

# Exhibit to Agenda Item #2

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**.

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

Wednesday, January 14, 2026, immediately following the Policy Committee and Special SMUD Board of Directors meeting scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Liquidity Program Background

## Commercial Paper

- Used to maintain 150 days cash
- Preserves ability to borrow for capital spending
- Can be issued quickly
- Requires a letter of credit
- Capacity of \$400 million

## Line of Credit

- Used to maintain 150 days cash
- Preserves ability to borrow for capital spending
- Instantaneous access to cash
- Reliant on the bank as opposed to investor demand
- Current capacity of \$100 million

# Lines of Credit

- Existing line of credit with Wells Fargo Bank expires February 2026
- Expanding lines of credit to \$150 million for a 3-year term through:
  - Extending Wells Fargo Bank existing line of credit
  - Adding PNC Bank for an additional new line of credit
- Additional line of credit capacity:
  - Supports SMUD's capital improvement program
  - Expands and diversifies SMUD's liquidity program
  - Ensures a minimum of 150 days' cash is maintained, with lower costs and immediate access to funds

