

Exhibit to Agenda Item #1

Discuss approving a **Memorandum of Understanding (MOU)** between the **Sacramento Municipal Utility District** and the **Organization of SMUD Employees (OSE)** for the period of January 1, 2026, through December 31, 2029.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, February 17, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Agenda

- Outcomes achieved through negotiations with the Organization of SMUD Employees (OSE)
- Key terms of the proposed Memorandum of Understanding (MOU) between SMUD and the OSE
- Summary and request for approval of a successor MOU between SMUD and the OSE

Outcome Achieved

- Represents a fair and financially responsible outcome for SMUD, our customers, and the OSE employees:
 - Meets SMUD's financial targets
 - Maintains competitive pay with a total compensation package to attract and retain an engaged OSE workforce
 - Provides a pool of well-qualified internal applicants for positions throughout the organization

Proposed Agreement

- The OSE ratified the tentative agreement on January 22, 2026:
 - 208 votes were counted (50% of membership cast ballots)
 - Overwhelming support of those who voted: 87% voted YES
- Term of the new MOU:
 - Four-year contract
 - January 1, 2026 – December 31, 2029

Wages

- **General Wage Increase (GWI):**

2026	2027	2028	2029
3.85%	3.85%	3.85%	3.85%

- All OSE bargaining unit employees will be eligible for the GWI each year.

- **Equity Adjustments:**

- Engineering Designer Series – 4.7%
- Graphic Designer Series – 4.0%
- Information Technology Technicians – 17.1%
- Land Agent Series – 15.9%

Benefits

- **Deferred Compensation Benefits**

- SMUD will match eligible OSE employees' contributions to their 401(k) account up to \$600 per calendar year for 2026-2029.

- **Direct Contributions:**

- SMUD will provide *monthly direct contributions* into eligible OSE employees' 401(k) accounts as follows:

Years of Service	2026	2027	2028	2029
1-5 Years	\$150	\$175	\$200	\$225
6-10 Years	\$175	\$200	\$225	\$250
11-15 Years	\$200	\$225	\$250	\$275
16+ Years	\$225	\$250	\$275	\$300

In Summary

This successor MOU between SMUD and the OSE:

- Represents a fair and financially responsible outcome for SMUD, our customers, and the OSE employees:
 - Meets SMUD's financial targets
 - Maintains competitive pay with a total compensation package to attract and retain a well-qualified and engaged OSE workforce

Action Request

Ratify the proposed MOU from 01/01/2026-12/31/2029 as tentatively agreed to by the OSE and SMUD.