to SMUD an amount equal to the amount by which such other taxes are actually reduced; *provided*, that the aggregate amount payable by the Bank or such Noteholder pursuant to this sentence shall not exceed the aggregate amount previously paid by SMUD with respect to such Indemnified Taxes. In addition, SMUD agrees to pay any present or future stamp, recording or documentary taxes and any other excise or property taxes, charges or similar levies that arise under the laws of the United States of America or any state of the United States from any payment made hereunder or under the Loans, Term Loans and the other Obligations or from the execution or delivery of this Agreement or the Revolving Notes, or otherwise with respect to this Agreement, the Loans, the Term Loans or the other Obligations (hereinafter referred to as "*Other Taxes*"). The Bank or such Noteholder shall provide to SMUD within a reasonable time a copy of any written notification it receives with respect to Indemnified Taxes or Other Taxes owing by SMUD to the Bank or such Noteholder hereunder; *provided*, that the Bank or such Noteholder's failure to send such notice shall not relieve SMUD of its obligation to pay such amounts hereunder. SMUD may conduct a reasonable contest of any such Indemnified Taxes with the prior written consent of the Bank, which consent shall not be unreasonably withheld or delayed; *provided*, that SMUD shall, on demand, immediately reimburse the Bank for any and all expenses (including attorneys' fees for services that may be required or desirable, as determined by the Bank in its sole discretion) that may be incurred by the Bank in connection with any such contest.



(b) SMUD shall, to the fullest extent permitted by law and subject to the provisions hereof, pay the Bank or such Noteholder for the full amount of Indemnified Taxes and Other Taxes including any Indemnified Taxes or Other Taxes imposed by any jurisdiction on amounts payable under this Section paid by the Bank or such Noteholder or any liability (including penalties, interest and expenses) arising therefrom or with respect thereto whether or not such Indemnified Taxes or Other Taxes were correctly or legally asserted; *provided*, that SMUD; shall not be obligated to pay the Bank or such Noteholder for any penalties, interest or expenses relating to Indemnified Taxes or Other Taxes arising from the Bank or such Noteholder's gross negligence or willful misconduct. The Bank or such Noteholder agrees to give notice to SMUD of the assertion of any claim against the Bank or such Noteholder relating to such Indemnified Taxes or Other Taxes as promptly as is practicable after being notified of such assertion; *provided*, that the Bank or such Noteholder's failure to notify SMUD promptly of such assertion shall not relieve SMUD of its obligation under this Section. Payments by SMUD pursuant to this Section shall be made within thirty (30) days from the date the Bank or such Noteholder makes written demand therefor, which demand shall be accompanied by a certificate describing in reasonable detail the basis thereof. The Bank or such Noteholder agrees to repay to SMUD any refund (including that portion of any interest that was included as part of such refund) with respect to Indemnified Taxes or Other Taxes paid by SMUD pursuant to this Section received by the Bank or such Noteholder for Indemnified Taxes or Other Taxes that were paid by SMUD pursuant to this Section and to contest, with the cooperation and at the expense of SMUD, any such Indemnified Taxes or Other Taxes which the Bank or such Noteholder or SMUD reasonably believes not to have been properly assessed.

(c) Within thirty (30) days after the date of any payment of Indemnified Taxes by SMUD, SMUD shall furnish to the Bank the original or a certified copy of a receipt evidencing payment thereof.

(d) Notwithstanding anything contained in paragraphs (a) or (b) of this Section, SMUD shall have no liability to the Bank or any Noteholder with respect to any Indemnified Taxes to the extent incurred or imposed on the Bank or any Noteholder more than one hundred eighty (180) days prior the date written notification thereof is given to SMUD by the Bank (the "*Cut-Off Date*"), except where (A) the Bank had no actual knowledge of the action resulting in such Indemnified Taxes as of the Cut-Off Date or (B) such Indemnified Taxes apply to the Bank retroactively to a date prior to the Cut-Off Date.

(d) The obligations of SMUD under this Section 2.16 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any taxing jurisdiction imposes Indemnified Taxes on the Bank or any Noteholder after the end of such 180 day period but retroactively to a date prior to the end of such 180 day period, as described in this Section 2.16, the Bank may impose such Indemnified Taxes on SMUD in accordance with the terms of this Section 2.16; *provided, further, however*, that the foregoing proviso shall only apply to any Indemnified Taxes imposed not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

*Section 2.17. Increased Costs.* (a) *Increased Costs Generally.* If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, liquidity ratio, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or advances, loans or other credit extended or participated in by, the Bank or any Recipient;

(ii) subject any Recipient to any Taxes of any kind whatsoever with respect to this Agreement, or change the basis of taxation of payments to the Bank or such Recipient in respect thereof (except for Indemnified Taxes covered by Section 2.16 hereof and the imposition of, or any change in the rate of any Excluded Tax payable by the Bank or any Recipient); or

(iii) impose on the Bank or any Recipient any other condition, cost or expense affecting this Agreement or the Fee Agreement or any Letter of Credit or any participation therein;

and the result of any of the foregoing shall be to increase the cost to the Bank or such Recipient related to issuing or maintaining this Agreement, the Commitment or any Loan or Term Loan or Letter of Credit, or to reduce the amount of any sum received or receivable by the Bank or such Recipient hereunder (whether of principal, interest or any other amount) then, upon written request of the Bank, SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such Recipient, as the case may be, for such additional costs incurred or reduction suffered.

(b) *Capital Requirements.* If the Bank or any Recipient determines that any Change in Law affecting the Bank or such Recipient or the Bank's or such Recipient's parent or holding company, if any, regarding capital or liquidity requirements, has or would have the effect of reducing the rate of return on the Bank's or such Recipient's capital or liquidity or the capital or liquidity of such Bank's or such Recipient's parent or holding company holding, if any, as a consequence of this Agreement, or for maintaining this Agreement, the Commitment or any Loan or Term Loan, to a level below that which the Bank or such Recipient or the Bank's or such Recipient's parent or holding company could have achieved but for such Change in Law (taking into consideration the Bank's or such Recipient's policies and the policies of the Bank's or such Recipient's parent or holding company with respect to capital or liquidity adequacy), then from time to time upon written request of the Bank SMUD shall promptly pay to the Bank (for the Bank or such Recipient, as the case may be) such additional amount or amounts as will compensate the Bank or such Recipient or the Bank's or such Recipient's parent or holding company for any such reduction suffered.

(c) *Certificates for Reimbursement.* A certificate of the Bank or a Recipient setting forth the amount or amounts necessary to compensate the Bank or any such Recipient or the Bank's or any such Recipient's parent or holding company, as the case may be, as specified in paragraph (a) or (b) of this Section and delivered to SMUD, shall be conclusive absent manifest error. SMUD shall pay the Bank or any such Recipient, as the case may be, the amount shown as due on any such certificate within thirty (30) days after receipt thereof. Each Recipient shall have the benefits of this Section 2.17, but shall not be entitled to receive any greater payment under such Section than the Bank would have been entitled to receive in connection with the rights transferred.

(d) *Delay in Requests.* Failure or delay on the part of the Bank or any such Recipient to demand compensation pursuant to the foregoing provisions of this Section shall not constitute a waiver of the Bank's or such Recipient's right to demand such compensation; *provided* that SMUD shall not be required to compensate the Bank or such Recipient pursuant to the foregoing provisions of this Section for any increased costs incurred or reductions suffered more than six (6) months prior to the date that the Bank notifies SMUD of the Change in Law giving rise to such increased costs or reductions and of the Bank's or such Recipient's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the six (6) month period referred to above shall be extended to include the period of retroactive effect thereof).

(e) *Survival.* The obligations of SMUD under this Section 2.17 shall survive the termination of this Agreement and the repayment of all Obligations hereunder for a period of one hundred eighty (180) days after such termination and final repayment; *provided, however*, that in the event any Change in Law provides for retroactive increased costs or retroactive imposition of capital adequacy or liquidity requirements, as described in this Section 2.17, the Bank or a Recipient may impose such costs on SMUD in accordance with the terms of this Section 2.17; *provided, further, however*, that the foregoing proviso shall only apply to any Change in Law occurring not later than two (2) years after the date this Agreement terminates and all Obligations have been paid in full.

*Section 2.18. Margin Regulations.* No portion of the proceeds of any Loans, Term Loans or drawing under a Letter of Credit shall be used by SMUD (or any other Person on behalf of SMUD) for the purpose of "purchasing" or "carrying" any margin stock or used in any manner which might cause the borrowing or the application of such proceeds to violate Regulation U, Regulation T, or Regulation X of the Board of Governors of the Federal Reserve System or any other regulation of said Board of Governors or to violate the Securities Exchange Act of 1934, as amended, in each case as in effect on the date or dates of such Loans, Term Loans or drawing under the Letter of Credit and such use of proceeds.

*Section 2.19. Maximum Rate; Payment of Fee.* Anything in this Agreement to the contrary notwithstanding, if the rate of interest due hereunder shall exceed the Maximum Rate for any period for which interest is payable, then (i) interest at the Maximum Rate shall be due and payable with respect to such interest period and (ii) interest at the rate equal to the difference between (A) the rate of interest calculated in accordance with the terms hereof without regard to the Maximum Rate and (B) the Maximum Rate (the "*Excess Interest*"), shall be deferred until such date as the rate of interest calculated in accordance with the terms hereof ceases to exceed the Maximum Rate, at which time SMUD shall pay to the Bank, with respect to amounts then payable to the Bank that are required to accrue interest hereunder, such portion of the deferred Excess Interest as will cause the rate of interest then paid to the Bank to equal the Maximum Rate, which payments of deferred Excess Interest shall continue to apply to such unpaid amounts hereunder until all deferred Excess Interest is fully paid to the Bank. To the extent permitted by law, upon the termination of the Commitment and/or this Agreement, in consideration for the limitation of the rate of interest otherwise payable hereunder, SMUD shall pay to the Bank a fee equal to the amount of all unpaid deferred Excess Interest.

*Section 2.20. Security for Obligations.* This Agreement constitutes the Credit Agreement (as defined in the Note Resolution) under the Note Resolution and has all rights and benefits thereof. In order to secure the timely payment of all Obligations and to secure the performance and observance of all of the covenants, agreements and conditions contained in this Agreement and the Fee Agreement, SMUD has pledged the Available Revenues to the Bank (for the benefit of the Bank and any Affiliate of the Bank to whom any Obligation is at any time owed), pursuant to and on the terms and subject to the conditions set forth in the Note Resolution. The pledge of Available Revenues under the Note Resolution constitutes a valid pledge of and charge and lien upon the Available Revenues, has attached and is effective, binding, and enforceable against SMUD, its successors, purchasers of any of the Available Revenues, creditors, and all others asserting rights therein to the extent set forth in, and in accordance with, the Note Resolution, irrespective of whether those parties have notice of the lien on, security interest in and pledge of the Available Revenues and without the need for any physical delivery, recordation, filing or further act.

*Section 2.21. Method of Payment; Etc.* All payments to be made by SMUD under this Agreement and the Fee Agreement shall be made at the Payment Account not later than 4:00 P.M. (New York time) on the date when due and shall be made in lawful money of the United States of America in freely transferable and immediately available funds. All payments received by the Bank after 4:00 P.M. (New York time) shall be deemed to have been made on the next succeeding Business Day and any applicable interest or fees shall continue to accrue.

*Section 2.22. The Term Loans.* (a) *Generally.* (i) On the Facility Maturity Date, so long as (A) SMUD shall have delivered to the Bank a written request in the form of Exhibit E hereto no later than thirty (30) days prior to the Facility Maturity Date, (B) immediately before and as a result of giving effect to such conversion, no Credit Default or Credit Event of Default shall have occurred and be continuing on the Facility Maturity Date, (C) immediately before and as a result of giving effect to such conversion, (1) there has been no material adverse change in SMUD's business, assets, liabilities, financial condition, results of operations or business prospects which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations under this Agreement and the Program Documents or the rights, security or interests of the Bank hereunder and under the Program Documents and (2) no event described in clause (b) of the definition of Material Adverse Change shall have occurred on the Facility Maturity Date and (D) the Bank shall not have terminated its obligation to make Term Loans as a result of a Non-Credit Event of Default pursuant to Section 6.2(b) hereof, the Loans, if any, maturing on such date shall be automatically converted to term loans (each a "*Term Loan*" and collectively the "*Term Loans*"), the proceeds of which shall be deemed to have refunded the Loans.

(ii) The Term Loans shall be evidenced by the Taxable Note and the Tax-Exempt Note, as applicable. The Term Loans may be repaid in whole or in part on any Business Day upon prior written notice from SMUD to the Bank.

(b) *Repayment.* SMUD shall pay to the Bank the outstanding principal amount of the Term Loans in equal (as nearly as possible) installments on each Amortization Payment Date and on the Amortization End Date; *provided, however*, that, notwithstanding anything contained herein to the contrary, the entire principal amount of the Term Loans, plus accrued and unpaid interest

thereon, shall be due and payable in full on the Amortization End Date (or such earlier date on which all Term Loans become due and payable in accordance with the terms hereof).

### ARTICLE THREE

#### CONDITIONS PRECEDENT

*Section 3.1. Conditions Precedent to the Effectiveness of this Agreement.* As conditions precedent to the obligation of the Bank to establish the Commitment and execute and deliver this Agreement, SMUD shall provide to the Bank on the Closing Date, each in form and substance satisfactory to the Bank and its counsel, Chapman and Cutler LLP (hereinafter, “*Bank’s Counsel*”):

(i) *Approvals.* The Bank shall have received an executed counterpart of this Agreement duly executed by SMUD and the Bank and an executed original of each Revolving Note and copies of all action taken by SMUD (including, without limitation, any resolution adopted or passed by SMUD in connection therewith) approving the execution and delivery by SMUD of this Agreement, the Fee Agreement, the Revolving Notes and the other Program Documents, in each case, certified by an authorized official of SMUD as complete and correct as of the date hereof.

(ii) *Incumbency of Officials.* The Bank shall have received an incumbency certificate of SMUD in respect of each of the officials who is authorized to (a) sign this Agreement, the Revolving Notes and the other Program Documents on behalf of SMUD and (b) take actions for SMUD under this Agreement, the Revolving Notes and the other Program Documents.

(iii) *Opinion of Note Counsel.* The Bank shall have received an opinion of Note Counsel or a reliance letter thereon.

(iv) *Opinion of Counsel to SMUD.* The Bank shall have received an opinion addressed to the Bank and dated the Closing 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 Agreement, the Revolving Notes and the Fee Agreement and to perform its obligations hereunder and thereunder, (iii) SMUD’s execution and delivery of this Agreement, the Revolving Notes and the Fee Agreement, (iv) the enforceability of SMUD’s obligations under this Agreement, the Revolving Notes and the Fee Agreement, (v) that SMUD has obtained all consents necessary to execute, deliver and perform this Agreement, the Revolving Notes and the Fee Agreement, (vi) the execution and delivery of this Agreement, the Revolving Notes and the Fee Agreement by SMUD 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 Agreement, the Revolving Notes and the Fee Agreement or performing its obligations hereunder and thereunder.

(v) *Note Resolution and Other Program Documents.* The Bank shall have received (a) a certified copy of the Note Resolution, the Master Bond Resolution (or a certified copy of the annotated version thereof) and the Subordinated Bond Resolution (or a certified copy of the annotated version thereof) which have been adopted prior to the Closing Date, all certified by an authorized officer of SMUD as being in full force and effect and (b) fully executed or certified copies, as applicable, of all other Program Documents.

(vi) *Financial Information.* The Bank shall have received copies of any financial information of SMUD that the Bank may reasonably request.

(vii) *Legality; Material Adverse Change.* The Bank shall have determined (in its sole discretion) that (a) neither the making of any Loans nor the consummation of any of the transactions contemplated by the Note Resolution, the Revolving Notes, this Agreement or any other Program Document will violate any law, rule, guideline or regulation applicable to SMUD, the Bank, the Commitment, the Revolving Notes or this Agreement, and (b) no Material Adverse Change shall have occurred since December 31, 2024.

(viii) *Fees, Etc.* The Bank shall have received payment of the fees, costs and expenses payable on the Closing Date.

(ix) *Revolving Notes.* The Bank shall have received executed Revolving Notes.

(x) *Closing Certificate.* The Bank shall have received a certificate from SMUD executed by the Authorized SMUD Representative, dated the Closing Date, stating that:

(a) the representations and warranties of SMUD contained in this Agreement and each certificate furnished or delivered by SMUD to the Bank pursuant hereto are true and correct on and as of the Closing Date as though made on and as of such date;

(b) no “default” or “event of default” under any Program Document to which SMUD is a party and no Default or Event of Default has occurred and is continuing or would result from the entering into or performance under this Agreement and the other Program Documents; and

(c) except as has been disclosed to the Bank in writing prior to the Closing Date, there has been no Material Adverse Change since December 31, 2024.

(xi) *Other Documents.* The Bank shall have received such other documents, certificates, and opinions as the Bank or the Bank’s counsel shall have reasonably requested.

In addition to the foregoing conditions, as a condition to its entry into this Agreement, SMUD shall have received an opinion of Bank's Counsel as to the Bank's execution and delivery of this Agreement and the enforceability of the Bank's obligations under this Agreement.

*Section 3.2. Borrowings During the Revolving Credit Period and Letters of Credit.* The obligation of the Bank to make a Loan on the occasion of any Borrowing or to convert any Tax-Exempt Loan to a Taxable Loan or to issue any Letter of Credit on or prior to the Termination Date is subject to the satisfaction of the following conditions:

(a) receipt by the Bank of a Notice of Borrowing (or appropriate notice regarding continuation or conversion) as required by Section 2.2 hereof or application for Letter of Credit, as applicable;

(b) immediately after such Borrowing, continuation or conversion or the issuance of such Letter of Credit, the aggregate outstanding principal amount of all Extensions of Credit will not exceed the amount of the Commitment;

(c) immediately before and as a result of giving effect to such Borrowing, continuation or conversion or issuance of such Letter of Credit, no Credit Default, Credit Event of Default, Optional Termination Event or Rating Event shall have occurred and be continuing;

(d) immediately before and as a result of giving effect to such Borrowing, continuation or conversion or issuance of such Letter of Credit, (1) there has been no material adverse change in SMUD's business, assets, liabilities, financial condition, results of operations or business prospects which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations under this Agreement and the Program Documents or the rights, security or interests of the Bank hereunder and under the Program Documents and (2) no event described in clause (b) of the definition of Material Adverse Change shall have occurred; and

(e) immediately before such Borrowing, continuation or conversion or issuance of such Letter of Credit, the Bank shall not have terminated its obligation to make Loans as a result of a Non-Credit Event of Default pursuant to Section 6.2(b) hereof.

Each Borrowing, continuation or conversion hereunder shall be deemed to be a representation and warranty by SMUD on the date of such Borrowing, continuing or conversion as to the facts specified in clauses (b), (c) and (d) of this Section and that no Default or Event of Default has occurred and is continuing.

*Section 3.3. Each Tax-Exempt Loan Borrowing.* The obligation of the Bank to make each Tax-Exempt Loan hereunder is subject to the satisfaction of the following conditions:

(a) all conditions set forth in Section 3.2 hereof shall be satisfied prior to the making of such Loan;

(b) the Bank shall have received an executed opinion of Note Counsel addressed to SMUD and with a reliance letter to the Bank, in a form acceptable to the Bank, to the effect that the interest on such Loan is excluded from gross income for federal income tax purposes; and

(c) SMUD shall have executed, and the Bank shall have received an executed copy of a tax certificate or supplement to an existing tax certificate, including a completed Form 8038-G, relating to such Borrowing, in each case in a form acceptable to Note Counsel.

*Section 3.4. No Rating; DTC; Offering Document.* Neither Revolving Note shall be (i) assigned a specific rating by any Rating Agency, (ii) registered with The Depository Trust Company or any other securities depository, (iii) issued pursuant to any type of official statement, private placement memorandum or other offering document, (iv) placed or offered by a broker-dealer in the capacity of an underwriter or a placement agent or (v) assigned a CUSIP number.

## **ARTICLE FOUR**

### **REPRESENTATIONS AND WARRANTIES**

*Section 4.1. Representations of SMUD.* In order to induce the Bank to establish the Commitment and execute and deliver this Agreement, SMUD represents and warrants to the Bank as follows:

(a) *Existence and Power.* SMUD is a municipal utility district organized and existing under and by virtue of the Act, and is possessed of full powers to own and lease (as lessor and lessee) real and personal property, to own and operate the Electric System, to conduct its other business as presently conducted and to enter into contracts such as this Agreement and the SMUD Program Documents, which powers have been validly exercised in connection with the transactions effected by this Agreement and the SMUD Program Documents.

(b) *Authorization; Contravention; Approvals.* The execution, delivery and performance by SMUD of this Agreement, the Fee Agreement and the SMUD Program Documents and the other documents contemplated hereby and thereby are within the powers of SMUD, have been duly authorized by all necessary actions and (i) do not contravene the Act or any other law, rule, regulation, order, writ, judgment, injunction, decree, determination or award or any indenture, agreement, lease, instrument or other contractual restriction binding on or affecting SMUD and (ii) except as provided in or contemplated by this Agreement and the Program Documents, do not result in or require the creation of any Lien, security interest or other charge or encumbrance upon or with respect to any asset of SMUD. SMUD is not in violation of or in default in any material respect under any law, rule, regulation, order, writ, judgment, injunction, decree, determination or award that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. SMUD is not in violation of or in default in any material respect under any indenture, agreement, lease, instrument or other contractual restriction and is not in violation of or in default in any respect under any of the SMUD Program



Documents that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement or the SMUD Program Documents. No Default or Event of Default has occurred and is continuing. All orders, consents and other authorizations or approvals of all Governmental Authorities and all other Persons have been obtained (and no additional authorization, approval or other action by, and no notice to or filing or registration with, any Governmental Authority is required to be made or obtained by SMUD) for the due execution, delivery and performance by SMUD of this Agreement and the SMUD Program Documents.

(c) *Enforceability.* This Agreement and the SMUD Program Documents, and other documents contemplated hereby and thereby to which SMUD is a party or by which it is bound, are legally valid and binding obligations of SMUD enforceable against SMUD in accordance with their respective terms, except as such enforceability may be limited by (i) bankruptcy, insolvency, reorganization or similar laws affecting creditors' rights generally; (ii) general principles of equity; (iii) the exercise of judicial discretion in appropriate cases; and (iv) to the limitations on legal remedies against municipal utility districts in the State of California.

(d) *Litigation.* Except as disclosed in writing to the Bank prior to the Closing Date, there are no actions, suits, proceedings, inquiries or investigations, at law or in equity, before any court, Governmental Authority or arbitrator pending or, to the best knowledge of SMUD, threatened, against or directly involving SMUD (including, without limitation, the ability of SMUD to establish and collect rates for the generation, transmission and distribution of electric power), affecting the existence of SMUD, the title of any officials to their respective offices or affecting or seeking to prohibit, restrain or enjoin the execution or delivery of this Agreement or any Program Document, or in any way contesting or affecting the validity or enforceability of the Revolving Notes, this Agreement, any Program Document or contesting the tax-exempt status of the Tax-Exempt Note, or contesting the powers of SMUD or any authority for the issuance of the Revolving Notes, the execution and delivery of this Agreement or the SMUD Program Documents, nor, to the best, knowledge of SMUD, is there any basis therefor, which, if determined adversely to SMUD (i) would adversely affect the validity or enforceability of, or the authority or ability of SMUD to perform its obligations under, this Agreement, the Fee Agreement or any SMUD Program Documents, (ii) would, in the reasonable opinion of SMUD, have a material adverse effect on the business, financial position or results of operations of SMUD or (iii) would adversely affect the exclusion of interest on the Tax-Exempt Note from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(e) *Financial Information.* (i) The audited financial statements of SMUD included in the 2024 Financial Statements, true and correct copies of which have heretofore been delivered or made available to the Bank, fairly present, in conformity with generally accepted accounting principles the financial position of SMUD and its results of operations and changes in financial position at the dates and for the periods indicated.

(ii) Except as has been disclosed in writing to the Bank prior to the Closing Date, since December 31, 2024, there has been no material adverse change in the business, financial position or results of operations of SMUD which could reasonably be expected to result in a material adverse effect on SMUD's ability to perform its obligations hereunder or thereunder or the rights, security or interests of the Bank.

(iii) Except as reflected in the financial statements included in the 2024 Financial Statements or as has been disclosed in writing to the Bank prior to the Closing Date and except for SMUD's obligations set forth in this Agreement and the SMUD Program Documents, there are as of the date hereof no liabilities or obligations with respect to SMUD of any nature whatsoever (whether absolute, accrued, contingent or otherwise and whether or not due) which, in the aggregate, would be material to SMUD. SMUD does not know of any basis for the assertion against SMUD of any liability or obligation of any nature whatsoever that is not reflected in the financial statements included in the 2024 Financial Statements or other written disclosure to the Bank delivered prior to the Closing Date which, in the aggregate, could be material to SMUD.

(f) *Disclosure.* No written information furnished by SMUD to the Bank in connection with this Agreement (except information which has been superseded by subsequent information provided by SMUD) includes any untrue statement of a material fact.

(g) *Environmental Matters.* Except as disclosed in writing to the Bank prior to the Closing Date, SMUD has not received notice to the effect that the operations of the Electric System are not in compliance with any of the requirements of applicable Federal, state or local environmental, health and safety statutes and regulations or are the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or substance into the environment, in each case which non-compliance or remedial action could have a Material Adverse Effect.

(h) *Plans.* SMUD currently has a Plan which is in compliance in all respects with the requirements of the applicable laws of the State of California, including without limitation the obligation to pay contributions on behalf of its employees in accordance therewith, and SMUD has no Plan which is subject to the requirements of ERISA. No condition exists or event or transaction has occurred with respect to any Plan which could reasonably be expected to result in the incurrence by SMUD of any material liability, fine or penalty.

(i) *Regulations U and X.* SMUD is not engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation U or X issued by the Board of Governors of the Federal Reserve System); and no proceeds of any Loans or Term Loans will be used to extend credit to others for the purpose of purchasing or carrying any margin stock.

(j) *Tax-Exempt Status.* SMUD has not taken any action or omitted to take any action, and knows of no action taken or omitted to be taken by any other Person, which action, if taken or omitted, would adversely affect the exclusion of interest on the Tax-Exempt Note from gross income for Federal income tax purposes or the exemption of such interest from State of California personal income taxes.

(k) *Security.* The Note Resolution creates a pledge of the Available Revenues as security for the punctual payment of the interest and principal due with respect to the Revolving Notes, the Parity Notes, the Obligations owed to the Bank hereunder and all Parity Notes Reimbursement Agreements. All actions necessary to create a pledge of the Available Revenues have been duly

and validly taken. SMUD's obligation to pay the Obligations is *pari passu* with its obligation to pay the Revolving Notes, Parity Notes and all Parity Notes Reimbursement Agreements.

(l) *Constitutional Matters.* There is no amendment, or, to the best knowledge of SMUD, proposed amendment certified for placement on a statewide ballot, to the Constitution of the State of California or any published administrative interpretation of the Constitution of the State of California or any State of California law, or any legislation which has passed either house of the State legislature, or any published judicial decision interpreting any of the foregoing, the effect of which could reasonably be expected to have Material Adverse Effect.

(m) *No Sovereign Immunity.* SMUD represents that it is not entitled to claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California in connection with the enforcement of its obligations under this Agreement, the SMUD Program Documents, and the other documents contemplated by this Agreement.

(n) *Incorporation of Representations and Warranties by Reference.* SMUD hereby makes to the Bank every representation and warranty made by it in SMUD Program Documents, which representations and warranties, as well as the defined terms contained therein that are necessary for a correct interpretation thereof, are incorporated herein by this reference with the same effect as if each and every such provision and defined term were set forth herein in its entirety. No amendment, modification, termination or replacement of any such representations, warranties and definitions contained in the SMUD Program Documents shall be effective to amend, modify, terminate or replace the representations, warranties and definitions incorporated herein by this reference, without the prior written consent of the Bank. The representations and warranties of SMUD in all of the SMUD Program Documents are true and correct in all material respects.

(o) *No Violation of Usury Laws.* The terms of the Note Resolution regarding the calculation and payment of interest on the Revolving Notes do not violate any applicable usury laws of the State of California and, assuming that the Bank is an exempted class of persons within the meaning of Article 15 of the California Constitution, the terms of this Agreement, the Fee Agreement, and the Revolving Notes regarding the calculation and payment of interest and fees and other amounts due under this Agreement, the Fee Agreement, and the Revolving Notes do not violate any applicable usury laws of the State of California.

(p) *Compliance.* SMUD is in substantial compliance with all laws, ordinances, orders, rules and regulations applicable to it, except to the extent noncompliance could not reasonably be expected to result in a Material Adverse Effect.

(q) *Default.* SMUD is not in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in any SMUD Program Document, the Master Bond Resolution, the Subordinated Bond Resolution or any other resolution, agreement or instrument to which it is a party which could have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

(r) *Insurance.* The properties of SMUD are insured in accordance with the terms of the Master Bond Resolution.

(s) *Taxes.* SMUD has filed any Federal, state and other material tax returns and reports required to be filed, and has paid all Federal, state and other material taxes, assessments, fees and other governmental charges levied or imposed upon it or its properties, income or assets otherwise due and payable, except those which are being contested in good faith by appropriate proceedings diligently conducted and for which adequate reserves have been provided in accordance with generally accepted accounting principles. There is no proposed tax assessment against SMUD that would, if made, have a Material Adverse Effect.

(t) *Casualty.* Neither the business nor the Property of SMUD is currently affected by any fire, explosion, accident, strike, lockout or other labor dispute, drought, storm, hail, earthquake, embargo, act of God or of the public enemy or other casualty (whether or not covered by insurance), which could have a Material Adverse Effect.

(u) *Sanctions Concerns; Anti-Corruption Laws.* (i) Neither SMUD, nor, to the knowledge of SMUD, any director, officer, or employee thereof, is (A) currently the subject or target of any Sanctions, (B) included on OFAC's List of Specially Designated Nationals, or (C) located, organized or resident in a Designated Jurisdiction.

(ii) SMUD has conducted its business in compliance with the United States Foreign Corrupt Practices Act of 1977 and other similar anti-corruption legislation applicable in California (collectively, "*Anti-Corruption Laws*").

(iii) SMUD has instituted, maintains, and enforces policies and procedures reasonably designed to prevent activities that could violate applicable Sanctions and Anti-Corruption Laws.

(v) *Anti-Terrorism Laws.* (i) SMUD is not in violation of any laws purporting to prevent money laundering or the financing of terrorism (collectively, "*Anti-Terrorism Laws*"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "*Executive Order*"), the Bank Secrecy Act and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism (USA PATRIOT) Act of 2001.

(ii) To the best of SMUD's knowledge, after due care and inquiry, SMUD is not under investigation for an alleged violation of Anti-Terrorism Laws by a governmental authority that enforces such laws.

(iii) Neither SMUD, nor, to the knowledge of SMUD, any of its directors, officers or employees is a Person that is the subject of Sanctions; knowingly directs municipal funds, engages in procurement, or enters into financial transactions that would result in a violation of applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws; or is engaged in a violation of, or is directly or indirectly taking any action that could cause SMUD to be in violation of, applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws. Without limiting the foregoing, SMUD is not any of the following:

(A) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a Person owned or controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a Person with which the Bank is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a Person that commits, threatens or conspires to commit or supports “terrorism” as defined in the Executive Order; or

(E) a Person that is named as a “specially designated national and blocked person” on the most current list published by the Office of Foreign Asset Control (“OFAC”) or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list;

(iii) SMUD is an electrical utility. To its knowledge, SMUD does not (A) conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in subsection (ii)(B) above, (B) deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (C) engage in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

## ARTICLE FIVE

### COVENANTS

*Section 5.1. Covenants of SMUD.* SMUD will do the following so long as any amounts may be drawn hereunder or any Obligations remain outstanding under this Agreement, unless the Bank shall otherwise consent in writing:

(a) *Reports and Other Information.* SMUD will furnish, or cause to be furnished, at SMUD’s expense to the Bank:

(i) As soon as possible and in any event within five (5) Business Days after the knowledge (actual or constructive) or notice of the occurrence of any Event of Default, a statement of the Authorized SMUD Representative setting forth details of such Event of Default and the action that SMUD proposes to take with respect thereto;

(ii) As soon as available and in any event within two hundred ten (210) days after the end of each Fiscal Year of SMUD, a copy of the audited financial statements of SMUD for such year, including a balance sheet of SMUD as at the end of such Fiscal Year

and the related statements of revenues, expenses and changes in fund balances and statement of cash flows, all in reasonable detail and reported on by a firm of nationally recognized independent certified public accountants, and the report of such firm of independent certified public accountants shall state, without qualification, that such financial statements present fairly the financial position of SMUD as of the end of such Fiscal Year, the results of operations, the changes in fund balances and cash flows of SMUD for such Fiscal Year then ended in conformity with generally accepted accounting principles;

(iii) Simultaneously with the delivery of each set of financial statements referred to in clause (ii) above, a certificate of an Authorized SMUD Representative stating whether there exists on the date of such certificate any Event of Default or Default and, if any Event of Default or Default then exists, setting forth the details thereof and the action that SMUD is taking or proposes to take with respect thereto;

(iv) As soon as available and in any event within 60 days after March 31, June 30 and September 30 of each calendar year, a copy of the unaudited internally prepared balance sheet and statement of changes in net asset of SMUD for the three month period ended on such date, setting forth in each case in comparative form the corresponding figures for the corresponding fiscal period for the preceding fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles, consistently applied, together with a compliance certificate signed by an Authorized SMUD Representative stating that no Event of Default or Default has occurred, or if such Event of Default or Default has occurred, specifying the nature of such Event of Default or Default, the period of its existence, the nature and status thereof and any remedial steps taken or proposed to correct such Event of Default or Default.

(v) As soon as practicable and in any event within ten (10) Business Days after SMUD obtains actual knowledge of: (A) any litigation, arbitration or governmental proceeding pending against SMUD that challenges SMUD's ability to perform its obligations under this Agreement and/or the SMUD Program Documents; or (B) any other event or condition that would prevent or is reasonably likely to prevent SMUD from performing its obligations under this Agreement and/or the SMUD Program Documents, in each case with a statement of the Authorized SMUD Representative setting forth details describing the same and the steps being taken with respect thereto;

(vi) As soon as practicable, notice of any disclosure documents publicly distributed in connection with any issue of Parity Bonds, Parity Subordinated Debt or Parity Notes;

(vii) As soon as practicable, notice of any change in, or the withdrawal of, any rating of Bonds, Parity Bonds or Parity Subordinated Debt (without regard to bond insurance or any other form of credit enhancement) by any Rating Agency; and

(viii) From time to time, such additional information regarding the financial position, results of operations, business or prospects of SMUD as the Bank may reasonably request.

(b) *Books and Records; Inspections.* SMUD will keep proper books of record and account with respect to the Electric System in which full and correct entries shall be made of assets and liabilities, financial transactions and business of SMUD in conformity with generally accepted accounting principles. SMUD will upon reasonable notice permit any Person designated by the Bank in writing to visit any of the properties of SMUD, and to examine the books and financial records of SMUD relating to the Electric System and make copies thereof or extracts therefrom, and to discuss the affairs, finances and accounts of SMUD relating to SMUD with the principal officers of SMUD all at such reasonable times during normal business hours and as often as the Bank may reasonably request.

(c) *Maintain Existence.* SMUD shall take no action that would terminate its existence, rights and franchises as a municipal utility district duly organized and existing under the Constitution and laws of the State of California.

(d) *Compliance with Laws.* SMUD will comply with the requirements of all laws, rules, regulations and orders of any Governmental Authority having jurisdiction over SMUD and/or the Electric System, noncompliance with which would materially adversely affect the ability of SMUD to perform its obligations under this Agreement and the SMUD Program Documents.

(e) *Compliance with Agreements.* SMUD will observe and perform all of its obligations under this Agreement and the SMUD Program Documents.

(f) *Incorporation of Covenants by Reference.* SMUD, by this reference, hereby incorporates into this Agreement those covenants and agreements made by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Master Bond Resolution (as in effect on the effective date of this Agreement) and in the SMUD Program Documents, as such covenants and agreements exist on the date hereof, as if such covenants and agreements were set forth herein in their entirety together with all defined terms and interpretative provisions necessary for a complete understanding thereof. The incorporated provisions shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall the incorporated provisions be a limitation on the express covenants contained herein. In the event of a conflict between the covenants and agreements set forth in this Article V (other than the incorporated provisions) and the incorporated provisions, the covenants and agreements set forth in the other provisions of Article V shall prevail.

(g) *SMUD Program Documents.* SMUD will not amend, supplement or otherwise modify, or agree to the amendment, modification or termination of, any of the SMUD Program Documents (including, without limitation, an amendment to the Note Resolution reducing the Maximum Interest Rate to a rate below 12%) if such action could reasonably be expected to (i) adversely affect SMUD's ability to perform its obligations under this Agreement or the SMUD Program Documents, (ii) adversely affect the business, financial position or results of operations of SMUD or (iii) adversely affect the rights, interests, security or remedies of the Bank, in each

case, without the prior written consent of the Bank (the Bank shall provide SMUD its determination as to whether or not it consents to any amendment, supplement or modification to any SMUD Program Documents within ten (10) Business Days of written notice from SMUD of such amendment, supplement or modification). SMUD shall provide written notice to the Bank of any proposed amendment to the Master Bond Resolution or Subordinated Bond Resolution (and a copy of such proposed amendment) at least ten (10) calendar days prior to its effective date.

(h) *Reserved.*

(i) *Alternate Provider.* SMUD agrees that any termination of the Commitment and this Agreement as a result of the provision of any alternate credit facility will require, as a condition thereto, that SMUD or the issuer of the alternate credit facility will provide funds on the date of such termination or provision, which funds will be sufficient to pay in full at the time of termination of the Commitment all Obligations due to the Bank hereunder and under the Fee Agreement.

(j) *Reserved.*

(k) *Reserved.*

(l) *Offering Documents.* SMUD shall not make reference to the Bank in any offering document without the Bank's prior written consent thereto (other than references to the name of the Bank solely in the Bank's capacity as the credit provider with respect to the Revolving Notes). Except as may be required by law (including, but not limited to, federal and state securities laws), SMUD shall not use the Bank's name (other than references to the name of the Bank solely in the Bank's capacity as the credit provider with respect to the Revolving Notes) in any published materials (other than SMUD's staff reports, annual statements, audited financial statements, rating agency presentations) without the prior written consent of the Bank.

(m) *Use of Proceeds.* The proceeds of the Loans and Term Loans will be expended in the manner set forth in the Note Resolution and in not in violation of any applicable law.

(n) *Ranking of Obligations.* SMUD shall not take any action that would result in the Obligations not ranking at least pari passu in right of payment from Available Revenues with the Revolving Notes, Parity Notes and Parity Notes Reimbursement Agreements.

(o) *Investments.* SMUD will not, directly or indirectly, invest in instruments and securities other than those permitted by, and in accordance with, California Government Code Sections 53600 to 53609, the Master Bond Resolution, the Subordinated Bond Resolution or the Program Documents. SMUD will not permit SMUD to encumber its cash position nor schedule the interest payment dates and maturities of its investments in a manner which impedes, hinders or interferes with the availability of funds to meet SMUD's expected cash needs.

(p) *Reserved.*

(q) *Plans.* SMUD will (i) remain at all times in compliance with any applicable law (including any legally available grace periods) with respect to any Plan, and (ii) maintain each Plan



as to which it may have any liability in compliance in all material respects with the provisions of applicable law, the failure to comply with which could subject SMUD to any tax or penalty which tax or penalty, taken together, with all other taxes and penalties which could be assessed against SMUD by reason of all other non-compliances, would have a material adverse effect on the business, financial position or results of operations of SMUD.

(r) *Payment of Taxes, Etc.* SMUD will pay and discharge, or cause to be paid and discharged, all taxes, assessments and other governmental charges which may hereafter be lawfully imposed upon SMUD on account of the Electric System or any portion thereof and which, if unpaid, might impair the security of the Revolving Notes, when the same shall become due, but nothing herein contained shall require SMUD to pay any such tax, assessment or charge so long as it shall in good faith contest the validity thereof. SMUD will duly observe and conform to all valid material requirements of any Governmental Authority relative to the Electric System or any part thereof.

(s) *Operation and Maintenance of Electric System.* SMUD will operate, maintain and preserve the Electric System in good repair and working order in conformity with standards customarily followed for municipal power supply, transmission and distribution systems of like size and character. SMUD will from time to time make necessary and proper repairs, renewals, replacements and substitutions to the properties of the Electric System, so that business carried on in connection with the Electric System shall and can be conducted in an efficient and economical manner, and will operate the Electric System in an efficient and economical manner. SMUD shall not use the Electric System to conduct any business other than that which is lawfully permitted.

(t) *Amounts of Rates and Charges.* To the extent permitted by law, SMUD hereby covenants to establish, maintain and collect rates and charges with respect to the Electric System sufficient to pay the Parity Bonds, Parity Subordinated Debt, Parity Notes, Parity Notes Reimbursement Agreements, the Revolving Notes and all Obligations due and owing hereunder.

(u) *Maintenance of Insurance.* SMUD maintains self-insurance for general liabilities, property damage and workers' compensation claims. SMUD shall, at all times, continue to maintain such self-insurance or shall use its best efforts to maintain or cause to be maintained insurance or reserves against loss from such hazards and risks to the person or property of others as are usually insured or reserved against by those with rights and interests in property similar to the Electric System. SMUD shall also procure, and maintain at all times adequate fidelity insurance or bonds on all officers and employees handling or responsible for any Electric System revenues, such insurance or bonds to be in an aggregate amount at least equal to the maximum amount of such Electric System revenues at any one time in the custody of all such officers and employees or in the amount of one million dollars (\$1,000,000), whichever is less. The insurance described above may be provided as a part of any comprehensive fidelity and other insurance and not separately for the Electric System.

(v) *Sale or Other Disposition of Property.* SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the

Bondholders (as defined in the Master Bond Resolution) or the Bank with respect to Revenues. Subject to the preceding sentence, nothing contained herein shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

Notwithstanding the foregoing or any other provision of the Master Bond Resolution, SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to SMUD *provided* that:

(1) SMUD delivers to the Trustee (as defined in the Master Bond Resolution):

(a) a certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to Section 5.04 of the Master Bond Resolution would not have been reduced to less than 1.40:1.0.

(w) *Liens*. Except as permitted by the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or as otherwise acceptable to the Bank, SMUD will not (a) issue any bonds, notes or other evidences of indebtedness of similar nature payable out of or secured by a security interest in or a pledge or assignment of the Electric System revenues pledged under the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution and held or set aside by SMUD thereunder, or (b) create or cause to be created any Lien on the Electric System revenues. SMUD shall not, directly or indirectly, incur, create or permit to exist any Lien on all or any portion of the Electric System revenues that would affect the priority of Liens in existence on the Closing Date.

(x) *Anti-Terrorism Laws; Anti-Corruption Laws*. SMUD will not, and will ensure that none of its directors, officers or employees acting on SMUD's behalf, (i) use, transfer, or allocate proceeds of any Loan, Term Loan or Letter of Credit or other SMUD funds in a manner that would result in a violation by SMUD of applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws or (ii) take action with the intent to evade SMUD's compliance with applicable Sanctions or (iii) take any other action that would result in a violation by SMUD of applicable Sanctions, Anti-Terrorism Laws or Anti-Corruption Laws.

(y) *Further Assurances.* SMUD agrees to do such further acts and things and to execute and deliver to the Bank such additional assignments, agreements, powers and instruments as the Bank may reasonably require or reasonably deem advisable to carry into effect the purposes of this Agreement and the Fee Agreement or to better assure and confirm to the Bank its rights, powers and remedies hereunder and under the SMUD Program Documents.

(z) *Immunity.* SMUD covenants that it will not claim immunity on the grounds of sovereignty or other similar grounds with respect to itself from (i) suit or (ii) jurisdiction of any court because of its status as a political subdivision of the State of California in connection with the enforcement of its obligations under this Agreement, the SMUD Program Documents, and the other documents contemplated by this Agreement.

(aa) *Ratings.* SMUD shall maintain a long-term unenhanced rating from at least one Rating Agency on Bonds and Parity Bonds.

(bb) *Swap Contracts.* Without the prior written consent of the Bank, SMUD shall not enter into any Swap Contracts relating to Debt wherein any termination payments thereunder are senior to or on parity with the payment of any Obligation.

(cc) *Shorter Amortization.* In the event that SMUD shall, directly or indirectly, enter into or otherwise consent to any Bank Agreement relating to Parity Notes or other Debt of SMUD secured by a lien on Net Revenues on parity with the Revolving Notes which such Bank Agreement provides such Person with a shorter amortization period than what is set forth in Section 2.22(b) hereof (not taking into account any shorter amortization period that might occur under such Bank Agreement because of a default, termination event, or other similar event under such Bank Agreement) (each a “*Shorter Amortization Period*”), SMUD shall provide the Bank with a copy of each such Bank Agreement and such Shorter Amortization Period shall automatically be deemed to be incorporated into this Agreement and the Bank shall have the benefit of such Shorter Amortization Period as if specifically set forth herein. SMUD shall promptly enter into an amendment to this Agreement to include such Shorter Amortization Period; *provided* that the Bank shall have and maintain the benefit of such Shorter Amortization Period even if SMUD fails to provide such amendment.

(dd) *Incorporation of Covenants by Reference.* SMUD agrees that it will perform and comply with each and every covenant and agreement required to be performed or observed by it in Sections 3.02, 3.05, 3.06 and 6.08 of the Master Bond Resolution and in each of the Program Documents, which provisions, as well as related defined terms contained therein, are hereby incorporated by reference herein with the same effect as if each and every such provision were set forth herein in its entirety all of which shall be deemed to be made for the benefit of the Bank and shall be enforceable against SMUD. To the extent that any such incorporated provision permits SMUD or any other party to waive compliance with such provision or requires that a document, opinion or other instrument or any event or condition be acceptable or satisfactory to SMUD or any other party, for purposes of this Agreement, such provision shall be complied with unless it is specifically waived by the Bank in writing and such document, opinion or other instrument and such event or condition shall be acceptable or satisfactory only if it is acceptable or satisfactory to the Bank which shall only be evidenced by the written approval by the Bank of the same. No

termination or amendment to such covenants and agreements or defined terms or release of SMUD with respect thereto made pursuant to the Master Bond Resolution or the Program Documents, shall be effective to terminate or amend such covenants and agreements and defined terms or release SMUD with respect thereto in each case as incorporated by reference herein without the prior written consent of the Bank. Notwithstanding any termination or expiration of the Master Bond Resolution or the Program Documents, SMUD shall continue to observe such incorporated covenants therein contained for the benefit of the Bank until the termination of this Agreement and the payment in full of all Obligations. All such incorporated covenants shall be in addition to the express covenants contained herein and shall not be limited by the express covenants contained herein nor shall such incorporated covenants be a limitation on the express covenants contained herein.

## ARTICLE SIX

### DEFAULTS

*Section 6.1. Events of Default and Remedies.* If any of the following events shall occur, each such event shall be an “Event of Default”:

(a) SMUD shall fail to pay when due (i) the principal of any Loan or Term Loan; (ii) the interest on any Loan or Term Loan; or (iii) any other amount payable hereunder or under the Fee Agreement and such default shall continue unremedied for five (5) Business Days;

(b) SMUD shall (i) default in the due performance or observance by it of any term, covenant or agreement contained in Sections 5.1(a)(i), 5.1(c), 5.1(f), 5.1(g), 5.1(i), 5.1(l), 5.1(m), 5.1(n), 5.1(t), 5.1(v), 5.1(w), 5.1(x) or 5.1(z) hereof; (ii) default in the due performance or observance by it of any other term, covenant or agreement contained in Sections 5.1(a)(v), 5.1(a)(vi) or 5.1(a)(vii) hereof and such default shall continue unremedied for a period of five (5) Business Days; (iii) default in the due performance or observance by it of any other terms, covenant or agreement contained in Section 5.1(a)(ii), 5.1(a)(iii), 5.1(a)(iv) or 5.1(a)(viii) hereof and such default shall continue unremedied for a period of five (5) Business Days after the Bank has provided written notice to SMUD; or (iv) default in the due performance or observance by it of any other term, covenant or agreement hereunder or under the Fee Agreement (other than those referred to in Section 6.1(a), 6.1(b)(i), 6.1(b)(ii) or 6.1(b)(iii) hereof) and such default shall continue unremedied for a period of thirty (30) days; or

(c) Any representation, warranty, certification or statement made or deemed made by SMUD in this Agreement, any Program Document or in any certificate, financial statement or other document delivered to the Bank pursuant to this Agreement shall prove when made or deemed made, in the reasonable judgment of the Bank, to have been inaccurate and misleading in any material respect; or

(d) SMUD shall (i) default in any payment of (A) any Debt payable from or secured by Net Revenues beyond the period of grace (not to exceed 30 days), if any,

provided in the instrument or agreement under which such Debt was created or (B) any obligation under any Swap Contract the obligations under which are secured by a lien on Net Revenues senior to or on a parity with the Obligations, or (ii) default in the observance or performance of any agreement or condition relating to any Debt payable from or secured by Net Revenues on parity with or senior to the Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit (A) the holder or holders (or a trustee or agent on behalf of such holder or holders) of any Debt or (B) the counterparty under any Swap Contract or Bank Agreement, in each case, payable from or secured by Net Revenues on parity with or senior to the Obligations to cause, with the giving of notice if required, such Debt or obligations under such Swap Contract or Bank Agreement to become due prior to its stated maturity; or (iii) any Debt secured by a lien on Net Revenues senior to or on a parity with the Obligations or Swap Contract or Bank Agreement the obligations under which are payable from or secured by Net Revenues on parity with or senior to the Obligations shall be declared to be due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, prior to the stated maturity thereof. For purposes of clarity, solely for purposes of this Section 6.1(d), Debt payable from or secured by Net Revenues means all Debt of SMUD regardless of lien level or priority payable from or secured by all or any portion of Net Revenues; or

(e) SMUD shall commence a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of itself or any substantial part of its property, or shall consent to any such relief or to the appointment of or taking possession by any such official in an involuntary case or other proceeding commenced against it, or shall make a general assignment for the benefit of creditors, or shall fail to pay its debts as they become due, or shall take any action to authorize any of the foregoing; or

(f) An involuntary case or other proceeding shall be commenced against SMUD seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property and such case or proceeding is not controverted within thirty (30) days and dismissed within sixty (60) days; or an order for relief shall be entered against SMUD under the Federal bankruptcy laws as now or hereafter in effect; or

(g) (i) A court of competent jurisdiction or other governmental authority with appropriate jurisdiction over SMUD shall enter a final and non-appealable judgment, order or decree declaring (x) any obligation of SMUD contained in this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or (y) any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution (or any material provision thereof), in either case, to be invalid, not binding or unenforceable

against SMUD or (ii) any action is taken by the SMUD Board or any officer of SMUD authorized by the SMUD Board to contest the validity or enforceability of this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or, in each case, any material provision thereof, or the SMUD Board or any officer of SMUD authorized by the SMUD Board repudiates its obligations under any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or any provision thereof or with respect to any Debt of SMUD secured by or payable from Net Revenues or Net Subordinated Revenues senior to or on a parity with the Obligations, or SMUD shall seek an adjudication that this Agreement, any other Program Document, the Master Bond Resolution or the Subordinated Bond Resolution or, in each case, any material provision thereof is not valid and binding; or

(h) A moratorium or comparable extraordinary restriction shall have been imposed, declared or announced by SMUD or imposed, declared or announced in a finding or ruling or other determination by any Governmental Authority having jurisdiction over SMUD (whether or not in writing) with respect to any Debt of SMUD secured by Net Revenues, Net Subordinated Revenues or Available Revenues senior to or on a parity with the Obligations; or

(i) Dissolution or termination of the existence of SMUD; or

(j) Any of the funds or accounts established pursuant to the Master Bond Resolution, the Subordinated Bond Resolution or the Note Resolution or any funds or accounts on deposit, or otherwise to the credit of, such funds or accounts shall become subject to any stay, writ, judgment, warrant of attachment, execution or similar process by any of the creditors of SMUD relating to an obligation or obligations of SMUD in excess of \$10,000,000 and such stay, writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or stayed within fifteen (15) days after its issue or levy; or

(k) Any court of competent jurisdiction or other governmental entity with jurisdiction shall find or rule or otherwise determine that any pledge or security interest created by this Agreement, any Program Document, the Master Bond Resolution or the Subordinated Bond Resolution to secure any amount due by SMUD under this Agreement, the Fee Agreement or either Revolving Note shall fail to be enforceable with the priority required hereunder or thereunder; or

(l) (i) Any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement shall have occurred and be continuing, (ii) any event which materially and adversely affects the ability of SMUD to observe and perform its obligations under any SMUD Program Document, the Master Bond Resolution or the Subordinated Bond Resolution shall have occurred and be continuing or (iii) either the Master Bond Resolution or the Subordinated Bond Resolution shall be amended and such amendment materially and adversely affects the ability of SMUD to observe and perform its obligations under this Agreement or the Fee Agreement; or

(m) The (i) downgrade by any Rating Agency of its long-term unenhanced rating with respect to any Bonds to a level below “Baa3” (or its equivalent) in the case of Moody’s, “BBB-” (or its equivalent) in the case of S&P or “BBB-” (or its equivalent) in the case of Fitch or (ii) suspension or withdrawal by any Rating Agency of its respective long-term unenhanced rating on any Bonds for credit-related reasons.

(n) An “event of default” (or similar event) shall have occurred under any of the Program Documents, the Master Bond Resolution or the Subordinated Bond Resolution; or

(o) A court of competent jurisdiction shall enter a final and non-appealable judgment, order or decree for the payment of money in excess of \$10,000,000 against SMUD and such judgment, order or decree shall continue unbonded or unsatisfied for a period of 60 days; or

(p) There shall be appointed or designated with respect to SMUD, an entity such as an organization, board, commission, authority, agency or body to declare a financial emergency or similar state of financial distress with respect to it or there shall be declared by it or by any legislative or regulatory body with competent jurisdiction over it, the existence of a state of financial emergency or similar state of financial distress in respect of it.

*Section 6.2. Remedies.* Upon the occurrence of any Event of Default or an Optional Termination Event the Bank may exercise any one or more of the following rights and remedies in addition to any other remedies herein or by law provided:

(a) declare all Obligations (including all Reimbursement Obligations and all L/C Obligations, whether or not the beneficiaries of the then outstanding Letters of Credit shall have presented or shall be entitled to present the documents required thereunder) to be immediately due and payable, whereupon the same shall be immediately due and payable without any further notice of any kind, which notice is hereby waived by SMUD; *provided, however*, that in the case of an Event of Default described in Section 6.1(e), 6.1(f) or 6.1(h) hereof, such acceleration shall automatically occur (unless such automatic acceleration is waived by the Bank in writing); or

(b) with respect to Non-Credit Events of Default only, give notice to SMUD that its obligation to make Loans and Term Loans or issue Letters of Credit hereunder is terminated (SMUD hereby acknowledges that upon the occurrence of a Credit Event of Default, the Bank’s obligation to make Loans and Term Loans or issue Letters of Credit shall automatically terminate without the giving of any notice) with respect thereto; or

(c) with respect to all Letters of Credit with respect to which presentment for honor shall not have occurred at the time of an acceleration pursuant to Section 6.2(a), demand that SMUD shall at such time deposit in a Cash Collateral account opened by the Bank an amount equal to the Minimum Collateral Amount of the aggregate then undrawn and unexpired amount of such Letter of Credit. Amounts held in such Cash Collateral

account shall be applied by the Bank to the payment of drafts drawn under such Letters of Credit, and the unused portion thereof after all such Letters of Credit shall have expired or been fully drawn upon, if any, shall be applied to repay the other Obligations. After all such Letters of Credit shall have expired or been fully drawn upon, the Reimbursement Obligations shall have been satisfied and all other Obligations shall have been paid in full, the balance, if any, in such Cash Collateral account shall be returned to SMUD; or

- (d) pursue any rights and remedies it may have under the Program Documents;
- or
- (e) pursue any other action available at law or in equity.

## **ARTICLE SEVEN**

### **MISCELLANEOUS**

*Section 7.1. Amendments, Waivers, Etc.* No amendment or waiver of any provision of this Agreement, or consent to any departure therefrom, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

*Section 7.2. Notices.* All notices and other communications provided for hereunder (except as provided in Section 2.2(b) hereof) shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile or electronic mail transmission, or regular mail, as follows:

- (a) if to SMUD:

Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899  
Attention: Treasurer  
Telephone: (916) 732-5193  
Telecopy: (916) 732-5835  
Email: [Jennifer.Restivo@smud.org](mailto:Jennifer.Restivo@smud.org)

With copies to:

Jon.Anderson@smud.org,  
Alex.Fastovich@smud.org,  
smud.cash@smud.org



(b) if to the Bank, for all matters:

PNC Bank, National Association  
10250 Constellation Boulevard, 15th Floor  
Los Angeles, CA 90067  
Attention: Christopher D. Roberts  
Telephone: (310) 735-9164  
E-mail:croberts@pnc.com

With a copy to:

PNC Bank, National Association  
805 SW Broadway, Floor 22  
Portland, OR 97205  
Attention: Kevin Stewart  
Telephone: (503) 808-1359  
E-mail:kevin.stewart@pnc.com

With a copy to: CorpLA@pnc.com

or, as to each Person named above, at such other address as shall be designated by such Person in a written notice to the parties hereto. All such notices and other communications shall, when delivered, sent by facsimile or electronic mail transmission or mailed, be effective when deposited with the courier, sent by facsimile or electronic mail transmission or mailed respectively, addressed as aforesaid, except that Notices of Borrowings submitted to the Bank shall not be effective until received by the Bank.

*Section 7.3. Survival of Covenants; Successors and Assigns.* (a) All covenants, agreements, representations, and warranties made herein and in the certificates delivered pursuant hereto shall survive the making of any Loan and Term Loan hereunder and shall continue in full force and effect until the Commitment and this Agreement shall have terminated and all of the Obligations hereunder shall have been paid in full. Whenever in this Agreement any of the parties hereto is referred to, such reference shall, subject to the last sentence of this Section, be deemed to include the successors and assigns of such party, and all covenants, promises and agreements by or on behalf of SMUD which are contained in this Agreement shall inure to the benefit of the successors and assigns of the Bank and the Noteholders, and their respective permitted successors, transferees and assigns as set forth herein. SMUD may not transfer its rights or obligations under this Agreement or the Program Documents without the prior written consent of the Bank (and any attempted assignment or transfer by SMUD without such consent shall be null and void). Except as otherwise expressly permitted by this Section 7.3 and Section 7.18, so long as no Event of Default shall have occurred and be continuing hereunder, neither the Bank nor any Noteholder may transfer its rights or obligations under this Agreement, the Taxable Note or the Tax-Exempt Note without the prior written consent of SMUD (such consent not to be unreasonably withheld) (and any attempted assignment or transfer by the Bank or any Noteholder without such consent shall be null and void); *provided* that the consent of SMUD shall not be required for any such transfer to an Affiliate of the Bank or any Noteholder, as applicable. Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto,

their respective successors and assigns permitted hereby, Participants (to the extent provided in paragraph (b) of this Section) and, to the extent expressly contemplated hereby, the Bank-Related Persons) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Notwithstanding the foregoing, the Bank and each Noteholder shall be permitted to grant to one or more financial institutions (each a “*Participant*”) a participation or participations in all or any part of the Bank’s or such Noteholder’s rights and benefits and obligations under this Agreement, the Revolving Notes and the Commitment on a participating basis but not as a party to this Agreement (a “*Participation*”) without the consent of SMUD. In the event of any such grant by the Bank or a Noteholder of a Participation to a Participant, the Bank and such Noteholder shall remain responsible for the performance of its obligations hereunder, and SMUD shall continue to deal solely and directly with the Bank in connection with the Bank’s rights and obligations under this Agreement. SMUD agrees that each Participant shall, to the extent of its Participation, be entitled to the benefits of this Agreement as if such Participant were the Bank or such Noteholder, *provided* that no Participant shall have the right to declare, or to take actions in response to, an Event of Default under Section 6.1 hereof; *provided further* that SMUD’s liability to any Participant shall not in any event exceed that liability which SMUD would owe to the Bank but for such participation.

(c) *Noteholders Generally.* Each Noteholder may, in its sole discretion and in accordance with applicable law, from time to time assign, sell or transfer in whole or in part, this Agreement, its interest in the Revolving Notes and the Program Documents in accordance with this subsection (c). Each Noteholder may at any time and from time to time enter into participation agreements in accordance with the provisions of paragraph (b) of this Section. Each Noteholder may at any time pledge or assign a security interest subject to the restrictions of Section 7.18 hereof. PNC Bank, National Association shall be the Bank hereunder until such time as the Majority Noteholder designates an alternate Person to serve as the Bank hereunder reasonably acceptable to SMUD by delivery of written notice to SMUD and such Person accepts and agrees to act as the Bank hereunder and under the Program Documents. The Majority Noteholder may so designate an alternate Person that is an owner of the Revolving Notes to act as the Bank from time to time. Upon acceptance and notification thereof to SMUD, the successor to the Bank for such purposes shall thereupon succeed to and become vested with all of the rights, powers, privileges and responsibilities of the Bank, and PNC Bank, National Association or any other Person being replaced as the Bank shall be discharged from its duties and obligations as the Bank hereunder. The Bank and each Noteholder may assign to one or more assignees all or a portion of its rights under this Agreement (including all or a portion of its Commitment, the Tax-Exempt Note and the Taxable Note and the Loans and Term Loans at the time owing to it) to one or more assignees whether or not related to the Bank. Notwithstanding anything to the contrary set forth herein, neither PNC Bank, National Association nor any other Bank may assign its obligations to advance or make Loans or Term Loans pursuant to the terms of this Agreement without the prior written consent of SMUD (such consent not to be unreasonably withheld) unless (i) an Event of Default has occurred and is continuing or (ii) such sale, assignment or transfer is to an Affiliate of the Bank, and SMUD’s liability to any successor Bank or to any Noteholder shall not in any event exceed that liability which SMUD would have owed to PNC Bank, National Association but for any such assignment, sale or transfer, in whole or in part, of this Agreement, its interest in the Revolving Notes or the Program Documents.

*Section 7.4. Unconditional Obligations.* The obligations of SMUD under this Agreement and the Fee Agreement shall be primary, absolute, independent, unconditional and irrevocable and shall be performed strictly in accordance with the terms of this Agreement and the Fee Agreement, including without limitation the following circumstances:

- (a) Any lack of validity or enforceability of the Program Documents or any other agreement or instrument relating to any of the above;
- (b) Any amendment or waiver of, or any consent to or departure from, any provision of any of the Program Documents, except for any waiver or consent granted by the Bank;
- (c) The existence of any claim, setoff, defense or other rights that SMUD may have at any time against the Bank or any other Person, whether in connection with this Agreement, the Program Documents or any unrelated transaction;
- (d) Any breach of contract or other dispute between SMUD and any Noteholder, the Bank or any other Person;
- (e) Any demand, statement or any other document presented hereunder proving to have been forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect whatsoever;
- (f) Payment by the Bank hereunder against presentation of a draft or certificate which does not comply strictly with the terms of this Agreement; or
- (h) The failure by the Bank to honor any Notice of Borrowing hereunder or to make any payment demanded hereunder on the grounds that the demand for such payment does not conform strictly to the terms and conditions of this Agreement.

*Section 7.5. Liability of Bank; Indemnification.* (a)(i) Except as provided in this Agreement, the Bank shall not be obligated to issue any further credits, to cure any defaults under any Program Document or otherwise, or in any other manner to extend any financial consideration or accommodation to SMUD.

(ii) The Bank shall not be deemed to have waived or released any of its rights or remedies (whether specified in or arising under this Agreement, the Fee Agreement or otherwise available to it by law or agreement) unless the Bank shall have signed a written waiver or release. Delay or failure to act on the Bank's part shall not constitute a waiver of or otherwise preclude enforcement of any of its rights and remedies. All of the Bank's rights and remedies shall be cumulative and may be exercised separately or concurrently. The Bank need not resort to any particular right or remedy before exercising or enforcing any other, and the Bank's resort to any right or remedy shall not preclude the exercise or enforcement of any other right or remedy.

(iii) Neither the Bank nor any of its officers, directors, employees or agents shall be liable or responsible for:

(A) The use that may be made of the Commitment or the Loans or Term Loans;

(B) The form, validity, sufficiency, accuracy or genuineness of documents, or of any endorsements thereon, even if such documents should prove to be in any or all respects invalid, insufficient, inaccurate, fraudulent or forged, so long as the Bank was not grossly negligent or guilty of willful misconduct as determined by a court of competent jurisdiction;

(C) Payment by the Bank against presentation of documents that do not comply strictly with the terms of this Agreement, including failure of any documents to bear any reference or adequate reference to this Agreement;

(D) The validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign this Agreement or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason;

(E) Errors, omissions, interruptions or delays in transmission or delivery of any messages by telex, mail, cable, telegraph, facsimile or otherwise, whether or not they have been in cipher, including any Notices of Borrowing under this Agreement;

(F) Errors in interpretation of technical terms; or

(G) Any consequences arising from causes beyond the control of the Bank, including, without limitation, any Government Acts;

*provided* that, notwithstanding anything in the preceding clauses (A) through (G) to the contrary, SMUD shall have a claim against the Bank, and the Bank shall be liable to SMUD, to the extent, but only to the extent, of any direct, as opposed to consequential, damages suffered by SMUD that SMUD proves were caused by (A) the Bank's failure to pay under this Agreement after the presentation to it by SMUD of a certificate strictly complying with the terms and conditions of this Agreement or (B) the Bank's willful or grossly negligent payment under this Agreement as determined by a court of competent jurisdiction in a final non-appealable judgment.

In furtherance and not in limitation of the foregoing, the Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary.

(b) (i) To the maximum extent permitted by applicable law, SMUD agrees to indemnify, save and hold harmless each Bank-Related Person from and against: (A) any and all claims, demands, actions or causes of action that may at any time (including at any time following repayment of the Obligations) be asserted or imposed against any Bank-Related Person arising out of or relating to this Agreement, the Loans and Term Loans, the Letters of Credit, the Fee

Agreement or any Program Document, the use or contemplated use of the proceeds of any Loan or Term Loan or Letter of Credit (including any refusal by the Bank to honor a demand for payment under a Letter of Credit if the documents presented in connection with such demand do not strictly comply with the terms of such Letter of Credit), or the relationship of SMUD and the Bank under this Agreement or any Program Document; (B) any investigative, administrative or judicial proceeding by any Governmental Authority arising out of or related to a claim, demand, action or cause of action described in subsection (A) above; and (C) any and all liabilities (including liabilities under indemnities), losses, costs or expenses (including attorney costs) that any Bank-Related Person suffers or incurs as a result of the assertion of any foregoing claim, demand, action, cause of action or proceeding, or as a result of the preparation of any defense in connection with any foregoing claim, demand, action, cause of action or proceeding, in all cases, and whether or not a Bank-Related Person is a party to such claim, demand, action, cause of action or proceeding; *provided* that no Bank-Related Person shall be entitled to indemnification for any claim caused by its own gross negligence or willful misconduct. The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

(ii) To the maximum extent permitted by applicable law, SMUD shall also indemnify and hold harmless the Bank from any transfer taxes, documentary taxes, assessments or charges made by any Governmental Authority by reason of the execution and delivery of this Agreement and the Program Documents or the making available of the Commitment. The agreements in this subsection shall survive the termination of this Agreement and repayment of all of the Obligations.

*Section 7.6. Expenses.* SMUD will promptly pay (i) the reasonable fees and expenses of counsel to the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (ii) the reasonable out-of-pocket expenses of the Bank incurred in connection with the preparation, execution and delivery of this Agreement and the other Program Documents, (iii) the reasonable fees and disbursements of counsel to the Bank with respect to advising the Bank as to the rights and responsibilities under this Agreement after the occurrence of an Event of Default and (iv) all reasonable costs and expenses, if any, in connection with the administration and enforcement of this Agreement and the Program Documents and any other documents which may be delivered in connection herewith or therewith, including in each case the fees and disbursements of counsel to the Bank. In addition, SMUD agrees to pay, after the occurrence of an Event of Default, all reasonable costs and expenses (including attorneys' and consultants' fees and costs of settlement) incurred by the Bank in enforcing any obligations or in collecting any payments due from SMUD hereunder by reason of such Event of Default or in connection with any refinancing or restructuring of the credit arrangements provided under this Agreement in the nature of a "workout" or of any insolvency or bankruptcy proceedings. The obligations of SMUD under this Section 7.6 shall survive the termination of this Agreement.

*Section 7.7. No Waiver; Conflict.* No failure by the Bank to exercise, and no delay by the Bank in exercising any right, power or privilege hereunder, nor any course of dealing with respect to any of the same, shall operate as a waiver thereof, preclude any other or further exercise thereof nor shall a single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights, remedies, powers and privileges herein

provided and provided under each other Program Document are cumulative, and not exclusive of any rights, remedies, powers and privileges provided by law.

*Section 7.8. Modification, Amendment, Waiver, Etc.* No modification, amendment or waiver of any provision of this Agreement shall be effective unless the same shall be in writing and signed in accordance with Section 7.1 hereof.

*Section 7.9. Dealing with SMUD.* The Bank and its affiliates may accept deposits from, extend credit to and generally engage in any kind of banking, trust or other business with SMUD regardless of the capacity of the Bank hereunder.

*Section 7.10. Severability.* Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any other jurisdiction, and all other remaining provisions hereof will be construed to render them enforceable to the fullest extent permitted by law.

*Section 7.11. Counterparts.* This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but when taken together shall constitute but one agreement and any of the parties hereto may execute this Agreement by signing any such counterpart. The parties agree that the electronic signature of a party to this Agreement shall be as valid as an original signature of such party and shall be effective to bind such party to this Agreement. The parties agree that any electronically signed document (including this Agreement) shall be deemed (i) to be “written” or “in writing,” (ii) to have been signed and (iii) to constitute a record established and maintained in the ordinary course of business and an original written record when printed from electronic files. Such paper copies or “printouts,” if introduced as evidence in any judicial, arbitral, mediation or administrative proceeding, will be admissible as between the parties to the same extent and under the same conditions as other original business records created and maintained in documentary form. Neither party shall contest the admissibility of true and accurate copies of electronically signed documents on the basis of the best evidence rule or as not satisfying the business records exception to the hearsay rule. For purposes hereof, “electronic signature” means a manually-signed original signature that is then transmitted by electronic means; “transmitted by electronic means” means sent in the form of a facsimile or sent via the internet as a “pdf” (portable document format) or other replicating image attached to an e-mail message; and, “electronically signed document” means a document transmitted by electronic means and containing, or to which there is affixed, an electronic signature.

*Section 7.12. Table of Contents; Headings.* The table of contents and the section and subsection headings used herein have been inserted for convenience of reference only and do not constitute matters to be considered in interpreting this Agreement.

*SECTION 7.13. ENTIRE AGREEMENT.* THIS AGREEMENT REPRESENTS THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO WITH RESPECT TO THE SUBJECT MATTER HEREOF AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES HERETO AS TO SUCH SUBJECT MATTER.

*Section 7.14. Governing Law.* PURSUANT TO SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW (OR ANY SUCCESSOR STATUTE THERETO), THIS AGREEMENT AND THE FEE AGREEMENT 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 AGREEMENT 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 7.15. Waiver of Jury Trial.* (a) TO THE FULL EXTENT PERMITTED BY LAW, SMUD AND THE BANK EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY FOR ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE FEE AGREEMENT, ANY OF THE OTHER PROGRAM DOCUMENTS, THE MASTER BOND RESOLUTION, THE SUBORDINATED BOND RESOLUTION OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY. EACH OF SMUD AND THE BANK FURTHER AGREES THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT JURY. WITHOUT LIMITING THE FOREGOING, TO THE EXTENT PERMITTED BY LAW, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT, THE FEE AGREEMENT, AND/OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND/OR THE FEE AGREEMENT.

(b) In the event the waiver of jury trial as set forth in subsection (a) of this Section shall be declared void or unenforceable, each of SMUD and the Bank agrees to refer the dispute to a judicial referee in accordance with the provisions of Section 638 *et seq.* of the California Code of Civil Procedure.

*Section 7.16. Right of Setoff; Other Collateral.* (a) Upon the occurrence and during the continuance of an Event of Default, the Bank is hereby authorized at any time and from time to time without notice to SMUD (any such notice being expressly waived by SMUD), and to the fullest extent permitted by law, to setoff, to exercise any banker's lien or any right of attachment and apply any and all balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies at any time held and other indebtedness at any time owing by the Bank to or for the account of SMUD (irrespective of the currency in which such accounts, monies or indebtedness may be denominated and the Bank is authorized to convert such accounts, monies and indebtedness into United States dollars) against any and all of the Obligations of SMUD, whether or not the Bank shall have made any demand for any amount owing to the Bank by SMUD; *provided, however*, that any such setoff, exercise of banker's lien or any right of attachment shall be limited to (i) balances, credits, deposits (general or special, time or demand, provisional or final), accounts or monies or (ii) indebtedness owed by the Bank to or for the account of SMUD, the proceeds of which would otherwise be available to pay or satisfy or otherwise secure the Revolving Notes, the Obligations or any other indebtedness or obligations of SMUD secured or payable on a parity with or subordinate to the Lien on Net Revenues securing the Revolving Notes and the Obligations; and *provided further, however*, that the exercise of any such setoff, banker's lien or right of attachment and the application of any such balances, credits, deposits, accounts,

monies or proceeds of indebtedness that would constitute Revenues or other funds pledged pursuant to the Master Bond Resolution, Subordinated Bond Resolution or Note Resolution shall be subject to the terms, conditions and lien and payment priorities set forth in the Master Bond Resolution, the Subordinated Bond Resolution and the Note Resolution.

(b) The rights of the Bank under this Section 7.16 are in addition to, in augmentation of, and, except as specifically provided in this Section 7.16, do not derogate from or impair, other rights and remedies (including, without limitation, other rights of setoff) which the Bank may have hereunder or under the other Program Documents.

*Section 7.17. USA Patriot Act.* The Bank hereby notifies SMUD that, pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107 56 signed into law October 26, 2001) (the “Patriot Act”), it is required to obtain, verify and record information that identifies SMUD, which information includes the name and address of SMUD and other information that will allow the Bank to identify SMUD in accordance with applicable “know your customer” and anti-money-laundering rules and regulations, including, without limitation, the Patriot Act. SMUD hereby agrees that it shall promptly provide such information upon request by the Bank.

*Section 7.18. Assignment to Federal Reserve Bank.* The Bank and each other Noteholder may assign and pledge all or any portion of the Obligations owing to it hereunder (including, without limitation, rights to payment under this Agreement) to any Federal Reserve Bank or the United States Treasury, including, without limitation, as collateral security pursuant to Regulation A of the Board of Governors of the Federal Reserve System and any Operating Circular issued by such Federal Reserve Bank or to any state or local governmental entity or with respect to public deposits; *provided* that any payment in respect of such assigned Obligations made by SMUD or on its behalf to the Bank in accordance with the terms of this Agreement shall satisfy SMUD’s Obligations hereunder in respect of such assigned Obligation to the extent of such payment. No such assignment shall release the Bank from its obligations hereunder.

*Section 7.19. No Advisory or Fiduciary Relationship.* In connection with all aspects of each transaction contemplated hereby (including in connection with any amendment, waiver or other modification hereof or of any other Program Document), SMUD acknowledges and agrees that: (a) (i) the services regarding this Agreement provided by the Bank and any Affiliate thereof are arm’s-length commercial transactions between SMUD, on the one hand, and the Bank and its Affiliates, on the other hand, (ii) SMUD has consulted its own legal, accounting, regulatory and tax advisors to the extent it has deemed appropriate, and (iii) SMUD is capable of evaluating, and understands and accepts, the terms, risks and conditions of the transactions contemplated hereby and by the other Program Documents; (b) (i) the Bank and its Affiliates each is and has been acting solely as a principal and, except as expressly agreed in writing by the relevant parties, has not been, is not, and will not be acting as an advisor, agent or fiduciary pursuant to Section 15B of the Securities Exchange Act of 1934 or otherwise, for SMUD or any other Person and (ii) neither the Bank nor any of its Affiliates has any obligation to SMUD with respect to the transactions contemplated hereby except those obligations expressly set forth herein and in the other Program Documents; and (c) the Bank and its Affiliates may be engaged in a broad range of transactions that involve interests that differ from those of SMUD, and neither the Bank nor any of its Affiliates has any obligation to disclose any of such interests to SMUD. To the fullest extent permitted by



Law, SMUD hereby waives and releases any claims that it may have against the Bank or any of its Affiliates with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transactions contemplated hereby.

*Section 7.20. EMMA Postings.* In the event SMUD files with EMMA, this Agreement, any Program Documents or any description of the material terms thereof or notice of any agreement to covenants, events of default, remedies, priority rights or other similar terms with respect thereto, either voluntarily or as required pursuant a continuing disclosure agreement or Rule 15c2-12 promulgated pursuant to the Securities and Exchange Act of 1934, as amended (the “Rule”) (each such posting, an “EMMA Posting”), SMUD shall (i) provide the Bank with a copy of each EMMA Posting prior to submitting or posting on EMMA and (ii) shall not file or permit the filing of any EMMA Posting that includes Confidential Information. SMUD acknowledges and agrees that although the Bank may request or review edits or redactions of such materials prior to filing, the Bank is not responsible for SMUD’s or any other entity’s (including, but not limited to, any broker-dealer’s) compliance or noncompliance (or any claims, losses or liabilities arising therefrom) with any continuing disclosure agreement or any applicable securities or other laws, including, but not limited to, those relating to the Rule.

*Section 7.21. US QFC Stay Rules.*

(a) *Recognition of U.S. Resolution Regimes.* In the event that any party that is a Covered Entity becomes subject to a proceeding under a U.S. Special Resolution Regime, the transfer of this Agreement (and any interest and obligation in or under this Agreement and any property securing this Agreement) from such Covered Entity will be effective to the same extent as the transfer would be effective under the U.S. Special Resolution Regime if this Agreement (and any such interest, obligation and property) were governed by the laws of the United States or a state of the United States. In the event that any party that is a Covered Entity or a BHC Act Affiliate of such party becomes subject to a proceeding under a U.S. Special Resolution Regime, Default Rights against such party with respect to this Agreement are permitted to be exercised to no greater extent than such Default Rights could be exercised under the U.S. Special Resolution Regime if this Agreement were governed by the laws of the United States or a state of the United States. The requirements of this paragraph (a) apply notwithstanding the provisions of paragraph (b).

(b) *Limitation on the Exercise of Certain Rights Related to Affiliate Insolvency Proceedings.* Notwithstanding anything to the contrary in this Agreement or any related agreement, but subject to the requirements of paragraph (a), no party to this Agreement shall be permitted to exercise any Default Right against a party that is a Covered Entity with respect to this Agreement that is related, directly or indirectly, to a BHC Act Affiliate of such Covered Entity becoming subject to Insolvency Proceedings, except to the extent the exercise of such Default Right would be permitted under 12 C.F.R. § 252.84, 12 C.F.R. § 47.5, or 12 C.F.R. § 382.4, as applicable. After a BHC Act Affiliate of a party that is a Covered Entity has become subject to Insolvency Proceedings, any party that seeks to exercise a Default Right against such Covered Entity with respect to this Agreement shall

have the burden of proof, by clear and convincing evidence, that the exercise of such Default Right is permitted hereunder.

“*BHC Act Affiliate*” of a party means an “affiliate” (as such term is defined under, and interpreted in accordance with, 12 U.S.C. 1841(k)) of such party.

“*Covered Entity*” means any of the following:

(a) a “covered entity” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 252.82(b);

(b) a “covered bank” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 47.3(b); or

(c) a “covered FSI” as that term is defined in, and interpreted in accordance with, 12 C.F.R. § 382.2(b).

“*Default Right*” has the meaning assigned to that term in, and shall be interpreted in accordance with, 12 C.F.R. §§ 252.81, 47.2 or 382.1, as applicable.

“*Insolvency Proceeding*” means a receivership, insolvency, liquidation, resolution, or similar proceeding.

“*U.S. Special Resolution Regime*” means each of (i) the Federal Deposit Insurance Act and the regulations promulgated thereunder and (ii) Title II of the Dodd-Frank Wall Street Reform and Consumer Protection Act and the regulations promulgated thereunder.

## ARTICLE EIGHT

### LETTER OF CREDIT FACILITY

#### *Section 8.1. L/C Facility.*

(a) *Availability.* Subject to the terms and conditions hereof, the Bank agrees to issue performance Letters of Credit in an aggregate amount not to exceed the L/C Sublimit for the account of SMUD. Letters of Credit may be issued on any Business Day from the Closing Date to, but not including the fifteenth (15<sup>th</sup>) Business Day prior to the Facility Maturity Date in such form as may be approved from time to time by the Bank; *provided*, that the Bank shall not issue any Letter of Credit if, after giving effect to such issuance, (i) the L/C Obligations would exceed the L/C Sublimit or (ii) the outstanding Extensions of Credit would exceed the Commitment. Letters of Credit issued hereunder shall constitute utilization of the Commitment.

(b) *Terms of Letters of Credit.* Each Letter of Credit shall (i) be denominated in Dollars, (ii) expire on a date no more than twelve (12) months after the date of issuance or last renewal or extension of such Letter of Credit (subject to automatic renewal or extension for additional one (1) year periods (but not to a date later than the date set forth below) pursuant to the terms of the Letter

of Credit Documents or other documentation acceptable to the Bank), which date shall be no later than the fifth (5th) Business Day prior to the Facility Maturity Date; *provided* that any Letter of Credit may expire after such date (each such Letter of Credit, an “*Extended Letter of Credit*”) with the consent of the Bank and subject to the requirements of Section 8.11 hereof, and (iii) unless otherwise expressly agreed by the Bank and SMUD when a Letter of Credit is issued by it, be subject to the ISP as set forth in the Letter of Credit Documents or as determined by the Bank and, to the extent not inconsistent therewith, the laws of the State of New York. The Bank shall not at any time be obligated to issue any Letter of Credit hereunder if (A) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Bank from issuing such Letter of Credit, or any Law applicable to the Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Bank shall prohibit, or request that the Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Bank with respect to letters of credit generally or such Letter of Credit in particular any restriction or reserve or capital requirement (for which the Bank is not otherwise compensated) not in effect on the Closing Date, or any unreimbursed loss, cost or expense that was not applicable, in effect or known to the Bank as of the Closing Date and that the Bank in good faith deems material to it, (B) the conditions set forth in Section 3.2 hereof are not satisfied, (C) the issuance of such Letter of Credit would violate one or more policies of the Bank applicable to letters of credit generally, or (D) the proceeds of which would be made available to any Person (x) to fund any activity or business of or with Person subject to Sanctions or (y) in any manner that would result in a violation of any Sanctions by any party to this Agreement. References herein to “issue” and derivations thereof with respect to Letters of Credit shall also include extensions or modifications of any outstanding Letters of Credit, unless the context otherwise requires.

*Section 8.2. Procedure for Issuance of Letters of Credit.* SMUD may from time to time request that the Bank issue, amend, renew or extend a Letter of Credit by delivering to the Bank at its applicable office a Letter of Credit Application therefor, completed to the satisfaction of the Bank, and such other certificates, documents and other Letter of Credit Documents and information as the Bank may request, not later than 11:00 a.m. (Pacific time) at least seven (7) Business Days (or such later date and time as the Bank may agree in its sole discretion) prior to the proposed date of issuance, amendment, renewal or extension, as the case may be. Such notice shall specify (a) the requested date of issuance, amendment, renewal or extension (which shall be a Business Day), (b) the date on which such Letter of Credit is to expire (which shall comply with Section 8.1(b) hereof), (c) the amount of such Letter of Credit, (d) the name and address of the beneficiary thereof, (e) the purpose and nature of such Letter of Credit and (f) such other information as shall be necessary to issue, amend, renew or extend such Letter of Credit. Upon receipt of any Letter of Credit Application, the Bank shall, process such Letter of Credit Application and the certificates, documents and other Letter of Credit Documents and information delivered to it in connection therewith in accordance with its customary procedures and shall, subject to Section 8.1 and Article Three hereof, promptly issue, amend, renew or extend the Letter of Credit requested thereby (subject to the timing requirements set forth in this Section 8.2) by issuing the original of such Letter of Credit to the beneficiary thereof or as otherwise may be agreed by the Bank and SMUD. Additionally, SMUD shall furnish to the Bank such other documents and information pertaining to such requested Letter of Credit issuance or amendment, renewal or extension, including any Letter of Credit Documents, as the Bank may require. The

Bank shall promptly furnish to SMUD a copy of such Letter of Credit and the related Letter of Credit Documents.

*Section 8.3. Commissions and Other Charges.*

(a) *Letter of Credit Commissions.* SMUD shall pay to the Bank a letter of credit commission with respect to each Letter of Credit in the amount equal to the daily amount available to be drawn under such performance Letters of Credit times the L/C Fee Rate (determined, in each case, on a per annum basis). Such commission shall be payable quarterly in arrears on the on the tenth (10th) calendar day of each July, October, January and April (commencing with the first such date to occur after the issuance of such Letter of Credit), on the Facility Maturity Date and thereafter on demand of the Bank.

(b) *Issuance Fee.* In addition to the foregoing commission, SMUD shall pay directly to the Bank, for its own account, an issuance fee with respect to each Letter of Credit issued by the Bank in an amount equal to \$300 or as otherwise agreed upon between the Bank and SMUD. Such issuance fee shall be payable immediately upon the issuance of such Letter of Credit and thereafter on demand of the Bank.

(c) *Other Fees, Costs, Charges and Expenses.* In addition to the foregoing fees and commissions, SMUD shall pay or reimburse the Bank for such normal and customary fees, costs, charges and expenses (including fronting fees) as are incurred or charged by the Bank in issuing, effecting payment under, amending or otherwise administering any Letter of Credit issued by it. Such customary fees, costs, charges and expenses are due and payable on demand and are nonrefundable.

*Section 8.4. Reserved.*

*Section 8.5. Reimbursement.* In the event of any drawing under any Letter of Credit, SMUD agrees to reimburse (either with the proceeds of a Loan as provided for in this Section or with funds from other sources), in same day funds, the Bank by paying to the Bank the amount of such drawing not later than 12:00 noon (Pacific time) on (i) the Business Day that SMUD receives notice of such drawing, if such notice is received by SMUD prior to 10:00 a.m. (Pacific time), or (ii) the Business Day immediately following the day that SMUD receives such notice, if such notice is not received prior to such time, for the amount of (x) such draft so paid and (y) any amounts referred to in Section 8.3(c) incurred by the Bank in connection with such payment. Unless SMUD shall immediately notify the Bank that SMUD intends to reimburse the Bank for such drawing from other sources or funds, SMUD shall be deemed to have timely given a Notice of Borrowing to the Bank requesting that the Bank make a Loan at the Taxable Daily SOFR Rate on the applicable repayment date in the amount (without regard to the minimum and multiples specified in Section 2.2 hereof) of (i) such draft so paid and (ii) any amounts referred to in Section 8.3(c) hereof incurred by the Bank in connection with such payment, and the Bank shall make a Loan as a Loan at the Taxable Daily SOFR Rate in such amount, the proceeds of which shall be applied to reimburse the Bank for the amount of the related drawing and such fees and expenses. The Bank acknowledges and agrees that its obligation to fund a Loan in accordance with this Section to reimburse the Bank for any draft paid under a Letter of Credit issued by it is

absolute and unconditional and shall not be affected by any circumstance whatsoever, including non-satisfaction of the conditions set forth in Section 2.2 or Article Three hereof. If SMUD has elected to pay the amount of such drawing with funds from other sources and shall fail to reimburse the Bank as provided above, or if the amount of such drawing is not fully refunded through a Loan at the Taxable Daily SOFR Rate as provided above, the unreimbursed amount of such drawing shall bear interest at the rate which would be payable on any outstanding Loan at the Taxable Daily SOFR Rate which were then overdue from the date such amounts become payable (whether at stated maturity, by acceleration or otherwise) until paid in full.

*Section 8.6. Obligations Absolute.*

(a) SMUD's obligations under this Article Eight (including the Reimbursement Obligations) shall be absolute, unconditional and irrevocable under any and all circumstances whatsoever, and shall be performed strictly in accordance with the terms of this Agreement, and irrespective of:

(i) any lack of validity or enforceability of any Letter of Credit, any Letter of Credit Document or this Agreement, or any term or provision therein or herein;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that SMUD may have or have had against the Bank or any beneficiary of a Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent, forged or insufficient in any respect or any statement in such draft or other document being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit;

(iv) any payment by the Bank under a Letter of Credit against presentation of a draft or other document that does not comply with the terms of such Letter of Credit; or

(v) any other event or circumstance whatsoever, whether or not similar to any of the foregoing, that might, but for the provisions of this Section, constitute a legal or equitable discharge of, or provide a right of setoff against, SMUD's obligations hereunder.

(b) The Bank shall use commercially reasonable efforts to notify SMUD of any drawings under any Letter of Credit. SMUD also agrees that the Bank shall not be responsible for, and SMUD's Reimbursement Obligation under Section 8.5 shall not be affected by, among other things, the validity or genuineness of documents or of any endorsements thereon, even though such documents shall in fact prove to be invalid, fraudulent or forged, or any dispute between or among SMUD and any beneficiary of any Letter of Credit or any other party to which such Letter of Credit may be transferred or any claims whatsoever of SMUD against any beneficiary of such Letter of

Credit or any such transferee. The Bank and the Bank-Related Persons shall not have any liability or responsibility by reason of or in connection with the issuance or transfer of any Letter of Credit, or any payment or failure to make any payment thereunder (irrespective of any of the circumstances referred to in the preceding sentence), or any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit (including any document required to make a drawing thereunder), any error in interpretation of technical terms or any consequence arising from causes beyond the control of the Bank; *provided* that the foregoing shall not be construed to excuse the Bank from liability to SMUD to the extent of any direct damages (as opposed to special, indirect, consequential or punitive damages, claims in respect of which are hereby waived by SMUD to the extent permitted by Law) suffered by SMUD that are caused by the Bank's failure to exercise care when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof. The parties hereto expressly agree that, in the absence of gross negligence or willful misconduct on the part of the Bank (as finally determined by a court of competent jurisdiction), the Bank shall be deemed to have exercised care in each such determination.

(c) In furtherance of the foregoing and without limiting the generality thereof, the parties agree that (i) with respect to documents presented which appear on their face to be in substantial compliance with the terms of a Letter of Credit, the Bank may, in its sole discretion, either accept and make payment upon such documents without responsibility for further investigation, regardless of any notice or information to the contrary, or refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit, (ii) the Bank may act upon any instruction or request relative to a Letter of Credit or requested Letter of Credit that the Bank in good faith believes to have been given by a Person authorized to give such instruction or request and (iii) the Bank may replace a purportedly lost, stolen, or destroyed original Letter of Credit or missing amendment thereto with a certified true copy marked as such or waive a requirement for its presentation. The responsibility of the Bank to SMUD in connection with any draft presented for payment under any Letter of Credit issued by it shall, in addition to any payment obligation expressly provided for in such Letter of Credit, be limited to determining that the documents (including each draft) delivered under such Letter of Credit in connection with such presentment substantially conforms to the requirements under such Letter of Credit.

(d) Notwithstanding anything in this Section 8.6 to the contrary, the provisions set forth in this Section 8.6 shall not by themselves relieve the Bank of liability for damages to SMUD for gross negligence or willful misconduct as determined by a court of competent jurisdiction in a final, non-appealable judgment.

*Section 8.7. Effect of Letter of Credit Documents.* To the extent that any provision of any Letter of Credit Document related to any Letter of Credit is inconsistent with the provisions of this Article Eight, the provisions of this Article Eight shall apply.

*Section 8.8. Reserved.*

*Section 8.9. Reserved.*

*Section 8.10. Letter of Credit Amounts.* Unless otherwise specified, all references herein to the amount of a Letter of Credit at any time shall be deemed to mean the maximum face amount of such Letter of Credit after giving effect to all increases thereof contemplated by such Letter of Credit or the Letter of Credit Documents therefor (at the time specified therefor in such applicable Letter of Credit or Letter of Credit Documents and as such amount may be reduced by (a) any permanent reduction of such Letter of Credit or (b) any amount which is drawn, reimbursed and no longer available under such Letter of Credit).

*Section 8.11. Cash Collateral for Extended Letters of Credit.*

(a) *Cash Collateralization.* SMUD shall provide Cash Collateral to the Bank with respect to each Extended Letter of Credit issued by the Bank (in an amount equal to 105% of the maximum face amount of each Extended Letter of Credit) by a date that is no later than 5 days prior to the Facility Maturity Date by depositing such amount in immediately available funds, in Dollars, into a cash collateral account maintained at the Bank and shall enter into a cash collateral agreement in form and substance satisfactory to the Bank and such other documentation as the Bank may reasonably request; *provided* that if SMUD fails to provide Cash Collateral with respect to any such Extended Letter of Credit by such time, such event shall be treated as a drawing under such Extended Letter of Credit in an amount equal to 105% of the maximum face amount of each such Letter of Credit, which shall be reimbursed (or participations therein funded) in accordance with this Article Eight, with the proceeds of Loans being utilized to provide Cash Collateral for such Letter of Credit (provided that for purposes of determining the usage of the Commitment any such Extended Letter of Credit that has been, or will concurrently be, Cash Collateralized with proceeds of a Loan, the portion of such Extended Letter of Credit that has been (or will concurrently be) so Cash Collateralized will not be deemed to be utilization of the Commitment); *provided further* that no Cash Collateral will be required if the Extended Letter of Credit is cancelled or returned before the date that is 5 days prior to the Facility Maturity Date.

(b) *Grant of Security Interest.* SMUD hereby grants to the Bank, and agrees to maintain, a first priority security interest in, all Cash Collateral required to be provided by this Section 8.11 as security for the Bank's obligation to fund draws under such Extended Letters of Credit, to be applied pursuant to subsection (c) below. If at any time the Bank determines that the Cash Collateral is subject to any right or claim of any Person other than such the Bank as herein provided or that the total amount of such Cash Collateral is less than the amount required pursuant to subsection (a) above, SMUD will, promptly upon demand by the Bank, pay or provide to the Bank additional Cash Collateral in an amount sufficient to eliminate such deficiency.

(c) *Application.* Notwithstanding anything to the contrary contained in this Agreement or any other Program Document, Cash Collateral provided under this Section 8.11 in respect of Extended Letters of Credit shall be applied to reimburse the Bank for all drawings made under such Extended Letters of Credit and any and all fees, expenses and charges incurred in connection therewith, prior to any other application of such property as may otherwise be provided for herein.

(d) *Cash Collateralized Letters of Credit.* Subject to clause (e) below, if SMUD has fully Cash Collateralized the Bank with respect to any Extended Letter of Credit issued by the Bank in accordance with subsections (a) through (c) above and SMUD and the Bank have made

arrangements between them with respect to the pricing and fees associated therewith (each such Extended Letter of Credit, a “*Cash Collateralized Letter of Credit*”), then for so long as such Cash Collateral remains in place (i) such Cash Collateralized Letter of Credit shall cease to be a “Letter of Credit” hereunder, (ii) such Cash Collateralized Letter of Credit shall not constitute utilization of the Commitment, (iii) the Bank shall have no further obligation to fund Loans to reimburse any drawing under any such Cash Collateralized Letter of Credit, (iv) no Letter of Credit commissions under Section 8.3(a) shall be due or payable to the Bank hereunder with respect to such Cash Collateralized Letter of Credit, and (v) any fronting fee, issuance fee or other fee with respect to such Cash Collateralized Letter of Credit shall be as agreed separately between SMUD and the Bank.

(e) *Reinstatement.* SMUD and the Bank agree that, if any payment or deposit made by SMUD or any other Person applied to the Cash Collateral required under this Section 8.11 is at any time avoided, annulled, set aside, rescinded, invalidated, declared to be fraudulent or preferential or otherwise required to be refunded or repaid, or is repaid in whole or in part pursuant to a good faith settlement of a pending or threatened avoidance claim, or the proceeds of any such Cash Collateral are required to be refunded by the Bank to SMUD or its estate, trustee, receiver or any other Person, under any Law or equitable cause, then, to the extent of such payment or repayment, (i) the applicable Extended Letter of Credit shall automatically be a “Letter of Credit” hereunder in a face amount equal to such payment or repayment (each such Letter of Credit, a “*Reinstated Letter of Credit*”), (ii) such Reinstated Letter of Credit shall no longer be deemed to be Cash Collateralized hereunder and shall constitute a utilization of the Commitment, (iii) the Bank shall be obligated to fund Loans to reimburse any drawing under such Reinstated Letter of Credit, (iv) Letter of Credit commissions under Section 8.3(a) shall accrue and be due and payable to the Bank with respect to such Reinstated Letter of Credit and (v) SMUD’s and the Bank’s liability hereunder (and any guarantee, Lien or collateral guaranteeing or securing such liability) shall be and remain in full force and effect, as fully as if such payment or deposit had never been made, and, if prior thereto, this Agreement shall have been canceled, terminated, paid in full or otherwise extinguished (and if any guarantee, Lien or collateral guaranteeing or securing SMUD’s or the Bank’s) liability hereunder shall have been released or terminated by virtue of such cancellation, termination, payment or extinguishment), the provisions of this Article Eight and all other rights and duties of the Bank with respect to such Reinstated Letter of Credit (and any guarantee, Lien or collateral guaranteeing or securing such liability) shall be reinstated in full force and effect, and such prior cancellation, termination, payment or extinguishment shall not diminish, release, discharge, impair or otherwise affect the obligations of such Persons in respect of such Reinstated Letter of Credit (and any guarantee, Lien or collateral guaranteeing or securing such obligation).

(f) *Survival.* With respect to any Extended Letter of Credit, each party’s obligations under this Article Eight and all other rights and duties of the Bank of such Extended Letter of Credit shall survive any assignment of rights by the Bank, the termination of the Commitment and the repayment, satisfaction or discharge of the Obligations.

[Execution Page Follows]





IN WITNESS WHEREOF, SMUD and the Bank have duly executed this Agreement as of the date first above written.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: Jennifer Restivo  
Title: Treasurer

PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: Kevin Stewart

Title: Senior Vice President

## EXHIBIT A

### FORM TAXABLE REVOLVING NOTE

#### SACRAMENTO MUNICIPAL UTILITY DISTRICT TAXABLE REVOLVING NOTE (PNC REVOLVING CREDIT AGREEMENT)

[\_\_\_\_], 2026

\$100,000,000

The Sacramento Municipal Utility District (“*SMUD*”), for value received, hereby promises to pay to the order of PNC Bank, National Association (the “*Bank*”), pursuant to that certain Revolving Credit Agreement dated as of [\_\_\_\_] 1, 2026 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Revolving Credit Agreement*”), between SMUD and the Bank and that certain Fee Agreement dated [\_\_\_\_], 2026 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Fee Agreement*”), between SMUD and the Bank, at the office of the Bank at [\_\_\_\_] (or such other address as designated by the Bank to SMUD in writing), the aggregate unpaid principal amount of all Obligations (as defined in the Revolving Credit Agreement), except for the principal of and interest on Tax-Exempt Loans and related Term Loans, pursuant to the Revolving Credit Agreement and the Fee Agreement on the dates and in the amounts provided for in the Revolving Credit Agreement and the Fee Agreement.

SMUD promises to pay interest on the unpaid principal amount of all Taxable Loans, related Term Loans and all other Obligations (except for the principal of and interest on Tax-Exempt Loans and related Term Loans) owed to the Bank under the Revolving Credit Agreement and the Fee Agreement on the dates and at the rate or rates provided for in the Revolving Credit Agreement and the Fee Agreement. 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 Revolving Credit Agreement.

This Taxable Revolving Note is the Taxable Note referred to in the Revolving Credit Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Revolving Credit Agreement, this Taxable Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Revolving Credit Agreement.

The Bank agrees, by acceptance of this Taxable Revolving Note, that it will make a notation on the schedule attached hereto of all Taxable Loans 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 Revolving Credit 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 Taxable Revolving Note.

This Taxable Revolving Note is authorized by SMUD to be issued to provide funds for the purposes set forth in the Note Resolution and for other authorized purposes, including to pay the principal amount of Taxable Loans, related Term Loans and all other Obligations theretofore issued. This Taxable Revolving Note is issued under and pursuant to and in full compliance with the Note Resolution and the Revolving Credit Agreement providing for the issuance and sale and fixing the form and details of this Taxable Revolving Note.

This Taxable Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.20 of the Revolving Credit Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Taxable Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Taxable Revolving Note to be executed by an authorized officer of SMUD and this Taxable Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: Jennifer Restivo  
Title: Treasurer

**SCHEDULE FOR TAXABLE REVOLVING NOTE**  
**DATED [\_\_\_\_], 2026**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO PNC BANK, NATIONAL ASSOCIATION**

DATE	AMOUNT OF TAXABLE LOAN MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY

## EXHIBIT B

### FORM TAX-EXEMPT REVOLVING NOTE

#### SACRAMENTO MUNICIPAL UTILITY DISTRICT TAX-EXEMPT REVOLVING NOTE (PNC REVOLVING CREDIT AGREEMENT)

[\_\_\_\_], 2026

\$100,000,000

The Sacramento Municipal Utility District (“SMUD”), for value received, hereby promises to pay to the order of PNC Bank, National Association (the “Bank”), pursuant to that certain Revolving Credit Agreement dated as of [\_\_\_\_] 1, 2026 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Revolving Credit Agreement*”), between SMUD and the Bank and that certain Fee Agreement dated [\_\_\_\_], 2026 (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the “*Fee Agreement*”), between SMUD and the Bank, at the office of the Bank at [\_\_\_\_] (or such other address as designated by the Bank to SMUD in writing), the aggregate unpaid principal amount of all Tax-Exempt Loans and related Term Loans (as such terms are defined in the Revolving Credit Agreement) pursuant to the Revolving Credit Agreement and the Fee Agreement on the dates and in the amounts provided for in the Revolving Credit Agreement and the Fee Agreement.

SMUD promises to pay interest on the unpaid principal amount of all Tax-Exempt Loans and related Term Loans owed to the Bank under the Revolving Credit Agreement and the Fee Agreement on the dates and at the rate or rates provided for in the Revolving Credit Agreement and the Fee Agreement. 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 Revolving Credit Agreement.

This Tax-Exempt Revolving Note is the Tax-Exempt Note referred to in the Revolving Credit Agreement and is entitled to the benefits thereof and of the Program Documents referred to therein. As provided in the Revolving Credit Agreement, this Tax-Exempt Revolving Note is subject to prepayment, in whole or in part, in accordance with the terms of the Revolving Credit Agreement.

The Bank agrees, by acceptance of this Tax-Exempt Revolving Note, that it will make a notation on the schedule attached hereto of all Tax-Exempt Loans 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 Revolving Credit 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 Tax-Exempt Revolving Note.

This Tax-Exempt Revolving Note is authorized by SMUD to be issued to provide funds for the purposes set forth in the Note Resolution and for other authorized purposes, including to



pay the principal amount of Tax-Exempt Loans and related Term Loans theretofore issued. This Tax-Exempt Revolving Note is issued under and pursuant to and in full compliance with the Note Resolution and the Revolving Credit Agreement providing for the issuance and sale and fixing the form and details of this Tax-Exempt Revolving Note.

This Tax-Exempt Revolving Note is an obligation of SMUD secured by a lien on the Available Revenues as more fully described in Section 2.20 of the Revolving Credit Agreement.

It is hereby certified that all conditions, acts and things essential to the validity of this Tax-Exempt Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

[Remainder of Page Intentionally Blank]

IN WITNESS WHEREOF, SMUD has caused this Tax-Exempt Revolving Note to be executed by an authorized officer of SMUD and this Tax-Exempt Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: Jennifer Restivo  
Title: Treasurer

**SCHEDULE FOR TAX-EXEMPT REVOLVING NOTE**  
**DATED [\_\_\_\_], 2026**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO PNC BANK, NATIONAL ASSOCIATION**

DATE	AMOUNT OF TAX-EXEMPT LOAN MADE	AMOUNT OF PRINCIPAL PAID	DATE TO WHICH INTEREST PAID	DUE DATE	NOTATION MADE BY



Tax-Exempt Loan [ ]

**[Attached hereto is an executed copy of the [Tax Certificate/Supplemental Tax Certificate] relating to such Tax-Exempt Loan which includes the related form 8038-G.]**

The rates of interest on the Loan will not exceed the Maximum Interest Rate.

The undersigned hereby acknowledges on and as of the date hereof that submission of this notice shall be deemed to be a representation and warranty by SMUD on the date of such Borrowing as to the facts specified in clauses (b), (c) and (d) of Section 3.2 of the Credit Agreement and that no Default or Event of Default has occurred and is continuing.

Terms used herein have the meanings assigned to them in the Credit Agreement.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT D**

**[FORM OF NOTICE OF CONVERSION]**

**NOTICE OF CONVERSION**

PNC Bank, National Association (the “Bank”)

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

Telephone: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

Re: Sacramento Municipal Utility District

Ladies and Gentlemen:

The undersigned, an Authorized SMUD Representative, refers to the Revolving Credit Agreement, dated as of [\_\_\_\_\_] 1, 2026 (together with any amendments or supplements thereto, the “*Agreement*”), between Sacramento Municipal Utility District and the Bank (the terms defined therein being used herein as therein defined) and hereby gives Bank notice irrevocably, pursuant to Section 2.2(a)(ii) of the Agreement, of the conversion of the Loan(s) specified herein, that:

1. The Business Day of the proposed conversion is \_\_\_\_\_, 20\_\_ (the “*Conversion Date*”), which is at least two (2) U.S. Government Securities Business Days following the date hereof.
2. The aggregate amount of the Loan(s) to be converted is \$\_\_\_\_\_.
3. The Loan(s) is/are Tax-Exempt Loan(s) to be converted into a Taxable Loan(s).
4. The principal amount of the Loans to be outstanding following the conversion will not exceed the Commitment as of the Conversion Date set forth in 1 above.

The undersigned hereby acknowledges on and as of the date hereof that submission of this notice shall be deemed to be a representation and warranty by SMUD on the Conversion Date as to the facts specified in clauses (b), (c) and (d) of Section 3.2 of the Credit Agreement and that no Default or Event of Default has occurred and is continuing.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Notice of Continuation as of the \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT E**  
**FORM OF**  
**REQUEST FOR EXTENDED FUNDED PERIOD**

[DATE]

To:

PNC Bank, National Association (the “*Bank*”)

[\_\_\_\_\_]

Attention: [\_\_\_\_\_]

Telephone: [\_\_\_\_\_]

Email: [\_\_\_\_\_]

Ladies and Gentlemen:

The undersigned, Sacramento Municipal Utility District (“*SMUD*”), hereby refers to the Revolving Credit Agreement dated as of [\_\_\_\_\_] 1, 2026, as amended, modified, supplemented or restated from time to time (the “*Credit Agreement*”), between SMUD and PNC Bank, National Association (the “*Bank*”). All capitalized terms contained herein which are not specifically defined shall have the meanings assigned to such terms in the Credit Agreement.

SMUD hereby requests, pursuant to Section 2.22 of the Credit Agreement, that the Term Loans be payable as provided in Section 2.22 of the Credit Agreement with interest as provided in Section 2.22 of the Credit Agreement.

In connection with such request, SMUD hereby represents and warrants that:

(a) no Credit Default or Credit Event of Default shall have occurred and be continuing on the date hereof and no Credit Default or Credit Event of Default will have occurred and be continuing on the Facility Maturity Date,

(b) (1) there has been no material adverse change in SMUD’s business, assets, liabilities, financial condition, results of operations or business prospects which could reasonably be expected to result in a material adverse effect on SMUD’s ability to perform its obligations under this Agreement and the Program Documents or the rights, security or interests of the Bank hereunder and under the Program Documents and (2) no event described in clause (b) of the definition of Material Adverse Change shall have occurred and be continuing on the date hereof and no event described in clause (b) of the definition of Material Adverse Change will have occurred on the Facility Maturity Date.

We have enclosed along with this request the following information:

1. The nature of any and all Defaults and Events of Default; and



2. Any other pertinent information previously requested by the Bank.

Very truly yours,

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**Draft Fee Agreement  
(PNC Bank, National Association)**

**FEE AGREEMENT**  
**DATED [\_\_\_\_], 2026**

Reference is hereby made to that certain Revolving Credit Agreement dated as of [\_\_\_\_] 1, 2026 (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 PNC BANK, NATIONAL ASSOCIATION (the “*Bank*”), relating to the Sacramento Municipal Utility District, Taxable Revolving Note (PNC Revolving Credit Agreement) and Tax-Exempt Revolving Note (PNC Revolving Credit Agreement). Capitalized terms not otherwise defined herein shall have the meanings set forth in the Agreement.

The purpose of this Fee Agreement (this “*Fee Agreement*”) is to confirm the agreement between the Bank and SMUD with respect to, among other things, the Commitment Fees (as defined below), the Taxable Applicable Spread and Tax-Exempt Applicable Spread and certain other fees payable to the Bank. This Fee Agreement is the Fee Agreement referenced in the Agreement, and the terms hereof are incorporated by reference into the Agreement. This Fee Agreement 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 all amounts, fees and expenses payable under this Fee Agreement.

ARTICLE I. FEES AND OTHER AGREEMENTS.

*Section 1.1. Commitment Fees.* SMUD hereby agrees to pay to the Bank on April 10, 2026, for the period commencing on the Closing Date and ending on March 31, 2026, and quarterly in arrears on the tenth (10th) calendar day of each July, October, January and April (each, a “*Quarterly Payment Date*”) occurring prior to the Termination Date, and on the Termination Date, a non-refundable commitment fee (the “*Commitment Fee*”) in an amount equal to the rate per annum based upon the applicable Level corresponding to the then applicable Rating (as defined below) for each day during the related fee period, as specified below (the “*Commitment Fee Rate*”), on the Unutilized Commitment from time to time in effect for each day during each related period:

COMMITMENT FEE RATE					
LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	UNUTILIZED COMMITMENT < 50% OF COMMITMENT	UNUTILIZED COMMITMENT ≥ 50% OF COMMITMENT
Level 1	Aa3 or above	AA- or above	AA- or above	0.15%	0.20%
Level 2	A1	A+	A+	0.20%	0.25%
Level 3	A2	A	A	0.30%	0.35%
Level 4	A3	A-	A-	0.40%	0.45%
Level 5	Baa1	BBB+	BBB+	0.50%	0.55%
Level 6	Baa2	BBB	BBB	0.60%	0.65%
Level 7	Baa3	BBB-	BBB-	0.70%	0.75%
Level 8	Below Baa3	Below BBB-	Below BBB-	2.70%	2.75%

The term “*Unutilized Commitment*” as used herein means the Commitment, as of the Closing Date, as permanently reduced from time to time in accordance with the Agreement less the outstanding principal amount of any Loans under the Agreement. 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 Commitment Fee Rate shall be based upon the Level in which the lower of the two highest Ratings appears; *provided, however*, if less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds, the Commitment Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Commitment Fee Rate resulting from an Event of Default or change, withdrawal or suspension of a Rating shall be and become effective as of and on the date of the Event of Default or the date of the announcement of the change, withdrawal or suspension of 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 Commitment Fee Rate shall increase to the Commitment Fee Rate specified above for Level 6 above. The Commitment Fees shall be payable as set forth above, together with interest

on the Commitment Fees from the date payment is due until payment in full at the Default Rate. The Commitment Fee shall be payable in immediately available funds and computed on the basis of a year of 360 days and the actual number of days to elapse. SMUD acknowledges that as of the Closing Date the Commitment Fee Rate is that specified above for Level 1.

*Section 1.2. Amendment, Consent or Waiver Fee.* SMUD agrees to pay to the Bank on the date of each amendment, supplement, or modification to the Agreement or this Fee Agreement (or any Program Document, the amendment, supplement or modification of which requires the consent of, or waiver from, the Bank), a non-refundable fee in an amount, if any, agreed to by the Bank and SMUD after the Bank has provided SMUD with an estimate of such fee and SMUD has approved such fee estimate in writing plus the reasonable fees and expenses of any legal counsel retained by the Bank in connection therewith in an amount agreed to by the Bank and SMUD after the Bank has provided SMUD with an estimate of such fees and expenses of legal counsel and SMUD has approved such fee and expense estimate in writing.

*Section 1.3. Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate.* For purposes of the Agreement, the “Taxable Applicable Spread,” the “Tax-Exempt Applicable Spread” and “L/C Fee Rate” means a rate per annum based upon the applicable Level corresponding to the then applicable Rating in the applicable column, as specified below:

LEVEL	MOODY'S RATING	S&P RATING	FITCH RATING	TAXABLE APPLICABLE SPREAD	TAX- EXEMPT APPLICABLE SPREAD	L/C FEE RATE
Level 1	Aa3 or above	AA- or above	AA- or above	0.42%	0.33%	0.45%
Level 2	A1	A+	A+	0.47%	0.38%	0.50%
Level 3	A2	A	A	0.57%	0.48%	0.60%
Level 4	A3	A-	A-	0.67%	0.58%	0.70%
Level 5	Baa1	BBB+	BBB+	0.77%	0.68%	0.80%
Level 6	Baa2	BBB	BBB	0.87%	0.78%	0.90%
Level 7	Baa3	BBB-	BBB-	0.97%	0.88%	1.00%
Level 8	Below Baa3	Below BBB-	Below BBB-	2.97%	2.88%	3.00%

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 Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate shall be based upon the Level in which the lower of the two highest Ratings appears; *provided, however*, if less than three Rating Agencies then assign a long-term unenhanced debt rating to Bonds and Parity Bonds, the Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate shall be based upon the Level in which the lower Rating appears. Any change in the Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C 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 Loans shall bear interest at the Default Rate. SMUD acknowledges that as of the Closing Date the Taxable Applicable Spread, Tax-Exempt Applicable Spread and L/C Fee Rate are the spreads and rate, as applicable, that are specified above for Level 1 in this Section 1.3.

## ARTICLE II. MISCELLANEOUS.

*Section 2.1. Amendments.* No amendment to this Fee Agreement 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 AGREEMENT 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 AGREEMENT 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 Agreement 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 Agreement 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 Agreement, 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 Agreement 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 2.5. Representation by Legal Counsel; Joint Preparation.* The parties hereto have participated jointly in the negotiation and drafting of this Fee Agreement, and each of the parties was represented by its respective legal counsel during the negotiation and execution of this Fee Agreement. In the event an ambiguity or question of intent or interpretation arises, this Fee Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of

proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Fee Agreement.

*Section 2.6. No Disclosure.* Unless required by law, SMUD shall not deliver or permit, authorize or consent to the delivery of this Fee Agreement to any Person (other than SMUD's attorneys, accountants or auditors) or for posting on the Electronic Municipal Market Access website as provided by the Municipal Securities Rulemaking Board unless the Bank provides its prior written consent. The Bank acknowledges and agrees, however, that this Fee Agreement was made available to the public for the meetings of the SMUD Board of Directors at which the SMUD Board of Directors considered the approval of the execution and delivery of this Fee Agreement.

*Section 2.7. Payment Due on Non-Business Day to Be Made on Next Business Day.* If any sum becomes payable pursuant to this Fee Agreement on a day which is not a Business Day, the date for payment thereof shall be extended, without penalty, to the next succeeding Business Day, and such extended time shall be included in the computation of interest and fees.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Fee Agreement 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: Jennifer Restivo  
Title: Treasurer



PNC BANK, NATIONAL ASSOCIATION

By: \_\_\_\_\_

Name: Kevin Stewart

Title: Senior Vice President



SSS No. CFO 25-023

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
FINANCE & AUDIT - 2026  
Board Meeting Date  
N/A

TO				TO			
1.	Scott Martin			6.			
2.	Farres Everly			7.			
3.	Jose Bodipo-Memba			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	X	No		If no, schedule a dry run presentation.	
Budgeted		X	Yes	No		If no, explain in Cost/Budgeted section.)	
FROM (IPR) Lisa Limcaco				DEPARTMENT Accounting		MAIL STOP B352	EXT. 7045
						DATE SENT 12/30/25	

**NARRATIVE:**

**Requested Action:** Provide the Board with SMUD's financial results for the year-to-date period and a summary of SMUD's current Power Supply Costs.

**Summary:** Staff will present SMUD's financial results for the year-to-date period and a summary of SMUD's current Power Supply Costs to the Board of Directors.

**Board Policy:** Governance Process GP-3, Board Job Description  
(Number & Title)

**Benefits:** Provide Board members with information regarding SMUD's financial position and SMUD's current power supply costs.

**Cost/Budgeted:** Included in budget for internal labor.

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

**Affected Parties:** Accounting

**Coordination:** Accounting

**Presenter:** Lisa Limcaco, Director of Accounting & Controller

**Additional Links:**

SUBJECT

**SMUD's Financial Results & Power Supply Costs**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
OFFICE MEMORANDUM**

TO: Distribution

DATE: December 23, 2025  
ACC 25-037

FROM: Michael Wilson / Lisa Limcaco

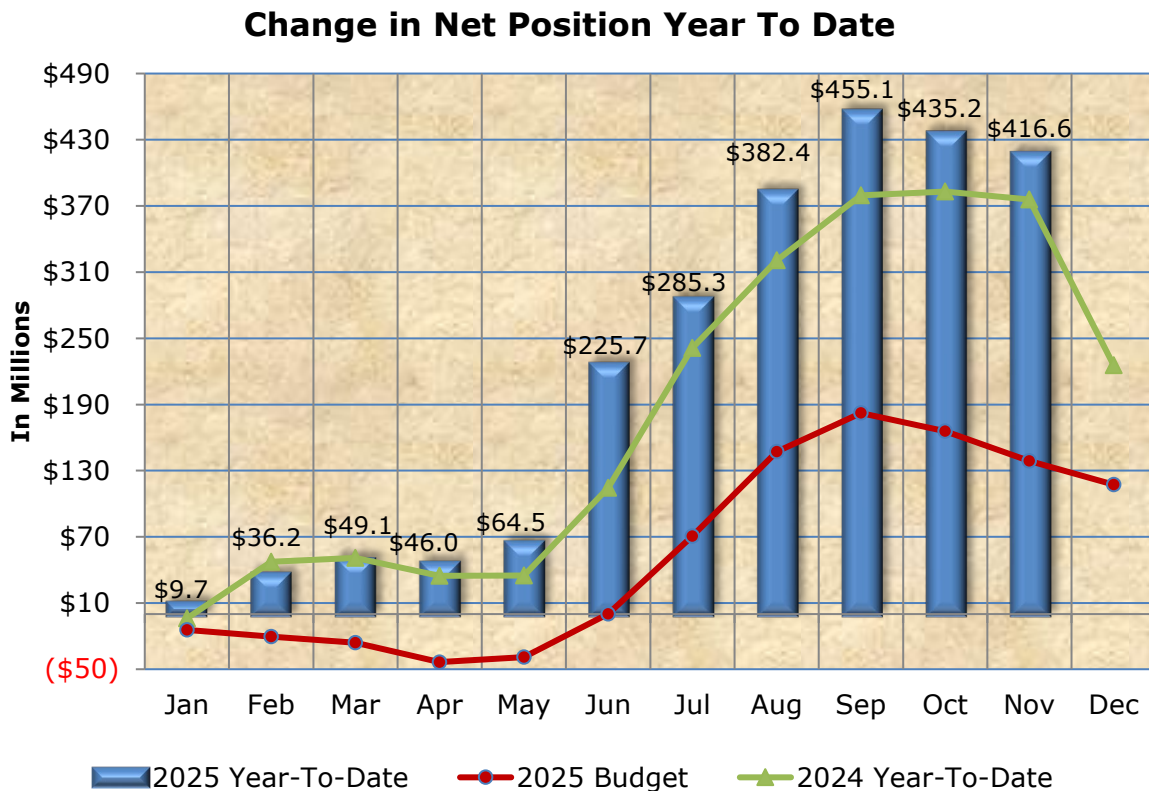
**SUBJECT: NOVEMBER 2025 FINANCIAL RESULTS AND OPERATIONS DATA**

We are attaching the financial and operating reports for the eleven months of 2025. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$416.6 million compared to a budgeted increase of \$138.8 million, resulting in a favorable variance of \$277.8 million.

We prepared these statements on the accrual basis of accounting, and they conform to generally accepted accounting principles. The bases for the budget amounts are:

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2025 Budget approved by the Board of Directors on December 12, 2024.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
EXECUTIVE SUMMARY  
For the Eleven Months Ended November 30, 2025**

Net Position

- The change in net position is an increase of \$416.6 million compared to a budgeted increase of \$138.8 million, resulting in a favorable variance of \$277.8 million.

Revenues

- Revenues from sales to customers were \$1,701.9 million, which was \$17.7 million higher than planned. The increase is primarily due to:
  - Higher than planned commercial sales of \$12.2 million.
  - Lower provision for uncollectible accounts of \$2.7 million. The current balance of the accumulated provision is sufficient to cover the write-offs of arrears.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB] – 32) were \$22.4 million. This is due to carbon allowances sold through the state sanctioned quarterly auctions.
- Low Carbon Fuel Standard (LCFS) revenues were \$6.5 million due to LCFS credit sales.
- Other electric revenues increased by \$6.6 million, primarily due to higher than anticipated field service charges, and other miscellaneous service revenue.
- Non-cash revenues transferred to the stabilization fund were \$32.7 million, of which \$22.7 million was for AB-32, \$6.5 million was for LCFS, and \$3.5 million was for the annual WAPA Hydro Generation Adjustment. Funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund were \$31.4 million, of which \$11.2 million was for revenue recognized for AB-32, \$12.3 million was for LCFS and Community Impact Plan, and \$7.2 million was for revenue recognized for the annual Hydro Generation Adjustment.

Commodities, Purchased Power, and Production

- SMUD's generation was lower by 688 GWh (9.8 percent); JPA and other generation was lower by 432 GWh (7.9 percent); and Hydro generation was lower by 256 GWh (16.1 percent).
- Purchased power expense of \$385.6 million, less surplus power sales of \$111.2 million was \$274.4 million. This was \$4.9 million higher than planned, mainly due to lower hydro and thermal generation, which resulted in increased market purchases at favorable prices.
- Production operations cost of \$283.9 million less surplus gas sales of \$72.4 million, was \$211.5 million, which was \$48.3 million lower than planned. This is primarily due to reduced costs for carbon allowances, fuel, and the operation of hydro and thermal assets.
  - Carbon allowances decreased by \$17.0 million, primarily due to lower market prices, which reduced excess thermal sales and eliminated the need for additional carbon allowances. This was further impacted by a decline in carbon prices.
  - Fuel costs of \$156.9 million less surplus gas sales of \$72.4 million, was \$84.5 million, which was \$23.3 million lower than planned, primarily due to reduced fuel prices and a decrease in thermal generation, as purchasing power proved to be more cost-effective.
  - Hydro production expenses were \$2.8 million lower, primarily driven by underspending from delayed project start times, such as mitigation studies at Union Valley and Chili Bar reservoirs, as well as lower contract utilization.
  - Other power generation expenses decreased by \$2.6 million, primarily due to lower operational costs at thermal plants.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$1,215.1 million, which was \$60.2 million higher than planned. The power margin as a percentage of sales to customers was 71.4 percent, which was 2.8 percent higher than planned. This is due to higher sales to customers and lower production costs due to lower carbon allowances, fuel expenses, and operating costs of the thermal plants.

### Other Operating Expenses

- All other operating expenses were \$930.1 million, which was \$97.6 million lower than planned.
  - Transmission and distribution operations expenses were down \$31.7 million primarily due to lower transmission fees than planned.
  - Customer service and information expenses were down \$11.9 million primarily due to lower participation in My Energy Optimizer Partner Plus, delays in School Hosted Solar program, and under spending on transportation electrification initiatives.
  - Administrative & General expenses were down \$35.2 million primarily due to delayed start to projects such as Agile product teams, SAP S4 HANA, and Extended Day Ahead Market, lower spend compared to plan on the ZCES Grant Strategy project, along with the cancellation of the Enterprise Asset Analytics project.
  - Transmission and distribution maintenance expenses were \$9.3 million lower than planned, primarily due to lower vegetation management costs and improved tree work efficiency.
  - Non-cash depreciation and amortization was lower by \$11.5 million primarily due to certain projects that were scheduled for completion but are still underway.

### Non-operating Revenues and Expenses

- Other revenue, net, was \$97.9 million higher than planned primarily due to payments received from the Inflation Reduction Act (IRA) for clean energy projects, grant revenue, higher interest income, a Rancho Seco Solar power purchase agreement payment, and a gain on the Sacramento Municipal Utility District Financing Authority bond defeasance.
- Interest charges were \$11.1 million lower than planned due to lower interest on long-term debt, commercial paper and other expenses.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Month Ended November 30, 2025**  
(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 122,020	\$ 108,002	\$ 14,018	13.0 %
Sales of surplus power	8,905	7,679	1,226	16.0
Sales of surplus gas	10,808	-	10,808	*
SB-1 revenue (deferral)/recognition, net	56	-	56	*
Other electric revenue	3,798	3,402	396	11.6
Revenue from rate stabilization fund	334	2,689	(2,355)	(87.6)
Total operating revenues	145,921	121,772	24,149	19.8
<b>OPERATING EXPENSES</b>				
Operations				
Purchased power	33,890	22,304	11,586	51.9
Production	32,905	29,149	3,756	12.9
Transmission and distribution	6,660	9,632	(2,972)	(30.9)
Customer accounts	4,585	4,993	(408)	(8.2)
Customer service and information	7,264	7,522	(258)	(3.4)
Administrative and general	16,512	19,983	(3,471)	(17.4)
Public good	3,721	5,756	(2,035)	(35.4)
Total operations	105,537	99,339	6,198	6.2
Maintenance				
Production	2,671	3,761	(1,090)	(29.0)
Transmission and distribution	9,694	11,540	(1,846)	(16.0)
Total maintenance	12,365	15,301	(2,936)	(19.2)
Depreciation and amortization				
Depreciation and amortization	24,157	25,391	(1,234)	(4.9)
Amortization of regulatory asset	3,816	3,883	(67)	(1.7)
Total depreciation and amortization	27,973	29,274	(1,301)	(4.4)
Total operating expenses	145,875	143,914	1,961	1.4
<b>OPERATING INCOME (LOSS)</b>	46	(22,142)	22,188	100.2
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Other revenues/(expenses)				
Interest income	4,057	2,511	1,546	61.6
Investment revenue	25	-	25	*
Unrealized holding gains	355	-	355	*
Revenue - CIAC	1,847	1,822	25	1.4
Other income (expense) - net	(17,225)	406	(17,631)	*
Total other revenues/(expenses)	(10,941)	4,739	(15,680)	(330.9)
Interest charges				
Interest on long-term debt	7,558	9,397	(1,839)	(19.6)
Interest on commercial paper and other	166	125	41	32.8
Total interest charges	7,724	9,522	(1,798)	(18.9)
<b>CHANGE IN NET POSITION</b>	\$ (18,619)	\$ (26,925)	\$ 8,306	30.8 %

\* Equals 1000% or greater.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**For the Eleven Months Ended November 30, 2025**  
(thousands of dollars)

	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>	<u>Percent of Increase (Decrease)</u>
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 1,701,851	\$ 1,684,195	\$ 17,656	1.0 %
Sales of surplus power	111,170	125,234	(14,064)	(11.2)
Sales of surplus gas	72,430	-	72,430	*
SB-1 revenue (deferral)/recognition, net	1,233	-	1,233	*
AB-32 revenue	22,444	-	22,444	*
LCFS revenue	6,457	-	6,457	*
Other electric revenue	43,067	36,458	6,609	18.1
Revenue to rate stabilization fund	(32,676)	-	(32,676)	*
Revenue from rate stabilization fund	31,389	25,383	6,006	23.7
Total operating revenues	1,957,365	1,871,270	86,095	4.6
<b>OPERATING EXPENSES</b>				
Operations				
Purchased power	385,558	394,722	(9,164)	(2.3)
Production	283,916	259,763	24,153	9.3
Transmission and distribution	83,459	115,196	(31,737)	(27.6)
Customer accounts	55,444	54,042	1,402	2.6
Customer service and information	84,488	96,363	(11,875)	(12.3)
Administrative and general	183,773	218,974	(35,201)	(16.1)
Public good	61,932	62,036	(104)	(0.2)
Total operations	1,138,570	1,201,096	(62,526)	(5.2)
Maintenance				
Production	46,766	48,172	(1,406)	(2.9)
Transmission and distribution	111,917	121,190	(9,273)	(7.7)
Total maintenance	158,683	169,362	(10,679)	(6.3)
Depreciation and amortization				
Depreciation and amortization	257,510	269,048	(11,538)	(4.3)
Amortization of regulatory asset	44,813	42,711	2,102	4.9
Total depreciation and amortization	302,323	311,759	(9,436)	(3.0)
Total operating expenses	1,599,576	1,682,217	(82,641)	(4.9)
<b>OPERATING INCOME</b>	357,789	189,053	168,736	89.3
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Other revenues (expenses)				
Interest income	44,199	27,695	16,504	59.6
Investment revenue (expense)	(869)	-	(869)	*
Unrealized holding gains	813	-	813	*
Revenue - CIAC	20,108	19,975	133	0.7
Gain on extinguishment of debt	2,930	-	2,930	*
Other income (expense) - net	82,902	4,502	78,400	*
Total other revenues	150,083	52,172	97,911	187.7
Interest charges				
Interest on long-term debt	89,122	98,313	(9,191)	(9.3)
Interest on commercial paper and other	2,178	4,115	(1,937)	(47.1)
Total interest charges	91,300	102,428	(11,128)	(10.9)
<b>CHANGE IN NET POSITION</b>	\$ 416,572	\$ 138,797	\$ 277,775	200.1 %

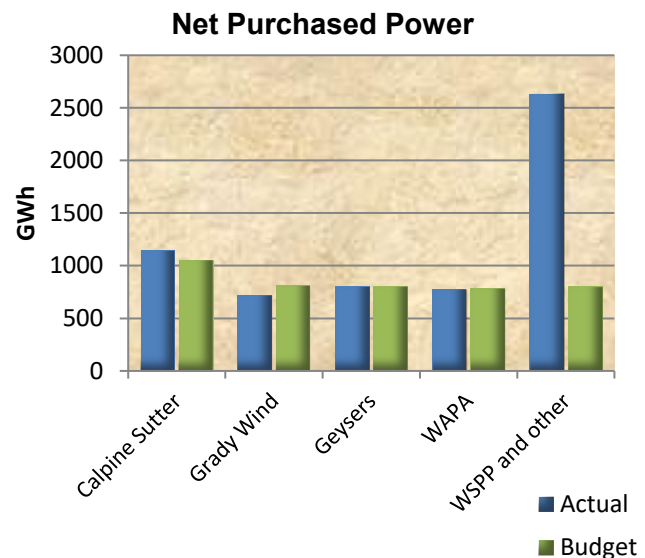
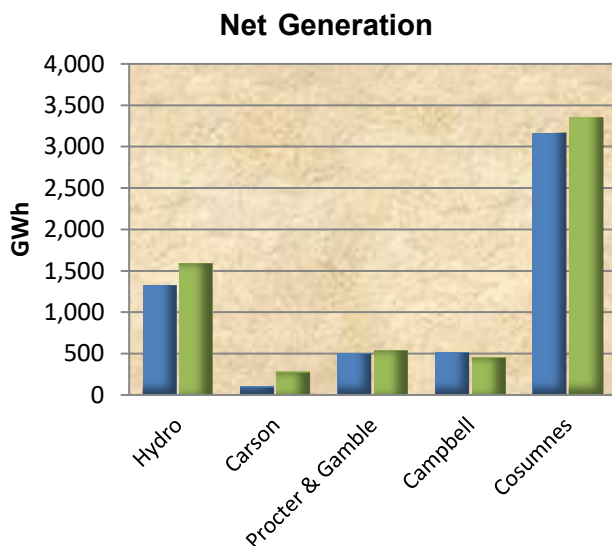
\* Equals 1000% or greater.



**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**SOURCES AND USES OF ENERGY - COMPARED TO BUDGET**  
For the Period Ended November 30, 2025

Sources of Energy (GWh)	Month		Increase	Year to Date		Increase
	Actual	Budget	(Decrease) Percentage	Actual	Budget	(Decrease) Percentage
Net Generated						
Hydro	68	45	51.1	1,330	1,586	(16.1)
Carson Power Plant	21	36	(41.7)	100	279	(64.2)
Procter & Gamble Power Plant	63	68	(7.4)	503	542	(7.2)
Campbell Power Plant	61	21	190.5	516	457	12.9
Cosumnes Power Plant	291	402	(27.6)	3,162	3,350	(5.6)
Other	13	43	(69.8)	756	841	(10.1)
Total net generation	517	615	(15.9)	6,367	7,055	(9.8)
Purchased Power less transmission losses:						
CalEnergy	17	18	(5.6)	176	204	(13.7)
Calpine Sutter	98	54	81.5	1,143	1,050	8.9
Drew Solar	18	18	0.0	292	283	3.2
Feed in Tariff	7	9	(22.2)	191	202	(5.4)
Geysers	72	72	0.0	803	802	0.1
Grady Wind	75	72	4.2	722	813	(11.2)
Rancho Seco PV II	10	17	(41.2)	270	317	(14.8)
WAPA	5	22	(77.3)	778	783	(0.6)
WSPP and other	230	21	995.2	2,630	800	228.8
Other long term power	27	43	(37.2)	472	568	(16.9)
Total net purchases	559	346	61.6	7,477	5,822	28.4
Total sources of energy	1,076	961	12.0	13,844	12,877	7.5
Uses of energy:						
SMUD electric sales and usage	790	768	2.9	9,611	9,656	(0.5)
Surplus power sales	271	160	69.4	3,992	2,820	41.6
System losses	15	33	(54.5)	241	401	(39.9)
Total uses of energy	1,076	961	12.0 %	13,844	12,877	7.5 %

\* Change equals 1000% or more.



Net generation is lower than planned for the eleven-month period.

- Hydro generation is lower than planned (16.1 percent).
- JPA generation is lower than planned (7.5 percent).

Purchased power, less surplus power sales, is higher than plan (16.1 percent).

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF NET POSITION**  
**November 30, 2025 and 2024**  
**(thousands of dollars)**

	<u>Total</u>	
	2025	2024
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service, original cost	\$ 8,029,287	\$ 7,464,472
Less accumulated depreciation	4,055,146	3,837,213
Plant in service - net	3,974,141	3,627,259
Construction work in progress	797,532	864,793
Investment in Joint Power Agencies	43,630	41,076
Total electric utility plant - net	4,815,303	4,533,128
<b>RESTRICTED ASSETS</b>		
Restricted for payment of debt service	51,293	48,763
JPA funds	34,107	44,921
Nuclear decommissioning trust fund	10,295	9,872
Rate stabilization fund	351,675	221,490
Other funds	64,136	66,693
Less current portion	(135,273)	(144,641)
Total restricted assets	376,233	247,098
<b>CURRENT ASSETS</b>		
Cash, cash equivalents and investments		
Unrestricted	738,944	680,664
Restricted	135,273	144,641
Accounts receivable - net	312,003	280,697
Lease receivable	484	679
Energy efficiency loans due within one year	139	139
Interest receivable	6,923	6,578
Lease interest receivable	43	47
Regulatory costs to be recovered within one year	93,446	75,489
Derivative financial instruments maturing within in one year	16,910	14,105
Inventories	205,093	175,580
Prepaid gas to be delivered within one year	45,091	41,080
Prepayments and other	34,454	39,727
Total current assets	1,588,803	1,459,426
<b>NONCURRENT ASSETS</b>		
Regulatory costs for future recovery		
Decommissioning	91,421	94,617
Pension	586,890	510,261
OPEB	295,870	293,529
Bond Issues	62	645
Derivative financial instruments	167	143
Derivative financial instruments	38,881	29,946
Prepaid gas	698,886	743,976
Lease receivable	16,213	16,925
Energy efficiency loans - net	50	187
Other	81,625	67,110
Total noncurrent assets	1,810,065	1,757,339
<b>TOTAL ASSETS</b>	<b>8,590,404</b>	<b>7,996,991</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivatives	27,762	57,686
Deferred pension outflows	167,353	146,863
Deferred OPEB outflows	50,990	56,729
Deferred ARO outflows	100	966
Unamortized bond losses - other	25,880	30,296
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>272,085</b>	<b>292,540</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,862,489</b>	<b>\$ 8,289,531</b>

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF NET POSITION**  
November 30, 2025 and 2024  
(thousands of dollars)

	<u>Total</u>	
	<u>2025</u>	<u>2024</u>
<b>LONG-TERM DEBT - NET</b>	<b>\$ 3,246,002</b>	<b>3,255,117</b>
<b>CURRENT LIABILITIES</b>		
Accounts payable	168,056	122,116
Purchased power payable	37,486	26,829
Credit support collateral obligation	7,324	8,967
Long-term debt due within one year	130,825	138,065
Accrued decommissioning	7,471	7,140
Interest payable	35,488	36,200
Accrued interest liability	193	206
Accrued salaries and compensated absences	70,435	57,602
Derivative financial instruments maturing within one year	24,877	43,868
Customer deposits	6,530	2,229
Lease and subscription software liability	34,239	33,570
Other	55,650	54,422
Total current liabilities	578,574	531,214
<b>NONCURRENT LIABILITIES</b>		
Accrued decommissioning - net	105,500	107,971
Derivative financial instruments	3,308	14,612
Net pension liability	282,148	225,212
Net OPEB liability	36,929	49,478
Lease liability	16,415	43,922
Other	146,612	118,514
Total noncurrent liabilities	590,912	559,709
<b>TOTAL LIABILITIES</b>	<b>4,415,488</b>	<b>4,346,040</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Accumulated increase in fair value of hedging derivatives	55,526	43,880
Deferred pension inflows	765	8,416
Deferred OPEB inflows	15,238	30,616
Deferred lease inflows	15,744	16,766
Regulatory credits	1,096,574	848,078
Unamortized bond gains - other	30,913	29,489
Unearned revenue	3,550	3,767
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,218,310</b>	<b>981,012</b>
<b>NET POSITION</b>		
Balance at beginning of year	2,812,119	2,586,698
Net increase for the year	416,572	375,781
<b>TOTAL NET POSITION</b>	<b>3,228,691</b>	<b>2,962,479</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<b>\$ 8,862,489</b>	<b>\$ 8,289,531</b>

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF CASH FLOWS**  
**For the Period Ended November 30, 2025**  
**(thousands of dollars)**

	Month	Year to Date
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers	\$ 148,810	\$ 1,742,991
Receipts from surplus power and gas sales	12,422	177,321
Other receipts	2,556	83,187
Payments to employees - payroll and other	(31,109)	(403,196)
Payments for wholesale power and gas purchases	(42,875)	(490,184)
Payments to vendors/others	(33,607)	(486,117)
Net cash provided by operating activities	56,197	624,002
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Repayment of debt	-	(33,750)
Receipts from federal and state grants	-	15,404
Interest on debt	-	(38,250)
Net cash used in noncapital financing activities	-	(56,596)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Construction expenditures	(65,711)	(497,449)
Contributions in aid of construction	2,182	26,735
Net proceeds from bond issues	-	331,574
Repayments and refundings of debt	-	(264,820)
Issuance of commercial paper	-	75,000
Repayments of commercial paper	-	(75,000)
Other receipts/payments - net	-	93,252
Interest on debt	(16,422)	(108,980)
Lease receipts/payments - net	(3,625)	(34,988)
Net cash used in capital and related financing activities	(83,576)	(454,676)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sales and maturities of securities	48,831	952,586
Purchases of securities	(52,872)	(861,743)
Interest and dividends received	3,775	44,641
Investment revenue/expenses - net	40	(843)
Net cash (used in) provided by investing activities	(226)	134,641
Net (decrease) increase in cash and cash equivalents	(27,605)	247,371
Cash and cash equivalents at the beginning of the month and year	691,807	416,831
Cash and cash equivalents at November 30, 2025	\$ 664,202	\$ 664,202
Cash and cash equivalents included in:		
Unrestricted cash and cash equivalents	\$ 593,697	\$ 593,697
Restricted and designated cash and cash equivalents	53,270	53,270
Restricted and designated assets (a component of the total of \$376,233 at November 30, 2025)	17,235	17,235
Cash and cash equivalents at November 30, 2025	\$ 664,202	\$ 664,202



SSS No. IAS 2026-1

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit

January 14, 2026

Board Meeting Date

January 15, 2026

TO				TO			
1.	Scott Martin			6.			
2.	Farres Everly			7.			
3.	Jose Bodipo-Memba			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		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
Claire Rogers		Internal Audit Services			B409	7122	12/29/25

NARRATIVE:

Requested Action:

Provide the Board with an informational presentation on Internal Audit and the 2026 Internal Audit Plan.

Summary:

The presentation will review the purpose, authority and responsibilities of Internal Audit Services. In addition, the organizational relationship and role in SMUD’s overall risk management and control will be presented.

Internal Audit Services takes multiple steps to create the proposed annual audit plan. The objective is to develop a plan that is risk based and focused on delivering value to SMUD. The following key steps are completed: understand SMUD’s business environment, organization, and strategic goals; assess risk and exposure in achieving goals; understand controls/strategies in place to mitigate risks; obtain input from executives, managers and key stakeholders; assess impact of prior audit work; availability and expertise of resources and best practices. This information is gathered, evaluated, and prioritized to develop the final plan. The audits selected reflect greater business risks, audits that are performed cyclically or areas that may not have as robust systems of internal controls to help ensure adequate risk mitigation.

Board Policy:

Board-Staff Linkage BL-3, Board-Internal Auditor Relationship

(Number & Title)

Benefits:

N/A

Cost/Budgeted:

N/A

Alternatives:

N/A

Affected Parties:

SMUD Board and Internal Auditor

Coordination:

Internal Audit Services

Presenter:

Claire Rogers, Director, Internal Audit Services

Additional Links:

SUBJECT	Internal Audit Services Annual Presentation and 2026 Internal Audit Plan	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. IAS 2026-2

BOARD AGENDA ITEM

STAFFING SUMMARY SHEET

Committee Meeting & Date

Finance & Audit

January 14, 2025

Board Meeting Date

January 15, 2025

TO					TO							
1.	Scott Martin				6.							
2.	Farres Everly				7.							
3.	Jose Bodipo-Memba				8.							
4.					9.	Legal						
5.					10.	CEO & General Manager						
Consent Calendar			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
Claire Rogers				Internal Audit Services				B409		7122		12/29/25
NARRATIVE:												
Requested Action:		Informational agenda item to provide Board Members with the opportunity to ask questions and/or discuss recent reports issued by Internal Audit Services.										
Summary:		Reports issued by Internal Audit Services:										
		<u>Title</u>								<u>Report Number</u>		
		• Status of Recommendations Report for Q4 2025..... n/a										
Board Policy:		Board-Staff Linkage BL-3, Board-Internal Auditor Relationship										
(Number & Title)												
Benefits:		Provide Board members with audit report information.										
Cost/Budgeted:		Included in budget for internal labor.										
Alternatives:		Provide information via written memo with report via the CEO & GM to the Board.										
Affected Parties:		SMUD Board and Internal Auditor										
Coordination:		Internal Audit Services										
Presenter:		Claire Rogers, Director, Internal Audit Services										

Additional Links:

SUBJECT	Internal Audit Services Report	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



# SACRAMENTO MUNICIPAL UTILITY DISTRICT

## OFFICE MEMORANDUM

**TO:** Board of Directors

**DATE:** December 30, 2025

**FROM:** Claire Rogers

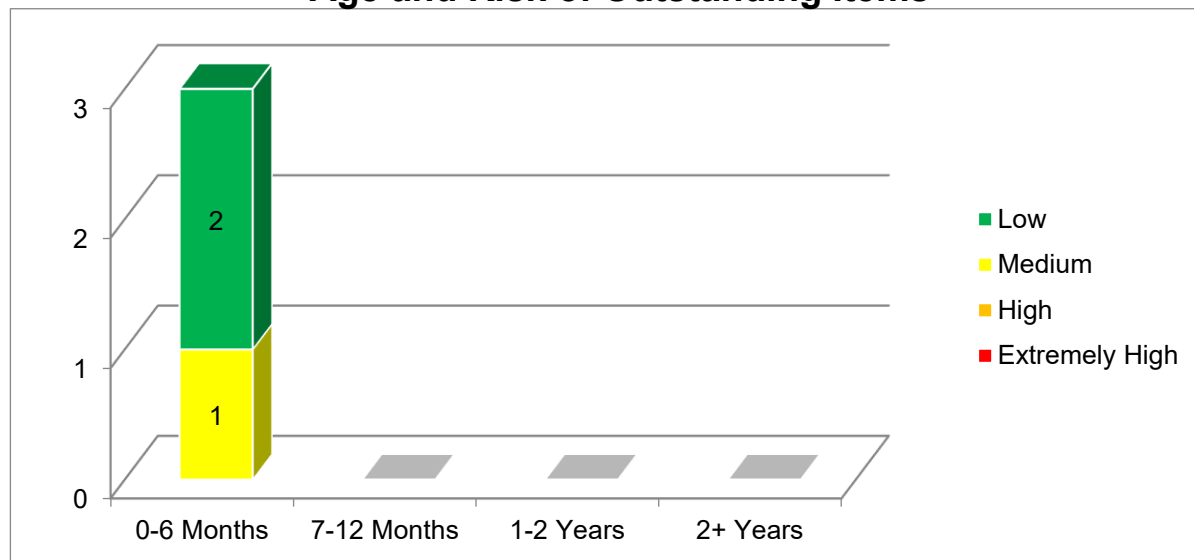
**SUBJECT: QUARTERLY REPORT ON THE STATUS OF RECOMMENDATIONS AS OF DECEMBER 31, 2025**

Attached for your review is the Status of Recommendations report for the Fourth Quarter of 2025. Prior to this report being finalized, all outstanding recommendations were given to the responsible department Manager/Director for follow-up.

The attached report includes all outstanding items as of December 31, 2025 regardless of their risk ranking.

None of the 3 open items are currently overdue. The chart below is a breakdown by age and risk of the outstanding items regardless of their risk ranking:

**Age and Risk of Outstanding Items**



If you need further information or wish to discuss any aspect of the report, please contact me at 732-7122, or [Claire.Rogers@smud.org](mailto:Claire.Rogers@smud.org).

## STATUS OF RECOMMENDATIONS AT 12/31/2025

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
<b>Customer Assistance - MED Rate</b>  28007980-01  <b>Medium</b>  Process Improvement	CA should ensure that only applications containing a valid signature from a qualified health professional are approved, in accordance with Tariff requirements. Additionally, CA should update the MED Rate procedures to explicitly require obtaining a valid medical professional's signature prior to enrollment—including during home visits and outreach events—and discontinue the practice of on-the-spot enrollments unless all Tariff required information is obtained at that time.	Customer Operations & Assistance	<b>Date Issued</b> 11/25/2025  <b>Outstanding</b> 01/01/2026	<p>The Customer Assistance (CA) team agrees with IAS's recommendation.</p> <p>CA will take the following corrective actions to ensure that MED Rate applications are completed, including a valid signature from a qualified health professional.</p> <ol style="list-style-type: none"> <li>1. All MED Rate applications received and processed will include a valid signature from a qualified health professional stating that a medical need exists to qualify. Applications received without a certification from a qualified health professional will be returned to the customer, using the existing application return process.</li> <li>2. Quality assurance checks will be conducted on MED Rate applications to ensure applications being processed are complete and contain a valid signature from a qualified health professional.</li> <li>3. Customer Assistance team members responsible for enrolling customers on MED Rate will be notified that on-the-spot enrollments are not permissible.</li> <li>4. CA will explore updating the Medical Equipment Discount Program Rate Schedule MED (Tariff) to include an on-the-spot enrollment option for vulnerable customers who are at risk. Exploration will not commence till next rate process, which will take place in 2027.</li> </ol> <p>It is anticipated that corrective action items 1-3 will be implemented by January 1, 2026.</p>
<b>Customer Assistance - MED Rate</b>	CA should ensure that the recertification process is applied uniformly to all participants and in alignment with established timeframes, while also	Customer Operations & Assistance	<b>Date Issued</b> 11/25/2025  <b>Outstanding</b>	<p>The Customer Assistance (CA) team agrees with IAS's recommendation.</p> <p>CA will take the following corrective actions to</p>

## STATUS OF RECOMMENDATIONS AT 12/31/2025

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
28007980-02 <b>Low</b> Process Improvement	updating procedures to reflect the modified process. Additionally, CA should ensure SAP system improvements are implemented that maintain accurate and consistent recertification dates throughout move-in and move-out events. It is noted that the CA team has proactively initiated an IT ticket (INC0150849) to address the current tracking issues related to participant moves; continued monitoring and follow-up on this effort are recommended to ensure timely resolution.		01/01/2026	ensure that the recertification process is applied uniformly to all participants and in alignment with established timeframes, while also updating procedures to reflect the modified process. 1. The SMUD Rate Policy and Procedures Manual No. 05-03 - Residential Medical Equipment Discount (MED) Rate, Section 8.1 will be updated to ensure Section 8.1 states that the recertification process is applied uniformly to all participants and in alignment with established timeframes. 2. The SMUD Rate Policy and Procedures Manual No. 05-03 - Residential Medical Equipment Discount (MED) Rate will be updated to address when the recertification queue exceeds 450 accounts, it allows the team the ability to push out recertifications and select new recertification dates to be noted within SAP., and ensure SAP automatically selects accounts to apply recertification extensions to. 3. The CA team initiated an IT ticket (INC0150849) to address the current tracking issues related to participant moves. This ticket has been completed and the SAP system errors related to participant move-in/move-out events were fixed on September 15, 2025.  It is anticipated that all corrective action(s) will be implemented by January 1, 2026.
<b>Customer Assistance - MED Rate</b> 28007980-03 <b>Low</b>	CA should ensure that the correct number of exceptions are provided to MED Rate participants and accurately recorded within SAP in accordance with program guidelines. Procedures should be updated to include a reliable method for verifying electric heat pump or resistant heat usage for participants requesting extraordinary	Customer Operations & Assistance	<b>Date Issued</b> 11/25/2025  <b>Outstanding</b> 04/01/2026	The Customer Assistance (CA) team agrees with IAS's recommendation.  CA will take the following corrective actions to ensure that the correct number of exceptions are provided to MED Rate participants and accurately recorded within SAP in accordance with program guidelines, that the SMUD MED

## STATUS OF RECOMMENDATIONS AT 12/31/2025

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
Process Improvement	<p>heat exceptions. Supervisor review should be documented prior to approving any account with three or more exceptions. Additionally, CA should consider retaining the decision matrix to enhance and streamline the review and approval process.</p> <p>Furthermore, CA should investigate the potential billing issue that may be allowing MED Rate discounts to exceed the 30% maximum limit for participants receiving exceptions beyond the standard \$15 discount.</p>			<p>Rate Application Business Rules are updated to include a reliable method for verifying electric heat pump or resistant heat usage for participants requesting extraordinary heat exceptions, and that a Supervisor reviews exception requests and documents prior to approving any account with three or more exceptions.</p> <ol style="list-style-type: none"> <li>1. The SMUD MED Rate Application Business Rules will be updated to include verbiage that addresses a reliable method for verifying electric heat pump or resistant heat usage for participants requesting extraordinary heat exceptions and create an exception decision matrix to enhance and streamline the review and approval process.</li> <li>2. A Supervisor will be required to approve any accounts with three or more exceptions. This approval will be documented in SAP with Supervisor name, approval date, and appropriate exception-related activity code.</li> <li>3. Quality assurance checks will be conducted on MED Rate applications with exceptions to ensure the correct number of exceptions are provided to MED Rate participants and to ensure data/documentation is accurately recorded in SAP.</li> <li>4. Explore and if applicable address, the potential billing issue that may be allowing MED Rate discounts to exceed the 30% maximum limit for participants receiving exceptions beyond the standard \$15 discount. Will work with IT on feasibility and submit a ticket if warranted. If the issue is not related to a billing issue, the team will work with IT to create a process that monitors MED Rate discounts that may exceed the 30% maximum limit. This process will be</li> </ol>

## STATUS OF RECOMMENDATIONS AT 12/31/2025

RISK	RECOMMENDATION	RESPONSIBLE DEPARTMENT	STATUS / DATE	COMMENTS
				incorporated in the SMUD MED Rate Application Business Rules. If IT work is required, that work will be completed within the scope of the S/4 Hana implementation.
				Corrective actions 1-3 will be completed by April 1, 2026.





# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
FINANCE & AUDIT - 2026  
Board Meeting Date  
N/A

TO				TO			
1.	Farres Everly			6.			
2.	Jose Bodipo-Memba			7.			
3.	Scott Martin			8.			
4.				9.	Legal		
5.				10.	CEO & General Manager		
Consent Calendar		Yes	<input checked="" type="checkbox"/>	No		If no, schedule a dry run presentation.	
Budgeted		<input checked="" type="checkbox"/>	Yes	No		(If no, explain in Cost/Budgeted section.)	
FROM (IPR) Marythony Sohl / Crystal Henderson				DEPARTMENT Board Office		MAIL STOP B304	EXT. 5424
						DATE SENT 12/18/25	

**NARRATIVE:**

**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:** Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states the Board will focus on the results the Board wants the organization to achieve.

(Number & Title)

**Benefits:** Having an agenized opportunity to summarize the Board's requests and suggestions that arise during the committee meeting will help clarify what 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 Office

**Coordination:** Board Office

**Presenter:** Brandon Rose, Finance & Audit Committee Chair

**Additional Links:**

SUBJECT

Summary of Committee Direction – Finance &amp; Audit Committee

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.