

Exhibit to Agenda Item #3

Discuss approving the issuance of **SMUD 2026 Series P Electric Revenue Bonds** and **SMUD 2026 Series G 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 transaction or transactions, including the **Bond Purchase Agreement or Agreements**.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, June 16, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Bonds: How SMUD funds projects while keeping rates affordable

Short-Term Borrowing:

- Provides flexibility to cover temporary cash needs
- Preserves long-term borrowing capacity for capital projects
- Can be issued quickly
- Usually paid back later with long-term bonds

Long-Term Financing:

- Spread project costs over time to the customers who benefit from the investment
- Fixed-rate bonds: steady, predictable payments
- Put bonds: Lower cost, but will need to be refinanced later

Proposed financing supports capital needs and maintains strong liquidity

\$250 million of new money

- Repay short-term borrowing and restore liquidity capacity
- Reimburse prior eligible capital spending
- Keep SMUD's Days Cash above 150 days through year-end
- Final structure will depend on market conditions when we issue
- Look for opportunities to issue Green Bonds

| Questions?