

Exhibit to Agenda Item #1

Approve the issuance of **SMUD 2023 Revenue Refunding Bonds, SMUD 2023 Subordinated Electric Revenue Refunding Bonds, SMUD 2023 Electric Revenue Bonds** and/or **SMUD 2023 Subordinated Electric Revenue 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** and **Credit Support Agreements**.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, May 16, 2023, scheduled to begin at 6:00 p.m.

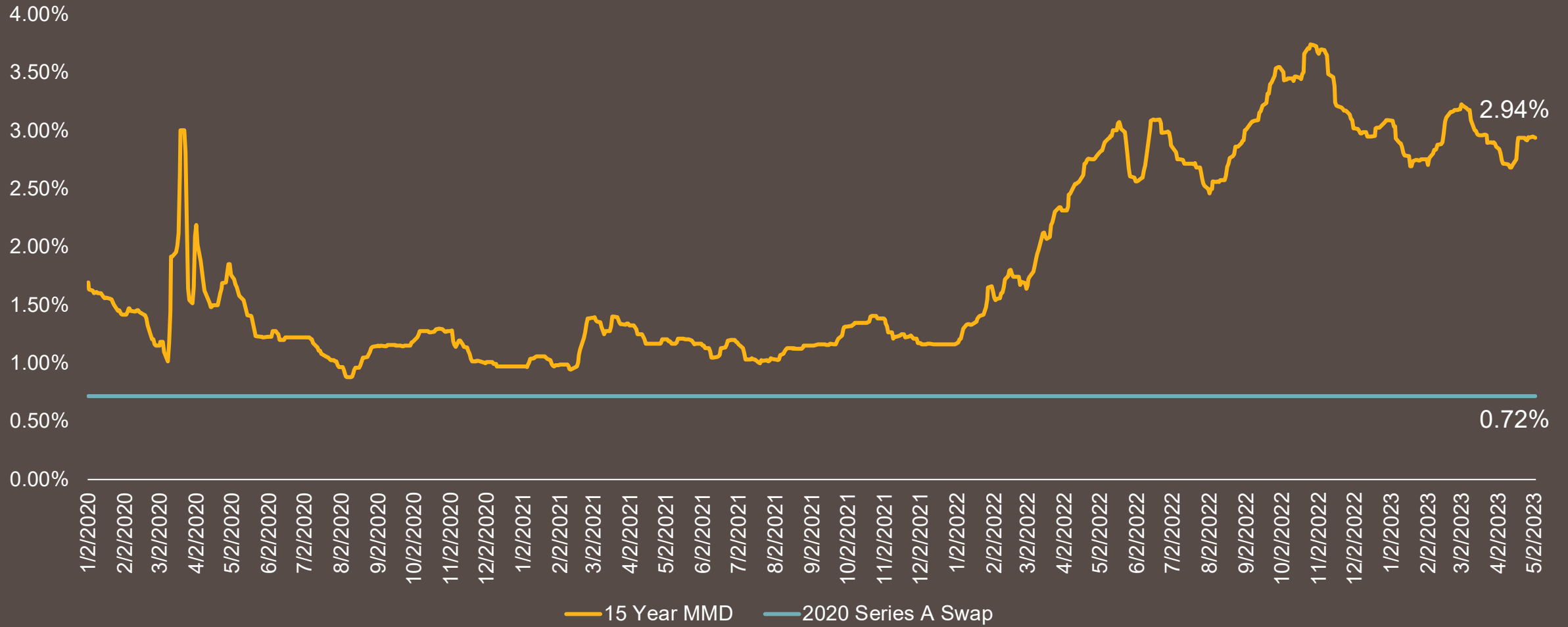
SMUD Headquarters Building, Auditorium

Authorize Staff to Proceed with Bond Refundings

Issuance of 2023 Senior and/or Subordinated Refunding Bonds

- Refund the remaining \$208 million 2013 Series A and 2013 Series B bonds
 - Provides approximately \$89 million cash flow savings (\$69 million net present value)
 - ✓ \$6.19 million per year cash flow savings for the first 10 years and \$4.4 million for the subsequent 8 years
 - Seeking authorization for three options below:
 - **Option 1:** Issue approximately fixed rate bonds with maturities from 2024 to 2041
 - Terminates the forward starting interest rate swaps (hedges) entered in 2020, or
 - **Option 2:** Issue approximately variable rate bonds with similar maturities
 - Swaps become effective resulting in synthetically fixed (hedged) bonds, or
 - **Option 3:** Issue a combination of fixed rate bonds or variable rate bonds to maximize savings
- Staff will determine the option that maximizes savings and limits risk closer to the sale date

Swap Provided Rate Protection



Authorize Bond Refundings, cont.

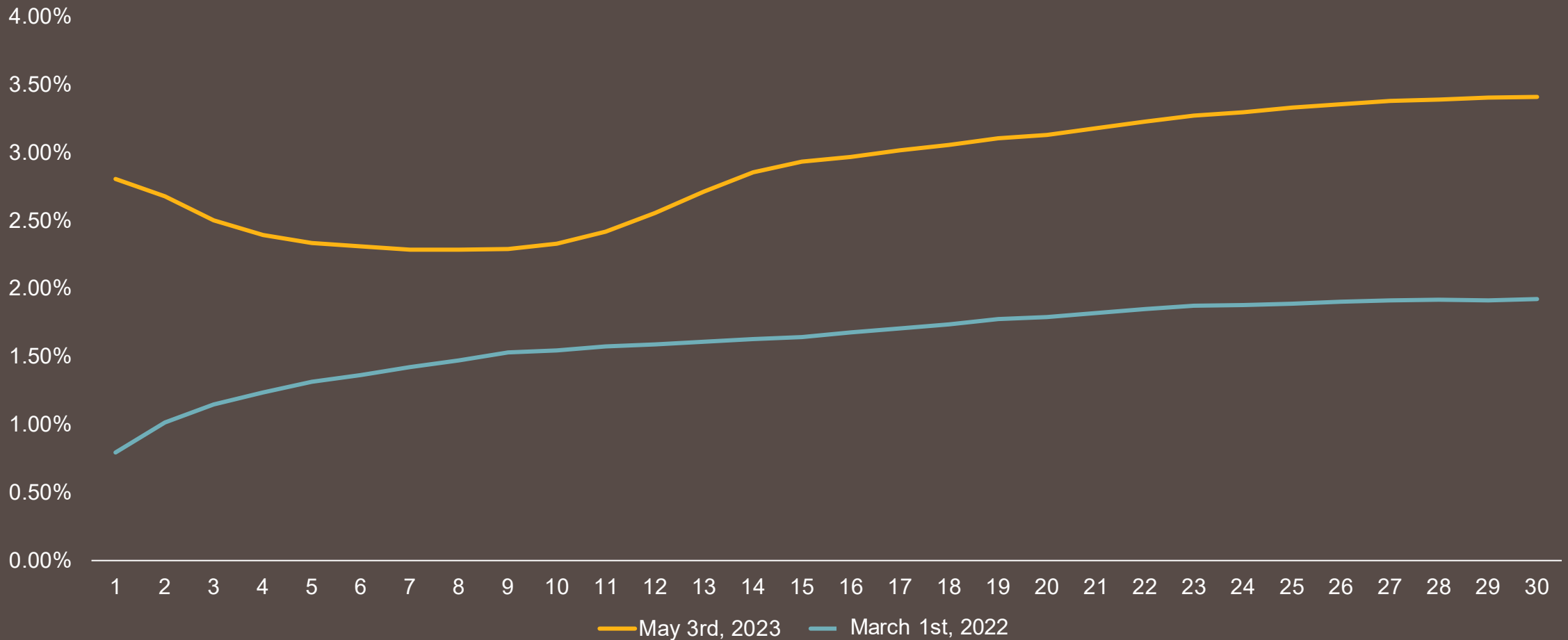
Issuance of 2023 Subordinated Refunding Bonds

- Remarket \$100 million 2019 Series A Bonds
 - Issued in 2019 as a 4-year "Put" bond with a 2049 final maturity
 - Plan is to remarket with another 5 to 7 year "Put"
 - ✓ Lowest current rates across the interest rate curve
 - ✓ Continues to add portfolio diversification and lower funding costs

Issuance of 2023 Senior Revenue Refunding Bonds

- Refund \$200 million of Commercial Paper (CP) with traditional long term fixed rate bonds
 - Issued to manage cash levels through the CPP outage and associated commodity market volatility
 - Refunding restores full \$400 million capacity for future capital expenditures and unplanned events
- Authorize issuing up to \$100 million additional long-term bonds if needed

Current Tax-Exempt Municipal Market Data Interest Rate Curve



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 (swap confirms, tax certificate, etc.)

Green Bond Designation

SMUD exploring pursuit of a Green Designation

- Some organizations such as Climate Bond Initiative (CBI) have expressed interest in certifying issuers to begin standardizing for investors
- No specific qualifying prior capital costs given the stringent definitions, but progress on the Zero Carbon Plan and Clean Energy Vision may support obtaining
- Staff discussing options with Kestrel Verifiers, who verified our prior Green Bond issuances in 2019 and 2020

SB 450: Public Disclosure Requirement Related to Bond Issuance

Government Code Section 5852.1 requires a Good Faith Estimate of Cost provided by the Underwriter/Financial Advisor

2023 Senior and Subordinated Refunding Bonds Good Faith Estimate of Cost

True Interest Cost (TIC):	2.585%
Cost of Issuance:	\$1,501,625
Bond Proceeds:	\$604,750,824
Total Payment Amount:	\$852,964,094

Note: "Total Payment Amount" on Refunded bonds was \$941 million, producing savings of \$89 million



Questions?