

Exhibit to Agenda Item #2

Discuss approval of the issuance of **SMUD 2024 Series M Revenue Bonds** and/or **SMUD 2024 Series N Revenue Refunding Bonds**, authorize the distribution of the **Preliminary Official Statement**, and authorize the Chief Executive Officer and General Manager to execute documents necessary to complete the refunding transaction or transactions, including the **Bond Purchase Agreement or Agreements**.

Board Energy Resources & Customer Services Committee and Special SMUD Board of Directors Meeting

Tuesday, March 19, 2024, Immediately following the Finance & Audit Committee and Special SMUD Board of Directors Meeting scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Authorize Staff to Proceed with Bond Refundings

Issuance of 2024 Senior Revenue Refunding Bonds

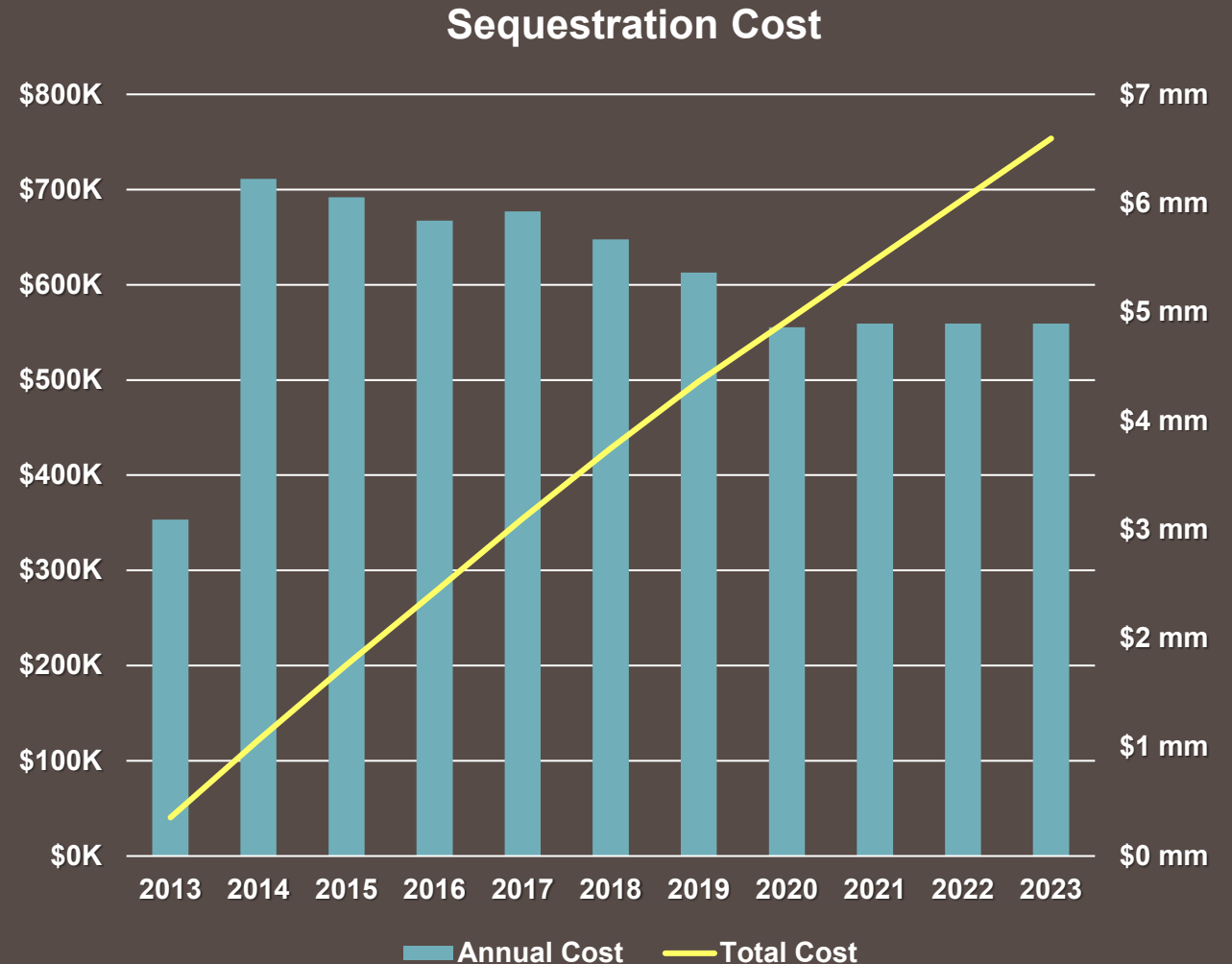
- Refund all \$450 million of 2009 Series V and 2010 Series W bonds
 - Provide an estimated \$20+ million net present value savings, AND
 - De-risk SMUD debt portfolio by removing political risk that can reduce the federal reimbursement associated with 2009 Series V and 2010 Series W bonds

Issuance of 2024 Senior Revenue Bonds

- Refund \$150 million of Commercial Paper (CP) with traditional long term fixed rate bonds
 - Restores full \$500 million capacity for future capital expenditures and unplanned events
- Authorize issuing up to \$100 million additional long-term bonds if needed

Removing Sequestration Risk

- 2009 Series V and 2010 Series W were issued as taxable Build America Bonds (BABs)
 - Taxable bonds cost more, however costs were offset by annual federal interest subsidy reimbursement
 - In 2013, Congress reduced the interest reimbursement, costing SMUD almost \$7 million
- In addition to sequestration, Congress must approve the federal reimbursement every few years, further increasing risk that the reimbursement could be reduced to zero



Authorize Staff to Execute Necessary Documents

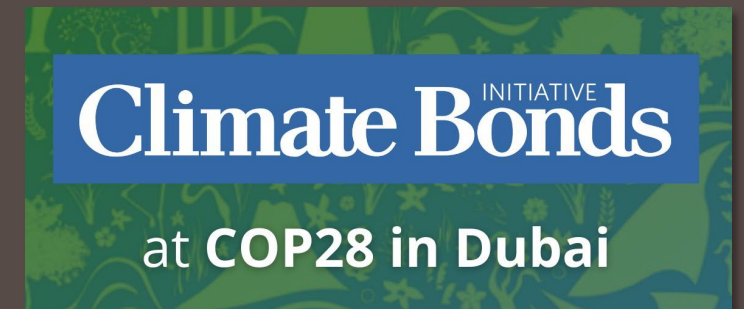
Necessary Financing Documents

- Preliminary Official Statement (POS) – Primary Disclosure Document
- Bond Purchase Agreements
- All other necessary documents to complete transactions (confirms, tax certificate, etc.)

Green Bond Designation

SMUD is pursuing Green designation for both Series of bonds

- Progress on the Zero Carbon Plan and Clean Energy Vision support obtaining
- **Climate Bond Initiative (CBI)** recognized SMUD at the COP28 UN Climate Change Conference – the first U.S. issuer of a green bond, certified under the Electric Grids and Storage standard developed by CBI
- Staff discussing with Kestrel Verifiers, who verified SMUD’s prior green bond issuances in 2019, 2020 and in 2023 under CBI standards



Questions?