

# Exhibit to Agenda Item #10

Authorize issuance of **SMUD 2024 Series M Revenue Bonds** and/or **SMUD 2024 Series N Revenue Refunding 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**.

Board of Directors Meeting

Thursday, March 21, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Authorize Staff to Proceed with Bond Refundings

## Issuance of 2024 Senior Revenue Refunding Bonds

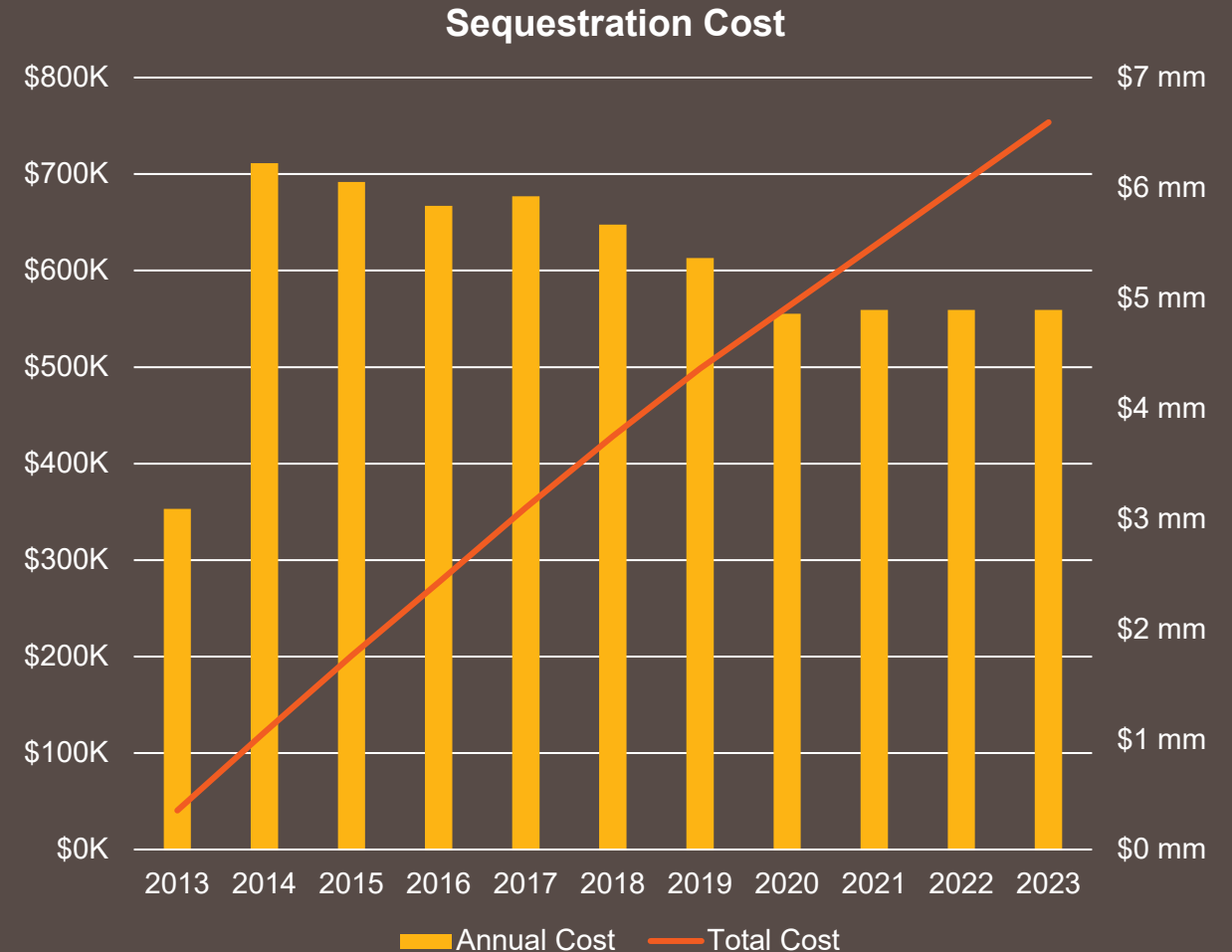
- Refund all \$450 million of 2009 Series V and 2010 Series W bonds
  - Provide an estimated \$20+ million net present value savings, AND
  - De-risk SMUD debt portfolio by removing political risk that can reduce the federal reimbursement associated with 2009 Series V and 2010 Series W bonds

## Issuance of 2024 Senior Revenue Bonds

- Refund \$150 million of Commercial Paper (CP) with traditional long term fixed rate bonds
  - Restores full \$500 million capacity for future capital expenditures and unplanned events
- Authorize issuing up to \$100 million additional long-term bonds if needed

# Removing Sequestration Risk

- 2009 Series V and 2010 Series W were issued as taxable Build America Bonds (BABs)
  - Taxable bonds cost more however costs were offset by annual federal interest subsidy reimbursement
  - In 2013, Congress reduced the interest reimbursement costing SMUD almost \$7 million
- In addition to sequestration, Congress must approve the federal reimbursement every few years, further increasing risk that the reimbursement could be reduced to zero



# 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 (confirms, tax certificate, etc.)

# Green Bond Designation

## SMUD pursuing Green designation for both Series of bonds

- Progress on the Zero Carbon Plan and Clean Energy Vision support obtaining
- Climate Bond Initiative (CBI) recognized SMUD at COP28 - The first US issuer of a green bond certified under the Electric Grids and Storage standard developed by CBI
- Staff discussing with Kestrel Verifiers, who verified our prior green bond issuances in 2019, 2020 and in 2023 under CBI standards.

# Questions?