

# Exhibit to Agenda Item #11

Board of Directors Meeting

Monday, June 24, 2019, scheduled to begin at 6:00 p.m.

Customer Service Center, Rubicon Room

Powering forward. Together.



# Requested Action

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- Approve the issuance of the SMUD 2019 Series G Revenue Bonds and SMUD 2019 Series A & B Subordinate Revenue Bonds, authorize the distribution of the Preliminary Official Statement, and authorize the CEO and General Manager, or his designee, to execute documents necessary to complete the transaction, including the Bond Purchase Agreements

# Plan of Finance

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- Proceeds will be used to refund \$400 million of outstanding commercial paper (CP) and finance \$75 million 2019 capital expenditures:

- ***2019 Series G Bonds (Senior Lien) led by Bank of America Merrill Lynch***

- Series G: \$200 million fixed rate bonds
- **Green Bonds** anticipated to be sold to reimburse for \$75 million of expenditures tied to SMUD's HQ renovation

- ***2019 Subordinated Series A & B Bonds led by Barclays Capital***

- Series A: \$100 million of 4-year fixed rate Put bonds
- Series B: \$100 million of 6-year fixed rate Put bonds

- **Green** certified investments sought by certain investors
  - Growing but young market with developing compliance
  - SMUD can show leadership and enhance market growth

# SB 450: Public Disclosure Requirement Related to Bond Issuance

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Government Code Section 5852.1 requires: a Good Faith Estimate of Costs provided by an Underwriter or Financial Advisor

## Current Estimated Cost Summary:

– True Interest Cost (TIC)	2.893% (1.950%)*
– Cost of Issuance	\$1,290,000
– Bond Proceeds	\$476,503,410**
– Total Payment Amount	\$752,579,633

\*Note: Estimated TIC includes conservative forecasting assumptions for the Put bonds after initial interest period. Actual Yield SMUD pays is estimated at 1.950%.

\*\*Note: “Bond Proceeds” includes \$80.6 million of premium

# Financing Schedule

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Week of June 3	Rating Agency Calls
June 24	Board Approval
June 26	Ratings Received
July 16	Pricing
July 25	Closing

# Summary of Transaction Benefits

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- Does not increase debt outstanding
- Refunds variable rate debt with fixed rate debt
  - reduces interest rate risk.
- Full \$400 million CP capacity available for future capital spending and liquidity.
  - Increases financing flexibility
- **Issue SMUD's 1<sup>st</sup> ever "GREEN BONDS"**
  - **Prepare future investor base for additional capital funding to meet decarbonization targets**