Exhibit to Agenda Item #4

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute a sole source contract with **SAP America, Inc.** for enterprise resource planning software licenses with a term between October 1, 2025, to December 31, 2030, in a not-to-exceed amount of $27 million.

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

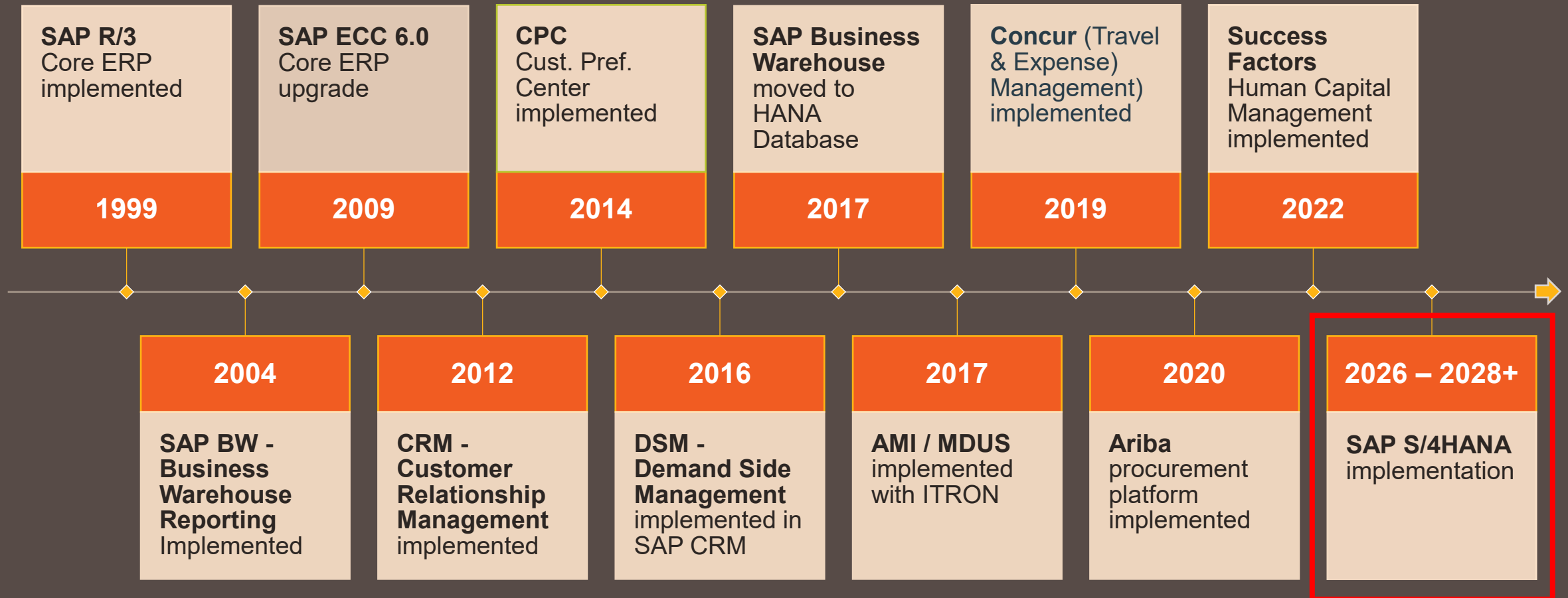Tuesday, September 16, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Powering forward.
Together.

SMUD®

Background

- SMUD's current Enterprise Resource Planning (ERP) SAP Enterprise Core Component (ECC) and Customer Relationship Management (CRM) systems are legacy on-premise platforms nearing end of mainstream support.

- This limits our ability to adopt modern technologies critical for operational excellence and growth.

- SMUD is progressing with an RFP to select a System Integrator (SI) to lead the transformation to SAP S/4HANA.

- We propose a 5-year SAP S/4HANA cloud subscription to support this transformation with continuous innovation and cloud-based flexibility.

SMUD's SAP Journey

SAP R/3 Core ERP implemented	SAP ECC 6.0 Core ERP upgrade	CPC Cust. Pref. Center implemented	SAP Business Warehouse moved to HANA Database	Concur (Travel & Expense) Management) implemented	Success Factors Human Capital Management implemented
1999	**2009**	**2014**	**2017**	**2019**	**2022**

2004	**2012**	**2016**	**2017**	**2020**	**2026 – 2028+**
SAP BW - Business Warehouse Reporting Implemented	CRM - Customer Relationship Management implemented	DSM - Demand Side Management implemented in SAP CRM	AMI / MDUS implemented with ITRON	Ariba procurement platform implemented	SAP S/4HANA implementation

SMUD®

The case for change

S/4HANA optimizes and modernizes the way we perform work.

S/4HANA provides the latest innovations and first new functionality since 2016.

SMUD has considerable employee expertise and familiarity with SAP technologies and functional processes.

SAP has announced the end of life and exit of mainstream support by 2027.

SAP S/4HANA has proven out with comparable utilities.

SMUD®

S/4HANA benefits

S/4HANA delivers intelligent cross-functional benefits with improved speed and flexibility rooted in the next generation "HANA" database

Unified data model
- Simplified data model with S/4HANA database

Embedded analytics
- Native analytics embedded in S/4HANA

Improved user experience
- User interface (UI) improvements and enterprise search capability

Embedded AI
- Day-to-day processes include embedded AI functionality

Speed
- Real-time access to the data and information that matters most

SMUD®