Exhibit to Agenda Item #10

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 of Directors Meeting
Thursday, May 18, 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

15 Year MMD | 2020 Series A Swap

May 18, 2023
Board of Directors Meeting
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 MMD* Interest Rate Curve

* Municipal Market Data
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.
Government Code Section 5852.1 requires a Good Faith Estimate of Cost provided by the Underwriter/Financial Advisor.

### 2023 Senior and Subordinated Refunding Bonds

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>True Interest Cost (TIC)</td>
<td>2.585%</td>
</tr>
<tr>
<td>Cost of Issuance</td>
<td>$1,501,625</td>
</tr>
<tr>
<td>Bond Proceeds</td>
<td>$604,750,824</td>
</tr>
<tr>
<td><strong>Total Payment Amount</strong></td>
<td><strong>$852,964,094</strong></td>
</tr>
</tbody>
</table>

*Note: “Total Payment Amount” on Refunded bonds was $941 million, producing savings of $89 million*
Questions?