

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

Date: Tuesday, June 16, 2026

Time: Scheduled to begin at 6:00 p.m.

Location: SMUD Headquarters Building, Auditorium  
6201 S Street, Sacramento, CA

Powering forward. Together.



# **AGENDA**

## **BOARD FINANCE & AUDIT COMMITTEE MEETING AND SPECIAL SMUD BOARD OF DIRECTORS MEETING**

**Tuesday, June 16, 2026**  
**SMUD Headquarters Building, Auditorium**  
**6201 S Street, Sacramento, California**  
**Scheduled to begin at 6:00 p.m.**

This Committee meeting is noticed as a joint meeting with the Board of Directors for the purpose of compliance with the Brown Act. In order to preserve the function of the Committee as advisory to the Board, members of the Board may attend and participate in the discussions, but no Board action will be taken. The Finance & Audit Committee will review, discuss and provide the Finance & Audit Committee's recommendation on the following agendized item(s):

*Virtual Viewing or Attendance:*

Live video streams (view-only) and indexed archives of meetings are available at:  
<https://www.smud.org/Corporate/About-us/Company-Information/Board-Meetings/Watch-or-Listen-online>

**Zoom Webinar Link:** [Join Board Finance & Audit Committee Meeting Here](#)

**Webinar/Meeting ID:** 165 234 6295

**Passcode:** 118353

**Phone Dial-in Number:** 1-669-254-5252 or 1-833-568-8864 (Toll Free)

*Verbal Public Comment:*

Members of the public may provide verbal public comment by:

- Completing a sign-up form at the table outside of the meeting room and giving it to SMUD Security.
- Using the "Raise Hand" feature in Zoom (or pressing \*9 while dialed into the telephone/toll-free number) during the meeting at the time public comment is called. Microphones will be enabled for virtual or telephonic attendees when the commenter's name is announced.

*Written Public Comment:*

Members of the public may provide written public comment on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via email to [PublicComment@smud.org](mailto:PublicComment@smud.org) or by mailing or bringing physical copies to the meeting. Email is not monitored during the meeting. Comments will not be read into the record but will be provided to the Board and placed into the record of the meeting if received within two hours after the meeting ends.

## **DISCUSSION ITEMS**

1. Lucas Raley  
Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award a contract to **NV5 Geospatial Inc.** for Light Detection and Ranging (LiDAR), Remote Sensing, and Data Analytics Professional Services for a five-year term from June 19, 2026, to June 18, 2031, in the not-to-exceed amount of \$11 million.  
Presentation: 7 minutes  
Discussion: 3 minutes
  
2. Emily Bacchini  
Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award contracts to **AECOM Technical Services, Inc., Kleinfelder, Inc., Geosyntec Consultants, Inc., Parsons Transportation Group Inc.,** and **Brown and Caldwell** (collectively, the “**Contracts**”) for On Call Remediation and Environmental Services for the five-year period from July 1, 2026, to June 30, 2031, with one optional three-year extension, for a total aggregate not-to-exceed amount of \$35 million across the **Contracts**.  
Presentation: 5 minutes  
Discussion: 5 minutes
  
3. Jennifer Restivo  
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**.  
Presentation: 10 minutes  
Discussion: 5 minutes

## **INFORMATIONAL ITEMS**

4. Casey Fallon                      Quarterly Procurement Report for First Quarter 2026.  
Presentation: 7 minutes  
Discussion: 5 minutes
  
5. George Vaughn                    Provide the Board with SMUD's financial results from  
the four-month period ended April 30, 2026, and a  
summary of SMUD's current Power Supply Costs.  
Presentation: 10 minutes  
Discussion: 2 minutes
  
6. Public Comment
  
7. Brandon D. Rose                 Summary of Committee Direction.  
Discussion: 1 minute

*Members of the public shall have up to three (3) minutes to provide public comment on items on the agenda or items not on the agenda, but within the jurisdiction of SMUD. The total time allotted to any individual speaker shall not exceed nine (9) minutes.*

*Members of the public wishing to inspect public documents related to agenda items may click on the Information Packet link for this meeting on the [smud.org](http://smud.org) website or may call 1-916-732-6155 to arrange for inspection of the documents at the SMUD Headquarters Building, 6201 S Street, Sacramento, California.*

*ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email [Nicole.Looney@smud.org](mailto:Nicole.Looney@smud.org), or contact by phone at 1-916-732-6055, no later than 48 hours before this meeting.*



SSS No. SCS 26-104

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit - 06/16/26
Board Meeting Date June 18, 2026

TO	TO
1. Joe Schofield	6.
2. Lucas Raley	7.
3. Farres Everly	8.
4. Jose Bodipo-Memba	9. <b>Legal</b>
5. Scott Martin	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Austin Svien	DEPARTMENT Procurement			MAIL STOP EA404	EXT. 5159	DATE SENT 05/22/26	

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to negotiate and award a contract to NV5 Geospatial Inc. for Light Detection and Ranging (LiDAR), Remote Sensing, and Data Analytics Professional Services for a five-year term from June 19, 2026, to June 18, 2031, in the not-to-exceed amount of \$11 million.

**Summary:** SMUD’s Vegetation Management Team has a continued need for LiDAR, Remote Sensing, and Data Analytics Professional Services. These critical services are required by SMUD’s Vegetation Management team for safety, compliance, and regulatory purposes. In December 2025, Request for Proposal RITM0120076.AS (RFP) was issued to solicit proposals from qualified firms. SMUD received seven proposals in total. Two proposers failed to meet SMUD’s mandatory requirements, and two proposers failed to satisfy SMUD’s minimum technical point threshold required to qualify for commercial evaluation. After technical evaluations and initial commercial evaluations, a best and final offer was solicited from the three shortlisted proposers. Nv5 Geospatial is ranked significantly higher in technical ability and their best and final offer of \$9,662,140 was significantly lower than their original proposed amount of \$13,182,760, saving SMUD approximately 27% over the five-year term of the contract.

**Recommendation:** Award contract to Highest Evaluated Responsive Proposer, NV5 Geospatial Inc.

Bidders/Proposers Notified by Procurement: 18

Bidders/Proposers Downloaded: 90

Pre-Bid/Pre-Proposal Conference Attendance: 19

Bids/Proposals Received: 7

Responsive Proposals Received	Pass/Fail	SEED Points	Technical Points	Price Points	Total Score	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award Amount
		10	60	30	100					
NV5 Geospatial Inc.	Passed	10.00	56.50	30.00	96.50	1	\$9,662,140.00	\$250,000.00	\$9,412,140.00	\$11,000,000
GeoDigital International Corp	Passed	10.00	45.25	29.39	84.64	2	\$9,857,561.35	\$250,000.00	\$9,607,561.35	
Utility Tree Service, LLC	Passed	-	45.35	16.81	62.16	3	\$16,793,003.81		\$16,793,003.81	

Cyient Inc.	Did not satisfy mandatory requirements.
TraceAir Technologies, Inc	Did not satisfy mandatory requirements.
Aethon Aerial US Corp	Did not satisfy minimum point threshold.
Sharper Shape, Inc.	Did not satisfy minimum point threshold.

**Comments:** None

**Board Policy:** Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement  
*(Number & Title)*

**Benefits:** Continued access to critical professional services, from a technically experienced firm with competitive rates.

**Cost/Budgeted:** \$11,000,000; Budgeted for 2026-2031 by Energy Delivery and Operations.

**Alternatives:** Do not award contract. This could cause significant safety, compliance, or regulatory concerns as these are critical services for SMUD.

**Affected Parties:** Energy Delivery and Operations, Supply Chain Services, and Contractor

**Coordination:** Energy Delivery and Operations, Supply Chain Services, and Legal

**Presenter:** Lucas Raley, Director, Line Assets

**Additional Links:**

SUBJECT

**Contract Award for LiDAR, Remote Sensing, and Data Analytics Professional Services**

ITEM NO. (FOR LEGAL USE ONLY)

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. SCS 26-106

## BOARD AGENDA ITEM STAFFING SUMMARY SHEET

Committee Meeting & Date Finance & Audit - 06/16/26
Board Meeting Date June 18, 2026

TO	TO
1. Joe Schofield	6. Scott Martin
2. Emily Bacchini	7.
3. Frankie McDermott	8.
4. Farres Everly	9. Legal
5. Jose Bodipo-Memba	10. CEO & General Manager

Consent Calendar	<input checked="" type="checkbox"/>	Yes	<i>No (If no, schedule a dry run presentation.)</i>	Budgeted	<input checked="" type="checkbox"/>	Yes	<i>No (If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Greg Hovious			DEPARTMENT Procurement	MAIL STOP EA404			EXT. 4860 DATE SENT 05/22/26

**NARRATIVE:**

**Requested Action:** Authorize the Chief Executive Officer and General Manager, or his designee, to negotiate and award contracts to AECOM Technical Services, Inc., Kleinfelder, Inc., Geosyntec Consultants, Inc., Parsons Transportation Group Inc., and Brown and Caldwell (collectively, the “Contracts”) for On Call Remediation and Environmental Services for the five-year period from July 1, 2026, to June 30, 2031, with one optional three-year extension, for a total aggregate not-to-exceed amount of \$35 million across the Contracts.

**Summary:** Request for Proposal 16162.GH (RFP) was issued on February 2, 2026, to solicit qualified firms to provide professional On Call Remediation and Environmental Services. The On Call Remediation and Environmental Services group award contracts are the foundation of SMUD's Environmental Services (Compliance and Engineering) consulting capabilities. These contracts enable SMUD to deliver a wide range of critical environmental services for both new and existing projects, ensuring that our Environmental Services team can provide seamless, uninterrupted support for ongoing and upcoming initiatives. This solicitation was issued with a provision to award multiple contracts for a five-year period. Individual Tasks will be awarded on a competitive basis. SMUD held a pre-proposal conference on February 17, 2026, which was attended by 12 contractors. SMUD received 15 proposals. After the initial evaluations were concluded, SMUD staff negotiated with the eight (8) highest ranked Proposers. The results of the evaluation and award recommendations are shown below.

**Recommendation:** Award contracts to the five (5) Highest Evaluated Responsive Proposers: AECOM Technical Services, Inc., Kleinfelder, Inc., Geosyntec Consultants, Inc., Parsons Transportation Group Inc., and Brown and Caldwell

Proposers Notified by Procurement: 43  
Proposers Downloaded: 43  
Pre-Proposal Conference Attendance: 12  
Proposals Received: 15

AECOM Technical Services, Inc.	P	10.00	46.50	40.00	96.50	1	\$1,027,290	The Aggregate of all Task Authorizations, Not to Exceed \$35 Million
Kleinfelder, Inc.	P	10.00	48.50	36.48	94.98	2	\$1,121,350	
Geosyntec Consultants, Inc.	P	10.00	48.83	32.87	91.70	3	\$1,239,150	
Parsons Transportation Group Inc	P	10.00	46.17	31.31	87.48	4	\$1,298,200	
Brown and Caldwell	P	10.00	46.17	30.01	86.18	5	\$1,352,000	
EA Engineering, Science, and Technology, Inc., PBC	P	10.00	44.50	29.93	84.43	6	\$1,355,765	
Engineering/Remediation Resources Group, Inc	P	10.00	44.83	28.63	83.46	7	\$1,415,043	
Stantec Consulting Services Inc.	P	10.00	42.17	29.39	81.56	8	\$1,379,500	
GSI Environmental Inc	P	10.00	42.83	22.87	75.71	9	\$1,758,000	
Antea	P	10.00	42.00	19.42	71.42	10	\$2,061,500	
GrayMar Environmental	P	10.00	35.17	24.04	69.21	11	\$1,675,071	
Langan CA, Inc	P	10.00	38.50	20.53	69.03	12	\$1,953,000	
Atlas Technical Consultants LLC	P	10.00	41.58	15.15	66.74	13	\$2,627,500	
MOUNTAIN G ENTERPRISES	P	10.00	40.33	6.72	57.06	14	\$5,858,032	
Indus Insight, JV	P	10.00	37.50	8.90	56.40	15	\$4,438,212	

**Comments:**

**Supplier Diversity Program:** All five recommended contractors proposed 20% or more of their total proposed amount to Supplier Education & Economic Development (SEED) qualified subcontractors.

**Board Policy:** Board-Staff Linkage BL-8, Delegation to the CEO with Respect to Procurement; Strategic Direction SD-4, Reliability; Strategic Direction SD-6, Safety Leadership; Strategic Direction SD-13, Economic Development  
(Number & Title)

**Benefits:** The Contracts enable the Environmental Services Department to deliver a comprehensive range of essential environmental support for both new and ongoing projects, ensuring seamless compliance, minimizing risks, and maintaining operational continuity across the organization without delays.

**Cost/Budgeted** \$35,000,000 Budgeted from 2026 to 2031 by Energy Delivery and Operations

**Alternatives:** Procure each Environmental need on an individual basis, taking more time with higher costs.

**Affected Parties:** Energy Delivery and Operations, Supply Chain Services, and Contractors

**Coordination:** Energy Delivery and Operations, Supply Chain Services, and Legal

**Presenter:** Emily Bacchini, Director, Safety, Environmental and Real Estate Services

**Additional Links:**

SUBJECT	<b>Contract Award for On Call Remediation and Environmental Services</b>	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. CFO 26-006

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date  
 Finance & Audit – 6/16/26  
 Board Meeting Date  
 June 18, 2026

TO	TO
1. Jennifer Restivo	6.
2. Scott Martin	7.
3. Farres Everly	8.
4. Jose Bodipo-Memba	9. <b>Legal</b>
5.	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
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FROM (IPR) Jennifer Restivo	DEPARTMENT Treasury	MAIL STOP B356	EXT. 5193	DATE SENT 05/26/26
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**NARRATIVE:**

**Requested Action:** Approve 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.

**Summary:** SMUD can refund approximately \$50 million of outstanding Commercial Paper (CP) notes plus issue an additional \$200 million to reimburse itself for previous capital projects in 2025 and 2026. This issuance will refund variable rate commercial paper with fixed rate debt, locking in debt service at current rates to reduce interest rate risk, and make the commercial paper capacity available for future capital spending and increase SMUD’s cash on hand, increasing liquidity.

**Board Policy:** Strategic Direction SD-2, Competitive Rates; Strategic Direction SD-3, Access to Credit Markets  
*(Number & Title)*

**Benefits:** Locks in fixed interest rates, reduces interest rate risk, preserves commercial paper capacity, and increases cash on hand for future capital spending and liquidity needs.

**Cost/Budgeted:** Transaction expenses are expected to be roughly \$1 million, which were included in the 2026 Budget.

**Alternatives:** Not issue bonds and take the opportunity to lock in interest rates.

**Affected Parties:** Treasury, Accounting

**Coordination:** Treasury

**Presenter:** Jennifer Restivo, Director, Treasury & Revenue Strategy, and Treasurer

**Additional Links:**

SUBJECT <b>SMUD 2026 Revenue Bonds and Subordinated Electric Revenue Bonds</b>	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



June 6, 2026

# Memorandum

**To:** Sacramento Municipal Utility District

Jennifer Restivo  
Director Risk Management and Treasurer

Jon Anderson  
Assistant Treasurer, Manager Commodity Risk Management

**From:** PFM Financial Advisors LLC  
Chris Lover, Managing Director  
Anna Eversmeyer, Senior Analyst

**Subject:** Electric Revenue Bonds, 2026 Series P  
Subordinated Electric Revenue Bonds, 2026 Series G  
Government Code Section 5852.1  
Good Faith Estimate of Cost for the Bond Transaction

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## General Background Information

The Sacramento Municipal Utility District (“SMUD”) intends to execute a bond transaction in June of 2026, subject to market conditions. There are two series of bonds associated with this transaction:

1. Electric Revenue Bonds, 2026 Series P. The purpose of this transaction is to issue \$125 million in new money proceeds to finance certain improvements and additions to SMUD’s Electric System. The senior manager for this transaction is Goldman Sachs.
2. Subordinated Electric Revenue Bonds, 2026 Series G. The purpose of this transaction is to issue \$125 million in new money proceeds to finance certain improvements and additions to SMUD’s Electric System. The senior manager for this transaction is PNC Capital Markets.

Based on market conditions at the beginning of June, PFM believes the following information is a Good Faith Estimate of Cost of the Bond Transaction as required by Government Code Section 5852.1.



### **Electric Revenue Bonds, 2026 Series P**

<b>Electric Revenue Bonds, 2026 Series P</b>	
True Interest Cost	2.67%
Cost of Issuance and Underwriter's Discount	538,582.13
Bond Proceeds	142,730,537.60
Total Expected Payment Amount	166,554,527.78

The following assumptions were used to determine this Good Faith Estimate:

- Market conditions as of June 3, 2026
- Assumes a stepped aggregate level debt service
- 5% coupon structure

### **Subordinated Electric Revenue Bonds, 2026 Series G**

<b>Subordinated Electric Revenue Bonds, 2026 Series G</b>	
True Interest Cost	2.98%
Cost of Issuance and Underwriter's Discount	509,475.13
Bond Proceeds	141,877,500.00
Total Expected Payment Amount	246,716,361.11

The following assumptions were used to determine this Good Faith Estimate:

- Market conditions as of June 3, 2026
- Assumes a 7-year premium hard put bond
- Callable on October 15, 2033

**SIXTY-NINTH SUPPLEMENTAL RESOLUTION  
AUTHORIZING THE ISSUANCE OF  
ONE OR MORE SERIES OR SUBSERIES  
OF ELECTRIC REVENUE BONDS**

SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. \_\_\_\_\_

SIXTY-NINTH SUPPLEMENTAL RESOLUTION  
AUTHORIZING THE ISSUANCE OF ONE OR MORE SERIES OR SUBSERIES OF  
ELECTRIC REVENUE BONDS

(Supplemental To Resolution No. 6649  
Adopted January 7, 1971)

Adopted: June 18, 2026

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**RESOLUTION NO. \_\_\_\_\_**

**Sixty-Ninth Supplemental Resolution  
(Supplemental To Resolution No. 6649,  
Adopted January 7, 1971)**

**Authorizing the Issuance of One or More Series or Subseries of  
Electric Revenue Bonds**

WHEREAS, on January 7, 1971, the Board of Directors of the Sacramento Municipal Utility District (the "Board") adopted its Resolution No. 6649 providing for the issuance of the Sacramento Municipal Utility District's Electric Revenue Bonds (as supplemented and amended, herein called the "Master Resolution");

WHEREAS, the Master Resolution provides that the Sacramento Municipal Utility District (the "District") may issue bonds from time to time as the issuance thereof is authorized by the Board by a supplemental resolution;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Master Resolution and Article 6a of Chapter 6 of the Municipal Utility District Act (California Public Utilities Code Sections 12850 et seq.) and the Revenue Bond Law of 1941 (California Government Code Section 54300 et seq.) for the purpose of financing improvements and additions to the District's Electric System;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Master Resolution and California Government Code Section 53580 et seq. for the purpose of refunding revenue bonds, including the District's commercial paper notes (the "Notes");

WHEREAS, the District has determined to issue its 2026 Bonds (as defined herein), at one or more times and in one or more series or subseries (as specified in the hereinafter defined Sales Certificates) and in an aggregate principal amount not to exceed the principal amount described herein, to (i) to the extent specified in one or more of the Sales Certificates, finance and refinance improvements and additions to the District's Electric System, including through the payment of all or a portion of the District's outstanding Notes, (ii) pay costs of issuance (to the extent specified in the Sales Certificates), and (iii) make deposits to the Reserve Fund or a separate debt service reserve fund (as and if specified in one or more of the Sales Certificates); and

WHEREAS, the District anticipates that, if necessary or desirable in the judgment of the Treasurer, it may seek commitments from one or more bond insurers (each, a "Bond Insurer") to issue one or more financial guaranty policies with respect to all or part of the 2026 Bonds, each of which commitments is expected to be conditioned on certain terms and conditions to be set forth in one or more insurance agreements among the applicable Bond Insurer, the Trustee and the District (each, an "Insurance Agreement");

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sacramento Municipal Utility District, as follows:

## ARTICLE CLII

### 2026 BONDS

#### Section 152.01 Authorization and Terms of 2026 Bonds.

(a) The Board hereby authorizes the issuance of revenue bonds of the District for the purpose of financing and refinancing improvements and additions to the District's Electric System, including through the payment of all or a portion of the District's outstanding Notes, in each case in accordance with the Master Resolution and the Sales Certificates. The authorization provided in this paragraph to issue revenue bonds shall include, in addition to the purposes mentioned above, the authorization to issue such bonds for the allocable portion of any original issue discount, underwriting discount, bond insurance premiums, costs of issuance, deposits to the Reserve Fund or a separate debt service reserve fund, and other miscellaneous costs necessary or desirable, in the judgment of the Treasurer, to be financed by such bonds.

(b) One or more series of bonds to be issued under the Master Resolution are hereby created. Said bonds shall be known as the "Sacramento Municipal Utility District Electric Revenue Bonds, 2026 Series [ ]", with such letter or other identifying series or subseries designations as are specified in the Sales Certificates (herein collectively called the "2026 Bonds"). The 2026 Bonds may be sold and issued at one or more times and in one or more series or subseries (as specified in the hereinafter defined Sales Certificates) only in fully registered form. The 2026 Bonds shall be initially registered in the name of "Cede & Co.," as nominee of The Depository Trust Company ("DTC") and shall be numbered in consecutive order in such manner as is determined by the Trustee. Registered ownership of the 2026 Bonds, or any portion thereof, may not thereafter be transferred except as set forth in Section 152.08.

(c) The 2026 Bonds shall be issued in such aggregate principal amount which, together with the aggregate principal amount, if any, of the District's Subordinated Electric Revenue Bonds, 2026 Series G, shall not exceed \$250,000,000, shall be dated, shall bear interest at such rate or rates (payable on such dates), not exceeding the maximum rate permitted by law, shall mature and become payable as to principal on such maturity dates in the amounts and subject to such mandatory sinking fund payments on such mandatory sinking fund payment dates, if any, all as set forth in one or more Sales Certificates to be executed and delivered concurrently with the sale of the applicable series or subseries of 2026 Bonds (collectively, the "Sales Certificates"). If all or any portion of the 2026 Bonds are to bear interest at variable rates of interest, not exceeding the maximum rate permitted by law, the manner of determining such variable rates of interest shall be as set forth in the applicable Sales Certificate. In addition to the provisions required pursuant to the terms of this Resolution to be specified in the Sales Certificates, the Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District, or the Chief Financial Officer of the District or the designee of any of them (each an "Authorized Officer"), on behalf of the District, may set forth in the Sales Certificates such provisions, in a form approved by its bond counsel and the District's counsel, as such Authorized Officer may deem necessary or desirable and consistent with the purpose of this Resolution, including provisions (i) adding additional covenants and agreements to be observed by the District, (ii) curing, correcting, amending or supplementing any ambiguous, defective or

ineffective provision contained in the Resolution, or (iii) amending or supplementing any provision contained herein to the extent necessary to obtain one or more bond insurance policies, to obtain a rating on any of the 2026 Bonds, or to provide for the issuance of any of the 2026 Bonds if, in the judgment of any Authorized Officer, after consulting with its municipal advisor, bond counsel and District counsel, such insurance, rating or provision is reasonable. Any Authorized Officer, acting alone, is hereby authorized and instructed to execute and deliver the Sales Certificates and, upon execution and delivery thereof, the Sales Certificates shall be incorporated herein and in the Master Resolution by reference. The execution and delivery of the Sales Certificates shall be conclusive evidence that, where any judgment or determination of reasonableness is required to be made by the person signing said Sales Certificates, such judgment or determination has been made.

(d) Notwithstanding the foregoing, no Sales Certificate shall specify (i) a true interest cost on the applicable 2026 Bonds bearing interest at fixed rates of interest in excess of 4.0%; or (ii) a maturity date for any 2026 Bond later than forty (40) years after the dated date of such 2026 Bond.

(e) Interest on the 2026 Bonds shall be calculated on the basis and be payable on the dates set forth in the Sales Certificates, to the registered owners thereof as of the record dates specified in the Sales Certificates.

(f) Pursuant to Section 5.04 of the Master Resolution, the Sales Certificates shall specify whether the 2026 Bonds or any series or subseries thereof are to be secured by (A) the Reserve Fund, (B) a separate debt service reserve fund, or (C) neither (A) nor (B). If the Sales Certificates provide that the 2026 Bonds or any series or subseries thereof are to be secured by a separate debt service reserve fund, such Sales Certificates may provide for the creation of such funds or accounts in furtherance thereof as may be deemed appropriate in the Treasurer's discretion, and such funds or accounts shall be held in trust by the District or the Trustee, as specified in the Sales Certificates, solely for the benefit of the Holders of the 2026 Bonds or applicable series or subseries thereof, and is hereby pledged solely to the payment of the 2026 Bonds or applicable series or subseries thereof, subject to the application thereof for the purposes set forth in the Sales Certificates. If a separate debt service reserve fund is so created, the Sales Certificates may further specify such other terms and provision relating thereto, as in the Treasurer's discretion are appropriate, including, without implied limitation, the minimum balance required to be maintained on deposit therein, the purposes for which moneys on deposit therein may or shall be applied, the terms on which any deficiencies therein are to be replenished, additional limitations concerning investment of moneys therein and the valuation thereof, and provisions concerning the deposit of credit instruments in lieu of cash therein.

Section 152.02 Redemption of 2026 Bonds. The 2026 Bonds or any series or subseries thereof shall be subject to redemption on the terms set forth below and in the Sales Certificates (which may specify that some or all of the 2026 Bonds will not be subject to redemption).

(a) Notice of Redemption. If any of the 2026 Bonds are subject to redemption, then in addition to the notice of redemption required to be given pursuant to Article IV of the Master Resolution, the Trustee shall mail, by first class mail, postage prepaid, notice of

redemption of any 2026 Bond to the Securities Depositories. Failure of the Trustee to give notice of redemption to any Securities Depository, or any defect therein, however, shall not affect the sufficiency of the proceedings of redemption with respect to any 2026 Bond. For purposes of this paragraph, the following term shall have the following meaning:

“Securities Depositories” means DTC, 55 Water Street, 50th Floor, New York, N.Y. 10041-0099 Attn. Call Notification Department, Fax (212) 855-7232; or, in accordance with the current guidelines of the Securities and Exchange Commission, to such other address and/or such other securities depositories as the District may designate to the Trustee in writing.

Notwithstanding any contrary provision of Article IV of the Master Resolution or this Sixty-Ninth Supplemental Resolution, (1) publication of any notice of redemption shall not be required with respect to the 2026 Bonds, so long as such 2026 Bonds are in full book-entry form, (2) any notice of redemption of the 2026 Bonds shall be mailed not less than twenty (20) nor more than sixty (60) days prior to the redemption date, (3) any notice of optional redemption of 2026 Bonds may be made conditional on the receipt of money or any other condition, and (4) any notice of optional redemption of 2026 Bonds may be rescinded by written notice given to the Trustee by SMUD no later than two business days prior to the date specified for redemption.

(b) Redemption Otherwise Subject to Article IV. Except as in this Section and in the Sales Certificates otherwise provided, the redemption of 2026 Bonds shall be subject to the provisions of Article IV of the Master Resolution.

Section 152.03 Deposits to Interest Fund and Principal Account. Notwithstanding any contrary provision of the Resolution, the Treasurer, out of Net Revenues received by the District, shall set aside in the Interest Fund and the Principal Account, respectively, such amounts as may be required so that an amount equal to the amount of principal and/or interest becoming due and payable on the 2026 Bonds on each interest payment date and principal payment date is on deposit in the Interest Fund and the Principal Account, respectively, at such time on or prior to such interest payment date or principal payment date as shall be specified in the Sales Certificates.

Section 152.04 2026 Sinking Fund.

(a) An account is hereby established within the Sinking Fund created by Section 5.02 of the Master Resolution to be designated the “2026 Sinking Fund.” On or before each minimum sinking fund payment date for any 2026 Bonds set forth in the Sales Certificates, the Treasurer shall deposit in the 2026 Sinking Fund, out of Net Revenues received by the District, such amounts as may be required to cause the balance therein to be equal to the amount of the minimum sinking fund payment due and payable on the 2026 Bonds on such minimum sinking fund payment date as set forth in the Sales Certificates.

(b) The District shall apply all such minimum sinking fund payments, as rapidly as practicable, to the purchase of 2026 Bonds at public or private sale, as and when and at such prices (including brokerage and other expenses, but excluding accrued interest, which is payable from the Interest Fund) as the District may in its discretion determine.

(c) If on the first day of the month preceding the month in which a minimum sinking fund payment date occurs, as set forth in the Sales Certificates, the moneys in the 2026 Sinking Fund equal or exceed \$25,000, such moneys shall be applied by the District to the redemption on such minimum sinking fund payment date of as many 2026 Bonds as such moneys in the 2026 Sinking Fund shall suffice to redeem at a redemption price equal to the principal amount thereof (except that accrued interest on such 2026 Bonds so called for redemption shall be paid from the Interest Fund). All 2026 Bonds purchased or redeemed under the provisions of this Section shall be delivered to, and canceled by, the Trustee and shall not be reissued.

(d) No application of any moneys to the retirement of 2026 Bonds shall operate to impair or affect the obligation of the District to make minimum sinking fund payments for 2026 Bonds in the amounts and at the times provided in this Section; however, the District shall not be deemed to be in default with respect to any 2026 Bonds minimum sinking fund payment for any minimum sinking fund payment date if at all times prior to such minimum sinking fund payment date the District shall have fixed rates and charges as required by Section 6.08 of the Master Resolution, and if at such minimum sinking fund payment date the aggregate principal amount of all 2026 Bonds theretofore purchased or redeemed through the operation of the 2026 Sinking Fund or otherwise (together with any moneys then in the 2026 Sinking Fund) equals or exceeds the aggregate amount of minimum sinking fund payments for 2026 Bonds then and theretofore required to be made pursuant to this Section.

(e) Any moneys remaining in the 2026 Sinking Fund after all 2026 Bonds have been retired shall be returned to the District for any lawful District use.

Section 152.05 Form of 2026 Bonds. The 2026 Bonds, and the certificate of authentication and registration to be executed thereon, shall be in substantially the form set forth as Appendix A to this Sixty-Ninth Supplemental Resolution. The series or subseries designations, numbers, maturity dates, interest rates, method or methods of determining interest rates, redemption provisions and other terms of the 2026 Bonds shall be inserted therein in conformity with the Sales Certificates.

Section 152.06 Issuance of 2026 Bonds.

(a) At any time after the adoption of this Sixty-Ninth Supplemental Resolution and the execution and delivery of the applicable Sales Certificate, the District may execute and deliver 2026 Bonds in the aggregate principal amount set forth in the applicable Sales Certificate, but not to exceed the aggregate principal amount described in Section 152.01(c).

(b) The Trustee shall authenticate and deliver the 2026 Bonds upon written order of the District.

(c) The proceeds of the sale of the 2026 Bonds shall be set aside and applied by the Treasurer as set forth in the Sales Certificates.

Section 152.07 Refunding of 2026 Bonds. If Refunding Bonds are issued for the purpose of refunding 2026 Bonds, then, in addition to any other provisions of Section 3.05 of the Master Resolution, the District is authorized to apply proceeds of the sale of such Refunding Bonds to the payment of the purchase price of direct non-callable obligations of the United States of America (“Treasury Obligations”) to be held by the Trustee to insure the payment or retirement at or before maturity of all or a portion of the outstanding 2026 Bonds. Upon deposit with the Trustee, in trust, of money or Treasury Obligations (including, but not limited to, direct obligations of the United States of America issued in book-entry form on the books of the Department of the Treasury of the United States of America), or any combination thereof, sufficient, together with the interest to accrue on any such Treasury Obligations, to pay or redeem all or a portion of 2026 Bonds then outstanding at or before their maturity date, provided that, in the case of 2026 Bonds which are to be redeemed prior to maturity, notice of such redemption shall have been given as provided in Article IV of the Master Resolution or provision satisfactory to the Trustee shall have been made for the giving of such notice, all liability of the District in respect of such 2026 Bonds shall cease, determine and be completely discharged, and the holders thereof shall thereafter be entitled only to payment by the District out of the money and Treasury Obligations deposited with the Trustee as aforesaid for their payment, subject, however, to the provisions of Section 10.03 of the Master Resolution. If the liability of the District shall cease and determine with respect to all or a portion of the 2026 Bonds as above provided, then said 2026 Bonds shall not be considered to be outstanding Bonds for any purpose of the Master Resolution or of this Sixty-Ninth Supplemental Resolution.

Section 152.08 Use of Depository. Notwithstanding any provision of the Master Resolution or this Sixty-Ninth Supplemental Resolution to the contrary:

(a) The 2026 Bonds shall be initially issued as provided in Section 152.01. Registered ownership of the 2026 Bonds, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (“substitute depository”); provided that any successor of DTC or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the District that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be

obtained or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of Section 140.08(a) hereof, upon receipt of all outstanding 2026 Bonds by the Trustee, together with a Certificate of the District to the Trustee, a single new 2026 Bond shall be executed and delivered for each maturity of each series of 2026 Bonds then outstanding registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the District. In the case of any transfer pursuant to clause (iii) of Section 152.08(a) hereof, upon receipt of all outstanding 2026 Bonds by the Trustee together with a Certificate of the District to the Trustee, new 2026 Bonds shall be executed, authenticated and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the District, subject to the limitations of Section 152.08(a) hereof, provided the Trustee shall not be required to deliver such new 2026 Bonds within a period less than 60 days from the date of receipt of such a Certificate of the District. Subsequent to any transfer pursuant to clause (iii) of Section 152.08(a) hereof, the 2026 Bonds shall be transferred as provided in Article II of the Master Resolution.

(c) In the case of partial redemption or refunding of the 2026 Bonds of a series evidencing all or a portion of the principal maturing in a particular year, DTC shall make an appropriate notation on such 2026 Bonds indicating the date and amounts of such reduction in principal. The Trustee shall incur no liability for the failure or any error by DTC in making such notation and the records of the Trustee shall be determinative of the outstanding principal amount of 2026 Bonds.

(d) The District and the Trustee shall be entitled to treat the person in whose name any 2026 Bond is registered as the Bondholder thereof for all purposes of the Master Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with, any beneficial owners of the 2026 Bonds. Neither the District nor the Trustee will have any responsibility or obligations, legal or otherwise, to the beneficial owners or to any other party including DTC or its successor (or substitute depository or its successor), except for the holder of any 2026 Bond.

(e) So long as the outstanding 2026 Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee (to the extent funds are provided to it by the District) shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns, in effecting payment of the principal of and redemption premium, if any, and interest on the 2026 Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

#### Section 152.09 Tax Covenants.

(a) The District shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that interest paid on the 2026 Bonds

(or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross income for federal income tax purposes. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of each Tax Certificate of the District, dated the date of issuance of the applicable 2026 Bonds, as amended from time to time in accordance with its terms (collectively, the “Tax Certificate”). This covenant shall survive payment in full or defeasance of the 2026 Bonds.

(b) Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Internal Revenue Code of 1986 (the “Code”) and any temporary, proposed or final United States Treasury Regulations as may be applicable to the 2026 Bonds from time to time (the “Rebate Requirement”). The District specifically covenants to pay or cause to be paid the Rebate Requirement as provided in the Tax Certificate to the United States of America from any Net Revenues lawfully available to the District. This covenant shall survive payment in full or defeasance of the 2026 Bonds. Capitalized terms in this Section not otherwise defined in the Master Resolution or this Sixty-Ninth Supplemental Resolution shall have the meanings ascribed to them in the Tax Certificate.

(c) Notwithstanding any provision of this Section, if the District shall obtain an opinion of counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for purposes of federal income taxation to the effect that any specified action required under this Section is no longer required, or to the effect that some different action is required, to maintain the exclusion from gross income of the interest on the 2026 Bonds under Section 103 of the Code, the District may rely conclusively on such opinion in complying with the provisions hereof, and the agreements and covenants hereunder shall be deemed to be modified to that extent without the necessity of an amendment of the Master Resolution or this Sixty-Ninth Supplemental Resolution or the consent at any time of the Bondholders.

(d) This Section 152.09 shall be inapplicable to the 2026 Bonds, if any, issued bearing interest included in gross income for federal income tax purposes, as set forth in the applicable Sales Certificate.

#### Section 152.10 Terms of 2026 Bonds Subject to the Master Resolution.

(a) Except as in this Sixty-Ninth Supplemental Resolution expressly provided, every term and condition contained in the Master Resolution shall apply to this Sixty-Ninth Supplemental Resolution and to the 2026 Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Sixty-Ninth Supplemental Resolution.

(b) This Sixty-Ninth Supplemental Resolution and all the terms and provisions herein contained shall form part of the Master Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Master Resolution. The Master Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

Section 152.11 Continuing Disclosure. The District hereby covenants and agrees that it will comply with and carry out all of the provisions of each Continuing Disclosure Agreement dated the date of issuance of the applicable 2026 Bonds (collectively, the “Continuing Disclosure Agreement”). Notwithstanding any other provision of the Master Resolution or this Sixty-Ninth Supplemental Resolution, failure of the District or the Trustee to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in the Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of outstanding 2026 Bonds upon receipt of indemnity satisfactory to the Trustee or any Holder of 2026 Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2026 Bonds (including persons holding 2026 Bonds through nominees, depositories or other intermediaries).

### ARTICLE CLIII

#### INSURANCE PROVISIONS

Section 153.01 Insurance Agreements. Each Insurance Agreement, if any, is hereby incorporated in this Sixty-Ninth Supplemental Resolution by this reference, and the District covenants and agrees to comply with the terms and conditions thereof. The District further declares, covenants and agrees that the terms and conditions of each Insurance Agreement, if any, shall govern, with respect to the applicable 2026 Bonds, the rights and responsibilities of the District, the Trustee, the applicable Bond Insurer and the holders of the applicable 2026 Bonds, to the extent such terms and conditions may be inconsistent with any other provision of the Master Resolution, as amended and supplemented, including as supplemented by this Sixty-Ninth Supplemental Resolution.

**APPENDIX A**

**FORM OF BOND**

No. R-\_\_\_\_\_

\$ \_\_\_\_\_

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
ELECTRIC REVENUE BOND  
2026 SERIES [ ]**

<b>Maturity</b>	<b>Interest Per Annum</b>	<b>Date</b>	<b>CUSIP</b>
-----------------	---------------------------	-------------	--------------

REGISTERED OWNER:    CEDE & CO.

PRINCIPAL AMOUNT:

SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (hereinafter called the "District"), for value received, hereby promises to pay (but only out of the Net Revenues hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from the date of initial delivery hereof, until the principal hereof shall have been paid, at the interest rate per annum specified above, payable on [ ] and [ ] of each year, commencing [ ]. Interest hereon is payable in lawful money of the United States of America by check or draft mailed on each interest payment date to the registered owner as of the first day of the month (whether or not a business day) in which an interest payment date occurs. Interest hereon shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. At the option of the owners of \$1,000,000 or more in aggregate principal amount of Bonds of this series, interest hereon is also payable in lawful money of the United States of America by wire transfer to such address as has been furnished to the Trustee in writing by the registered owner hereof at least 15 days prior to the interest payment date for which such payment by wire transfer is requested. The principal hereof is payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, the Trustee, in lawful money of the United States of America.

This Bond is one of a duly authorized issue of Sacramento Municipal Utility District Electric Revenue Bonds (hereinafter called the "Bonds") of the series and designation indicated on the face hereof. Said authorized issue of Bonds is not limited in aggregate principal amount, except as otherwise provided in the Resolution hereinafter mentioned, and consists or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Resolution provided, all issued and to be issued pursuant to the provisions of the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6 of Division 6 of the California Public Utilities Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter called the "Act"). This

Bond is issued pursuant to a resolution of the Board of Directors of the District, adopted January 7, 1971, providing for the issuance of the Bonds, as amended and supplemented (the "Resolution"), including as amended and supplemented by a Sixty-Ninth Supplemental Resolution, adopted June 18, 2026, authorizing the issuance of the 2026 Series [ ] Bonds. Reference is hereby made to the Resolution and the Act for a description of the terms on which the Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Resolution, and the rights of the registered owners of the Bonds; and all the terms of the Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this Bond, and to all the provisions thereof the registered owner of this Bond, by its acceptance hereof, consents and agrees. Additional bonds may be issued on a parity with the Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Resolution.

The Bonds and the interest thereon (to the extent set forth in the Resolution), together with the Parity Bonds (as defined in the Resolution) heretofore or hereafter issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the Net Revenues derived by the District from the Electric System (as those terms are defined in the Resolution). The District hereby covenants and warrants that for the payment of the Bonds and interest thereon, there have been created and will be maintained by the District special funds into which there shall be deposited from Net Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Bonds, as such principal and interest become due, and as an irrevocable charge the District has allocated Net Revenues to such payment, all in accordance with the Resolution.

The Bonds are special obligations of the District, and are payable, both as to principal and interest, out of the Net Revenues pertaining to the Electric System, and not out of any other fund or moneys of the District. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

[The 2026 Series [ ] Bonds are not subject to redemption.][**Redemption Terms to be Determined at Time of Sale and Conformed to the applicable Official Statement and applicable Sales Certificate**]

This Bond is transferable by the registered owner hereof, in person or by the attorney of such owner duly authorized in writing, at the designated corporate trust office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Resolution, and upon surrender and cancellation of this Bond. Upon such transfer a new fully registered Bond or Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount and maturity will be issued to the transferee in exchange herefor. No transfer of this Bond will be made during the 15 days next preceding each interest payment date.

The District, the Trustee and any paying agent may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District, the Trustee and any paying agent shall not be affected by any notice to the contrary.

The rights and obligations of the District and of the holders and registered owners of the Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Resolution, provided that no such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of any premium payable upon the redemption hereof, without the consent of the holder of each Bond so affected, or (ii) reduce the percentage of Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the holders of all the Bonds then outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this Bond, and in the issuing of this Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this Bond, together with all other indebtedness of the District pertaining to the Electric System, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Bonds permitted to be issued under the Resolution.

This Bond shall not be entitled to any benefit under the Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee.

IN WITNESS WHEREOF, SACRAMENTO MUNICIPAL UTILITY DISTRICT has caused this Bond to be executed in its name and on its behalf by the facsimile signature of the President of its Board of Directors and by the facsimile signature of its Treasurer and countersigned by the facsimile signature of its Secretary, and the seal of the District to be reproduced hereon by facsimile, and this Bond to be dated as of the date first written above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
President of the Board of Directors

By \_\_\_\_\_  
Treasurer of the District

(SEAL)

Countersigned:

\_\_\_\_\_  
Secretary of the District

**CERTIFICATE OF AUTHENTICATION AND REGISTRATION**

This is one of the Bonds described in the within-mentioned Resolution and registered on the date set forth below.

Dated: U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By \_\_\_\_\_  
Authorized Officer

ASSIGNMENT

For value received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ whose taxpayer identification number is \_\_\_\_\_ the within-mentioned Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated: \_\_\_\_\_

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution

## **SEVENTIETH SUPPLEMENTAL RESOLUTION**

**DRAFT**

SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. \_\_\_\_\_

SEVENTIETH SUPPLEMENTAL RESOLUTION

AMENDING RESOLUTION NO. 6649

(Supplemental to Resolution No. 6649  
Adopted January 7, 1971)

Adopted: June 18, 2026

**RESOLUTION NO. \_\_\_\_\_**

**Seventieth Supplemental Resolution  
(Supplemental to Resolution No. 6649,  
Adopted January 7, 1971)  
Amending Resolution No. 6649**

WHEREAS, the Board of Directors (the “Board”) of the Sacramento Municipal Utility District (the “District”), on January 7, 1971, adopted its Resolution No. 6649 (as previously supplemented and amended, herein called the “Master Resolution”) providing for the issuance of the District’s Electric Revenue Bonds (the “Bonds”);

WHEREAS, Section 8.03 of the Master Resolution provides that the District may amend the Master Resolution by a supplemental resolution to be effective when there shall have been filed with the District or the Trustee the written consents of the holders and registered owners of 60% of the Bonds then outstanding;

WHEREAS, the Board has determined to amend Sections 1.03, 3.02, 3.06, 5.04 and 6.08 of the Master Resolution, which amendments the Board deems necessary and desirable and not inconsistent with the Master Resolution;

WHEREAS, the District has obtained the consents of the holders and registered owners of 60% of the Bonds outstanding;

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of Sacramento Municipal Utility District, as follows:

**ARTICLE CLIV**

**AMENDMENT OF MASTER RESOLUTION**

SECTION 154.01. Amendment of Section 1.03 of Master Resolution. A new definition of “Subsidy” shall be added to Section 1.03 of the Master Resolution in correct alphabetical order to read as follows:

**‘Subsidy**

“Subsidy” means any subsidy, reimbursement or other payment from the federal government of the United States of America under the American Recovery and Reinvestment Act of 2009 (or any similar legislation or regulation of the federal government of the United States of America or any other governmental entity or any extension of any of such legislation or regulation).’

SECTION 154.02. Amendment of Section 3.02 of Master Resolution. A new paragraph shall be added to the end of Section 3.02 of the Master Resolution to read as follows:

“For purposes of the calculations specified in this Section 3.02: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

SECTION 154.03. Amendment of Section 3.06 of Master Resolution. A new paragraph shall be added to the end of Section 3.06 of the Master Resolution to read as follows:

“For purposes of the calculations specified in this Section 3.06: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

SECTION 154.04. Amendment of Section 5.04 of Master Resolution. A new paragraph shall be added to the end of Section 5.04 of the Master Resolution to read as follows:

“For purposes of calculating the “debt service ratio” and, unless otherwise specified in a Supplemental Resolution providing for the issuance of a series of Parity Bonds, the amount required to be maintained in the Reserve Fund pursuant to this Section 5.04: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

SECTION 154.05. Amendment of Section 6.08 of Master Resolution. A new paragraph shall be added to the end of Section 6.08 of the Master Resolution to read as follows:

“For purposes of the calculations specified in this Section 6.08: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that the District receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by the District with respect to or in connection with such Parity Bonds during such period of time.”

SECTION 154.06. Effective Date of Amendments. The amendments to the Master Resolution set forth herein shall not become effective until 10 days after the District has given notice thereof to Bank of America, N.A., Barclays Bank PLC, PNC Bank, National Association, and Wells Fargo Bank, National Association.

**TWENTIETH SUPPLEMENTAL RESOLUTION  
AUTHORIZING THE ISSUANCE OF  
SUBORDINATED ELECTRIC REVENUE BONDS,  
2026 SERIES G**

SACRAMENTO MUNICIPAL UTILITY DISTRICT

RESOLUTION NO. \_\_\_\_\_

TWENTIETH SUPPLEMENTAL RESOLUTION

AUTHORIZING THE ISSUANCE OF

SUBORDINATED ELECTRIC REVENUE BONDS,  
2026 SERIES G

Adopted: June 18, 2026

(Supplemental to Resolution No. 85-11-1 adopted November 7, 1985  
as amended and restated by Resolution No. 01-06-10 adopted June 21, 2001)

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RESOLUTION NO. \_\_\_\_\_

Twentieth Supplemental Resolution  
(Supplemental to Resolution No. 85-11-1 Adopted November 7, 1985,  
as amended and restated by Resolution No. 01-06-10 Adopted June 21, 2001)

Subordinated Electric Revenue Bonds,  
2026 Series G

WHEREAS, the Board of Directors (the “Board”) of the Sacramento Municipal Utility District (the “District”), on November 7, 1985, adopted its Resolution No. 85-11-1 which was amended and restated by Resolution No. 01-06-10, adopted on June 21, 2001, providing for the issuance of the District’s Subordinated Electric Revenue Bonds (as supplemented and amended, herein called the “Subordinate Master Resolution”);

WHEREAS, the Subordinate Master Resolution provides that the District may issue bonds from time to time as the issuance thereof is authorized by the Board by a supplemental resolution;

WHEREAS, revenue bonds may be issued pursuant to the provisions of the Subordinate Master Resolution and the Act (as defined in the Subordinate Master Resolution); and

WHEREAS, the District has determined to issue its Subordinated Electric Revenue Bonds, 2026 Series G (the “2026G Subordinated Bonds”), in the aggregate principal amount determined as set forth in Section 118.02 to (i) finance and refinance improvements and additions to the District’s Electric System, including through the payment of all or a portion of the District’s outstanding commercial paper notes (to the extent set forth in the Sales Certificate), and (ii) pay costs of issuance (to the extent set forth in the Sales Certificate);

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors of the Sacramento Municipal Utility District, as follows:

**ARTICLE CXVII**

**AUTHORITY AND DEFINITIONS**

**Section 117.01. Supplemental Resolution.** This Twentieth Supplemental Resolution is supplemental to the Subordinate Master Resolution.

**Section 117.02. Definitions; Prevailing Time.**

(1) Except as provided by this Twentieth Supplemental Resolution, all terms which are defined in Section 1.03 of the Subordinate Master Resolution shall have the same meanings in this Twentieth Supplemental Resolution as such terms are given in said Section 1.03. Unless otherwise provided herein, all references to a particular time are to New York City time. In the event of a conflict between the meanings given in said Section 1.03 and the meanings given in this Section, the meanings given in this Section shall prevail.

(2) In this Twentieth Supplemental Resolution:

**Alternate Credit Enhancement** shall mean a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security instrument issued in accordance with the terms hereof as a replacement or substitute for any Credit Enhancement then in effect and providing for or supporting the payment of the principal of and interest on the 2026G Subordinated Bonds.

**Alternate Liquidity Facility** shall mean a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument issued in accordance with the terms hereof as a replacement or substitute for any Liquidity Facility then in effect and providing for the payment of the Purchase Price of Tendered Bonds.

**Alternate Rate** shall mean, on any Rate Determination Date, for any Interest Rate Mode other than a Direct Purchase Index Mode, an Index Mode or a Term Rate Mode, a rate per annum equal to 110% of (a) the SIFMA Municipal Swap Index of Municipal Market Data most recently available as of the date of determination, or (b) if such index is no longer available, or if the SIFMA Municipal Swap Index is no longer published, the S&P Municipal Bond 7 Day High Grade Rate Index, or if neither the SIFMA Municipal Swap Index nor the S&P Municipal Bond 7 Day High Grade Rate Index is published, the index determined to equal the prevailing rate determined by the Remarketing Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Remarketing Agent to be comparable under the circumstances to the criteria used by the Securities Industry and Financial Markets Association to determine the SIFMA Municipal Swap Index just prior to when the Securities and Financial Markets Association stopped publishing the SIFMA Municipal Swap Index. The Trustee shall make the determinations required by this definition, upon notification from the District, if there is no Remarketing Agent, if the Remarketing Agent fails to make any such determination or if the Remarketing Agent has suspended its remarketing efforts in accordance with the Remarketing Agreement.

**Amortization End Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Amortization Interest Payment Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Amortization Period** shall mean, in the event the 2026G Subordinated Bonds are not purchased or remarketed on any Bank Purchase Date and the other conditions set forth in Section 120.02(b) are satisfied, the period commencing on the Bank Purchase Date and ending on the Amortization End Date.

**Amortization Principal Payment Date** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Applicable Factor** shall mean, upon any Conversion to a Direct Purchase Index Rate Period, the percentage of the Direct Purchase Index designated in writing by the District as the Applicable Factor for such Direct Purchase Index Rate Period pursuant to Section 118.09(a); provided, however, that the Applicable Factor shall never be less than 65% unless a Favorable

Opinion of Bond Counsel is delivered in connection with the Conversion to such Direct Purchase Index Rate Period.

**Applicable Spread** shall mean, with respect to any Direct Purchase Index Rate Period, the number of basis points determined by the Market Agent on or before the first day of such Direct Purchase Index Rate Period and designated by the District in accordance with Section 118.09(a) (which may include a schedule for the Applicable Spread based upon the ratings assigned to any indebtedness of the District) that, when added to the product of the Direct Purchase Index multiplied by the Applicable Factor, would equal the minimum interest rate per annum that would enable the 2026G Subordinated Bonds to be sold on such date at a price equal to the principal amount thereof (without regard to accrued interest, if any, thereon).

**Authorized Denominations** shall mean (i) with respect to 2026G Subordinated Bonds in a Daily Mode or Weekly Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof, (ii) with respect to 2026G Subordinated Bonds in a Flexible Mode, \$100,000 and any integral multiple of \$1,000 in excess thereof; (iii) with respect to 2026G Subordinated Bonds in a Direct Purchase Index Mode or Index Mode, \$100,000 and any integral multiple of \$5,000 in excess thereof; and (iv) with respect to 2026G Subordinated Bonds in a Term Rate Mode or a Fixed Rate Mode, \$5,000 and any integral multiple thereof.

**Available Amount** shall mean the amount available under a Credit Enhancement or Liquidity Facility, as applicable, to pay the principal of and interest on the 2026G Subordinated Bonds or the Purchase Price of the 2026G Subordinated Bonds, as applicable.

**Available Moneys** shall mean (a) if a Credit Enhancement is in effect, (i) moneys drawn under the Credit Enhancement which at all times since their receipt by the Trustee were held in a separate segregated account or accounts or subaccount or subaccounts in which no moneys (other than those drawn under the Credit Enhancement) were at any time held, (ii) moneys which have been paid to the Trustee and have been on deposit with the Trustee for at least 124 days (or, if paid to the Trustee by an “affiliate,” as defined in Bankruptcy Code §101(2), of the District, 366 days) during and prior to which no Event of Bankruptcy shall have occurred, (iii) any other moneys, if, in the opinion of nationally recognized counsel experienced in bankruptcy matters (which opinion shall be acceptable to each Rating Agency then rating the 2026G Subordinated Bonds), the application of such moneys will not constitute a voidable preference in the event of the occurrence of an Event of Bankruptcy, and (iv) investment earnings on any of the moneys described in clauses (i), (ii) and (iii) of this definition; and (b) if a Credit Enhancement is not in effect, “Available Moneys” means any moneys deposited with the Trustee.

**Bank** shall mean, while the 2026G Subordinated Bonds are in a Direct Purchase Index Mode, the Holder of the 2026G Subordinated Bonds, provided that there is a single Holder of all of the 2026G Subordinated Bonds and provided further that the 2026G Subordinated Bonds are not then held under the book-entry system of a Securities Depository. If there is more than one Holder of the 2026G Subordinated Bonds while the 2026G Subordinated Bonds are in a Direct Purchase Index Mode, “Bank” means Holders owning a majority of the aggregate principal amount of the 2026G Subordinated Bonds then Outstanding. If the 2026G Subordinated Bonds are held under the book-entry system of a Securities Depository during any

Direct Purchase Index Mode, “Bank” means the Beneficial Owner of the 2026G Subordinated Bonds, provided that there is a single Beneficial Owner of all of the 2026G Subordinated Bonds. If there is more than one Beneficial Owner of the 2026G Subordinated Bonds while the 2026G Subordinated Bonds are in a Direct Purchase Index Mode, “Bank” means Beneficial Owners who are the beneficial owners of a majority of the aggregate principal amount of the 2026G Subordinated Bonds then Outstanding.

**Bank Purchase Date** shall mean, during any Direct Purchase Index Rate Period, (i) the date designated by the District pursuant to Section 118.11(a) and (ii) the date which is five Business Days after the date on which the Trustee receives written notice from the Bank under a Continuing Covenant Agreement which (x) advises the Trustee of the occurrence and continuance of an “Event of Default” under and as defined in such Continuing Covenant Agreement and (y) directs the Trustee to cause a mandatory tender for purchase of the 2026G Subordinated Bonds by reason of such “Event of Default.”

**Bank Rate** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Bankruptcy Code** means Title 11 of the United States Code, as amended, and any successor statute.

**Beneficial Owner** shall mean, so long as the 2026G Subordinated Bonds are held in the Book-Entry System, any Person who acquires a beneficial ownership interest in a 2026G Subordinated Bond held by the Securities Depository. If at any time the 2026G Subordinated Bonds are not held in the Book-Entry System, Beneficial Owner shall mean Holder for purposes of the Subordinate Master Resolution.

**Bond Counsel** shall mean any firm of nationally recognized municipal bond attorneys selected by the District and experienced in the issuance of municipal bonds and matters relating to the exclusion of the interest thereon from gross income for federal income tax purposes.

**Book-Entry System** shall mean the system maintained by the Securities Depository.

**Business Day** shall mean any day other than (i) a Saturday or Sunday or (ii) a day on which banks located in (a) the State of California or the State of New York, (b) the city or cities in which the principal office of the Trustee, the Paying Agent, the Remarketing Agent, if any, the Bank, if any, or the Calculation Agent, if any, are located, or (c) the city or cities in which the office of the Credit Provider or Liquidity Provider at which it will pay draws or advances is located, are required or authorized to remain closed, (iii) a day on which The New York Stock Exchange or Federal Reserve Bank is closed or (iv) a day on which the principal offices of the Credit Provider or Liquidity Provider are closed.

**Calculation Agent** shall mean, (i) during any Direct Purchase Index Rate Period, the Bank or any other party appointed by the District with the consent of the Bank so long as the Bank owns a majority in aggregate principal amount of the 2026G Subordinated Bonds and (ii)

during any Index Rate Period, the Trustee or any other party appointed by the District to act as calculation agent for the 2026G Subordinated Bonds.

**Call Protection Date** shall mean (i) with respect to the initial issuance of the 2026G Subordinated Bonds, if applicable, the date specified in the Sales Certificate as the Call Protection Date and (ii) with respect to any conversion to a Term Rate Period or Index Rate Period, the date specified by the District in writing as the Call Protection Date for such Term Rate Period or Index Rate Period on or before the first day of such Term Rate Period or Index Rate Period.

**Code** shall mean the Internal Revenue Code of 1986, as amended.

**Continuing Covenant Agreement** shall mean, during any Direct Purchase Index Rate Period, any agreement between the District and the Bank which may be designated as the Continuing Covenant Agreement.

**Conversion Date** shall mean, with respect to the 2026G Subordinated Bonds in a particular Interest Rate Mode, the day on which another Interest Rate Mode for the 2026G Subordinated Bonds begins, with respect to the 2026G Subordinated Bonds in a Term Rate Mode, the day on which a new Term Rate Period begins, with respect to 2026G Subordinated Bonds in a Direct Purchase Index Mode, the day on which a new Direct Purchase Index Rate Period begins, and with respect to 2026G Subordinated Bonds in an Index Mode, the day on which a new Index Rate Period begins.

**Conversion Notice** shall mean the notice from the District to the other Notice Parties pursuant to Section 118.11(a)(i).

**Credit Enhancement** shall mean, with respect to the 2026G Subordinated Bonds, a letter of credit, insurance policy, line of credit, surety bond, standby purchase agreement or other security instrument issued in accordance with the terms hereof and then in effect and providing for or supporting the payment of the principal of and interest on the 2026G Subordinated Bonds and, upon replacement of any such Credit Enhancement with an Alternate Credit Enhancement, the Alternate Credit Enhancement then in effect.

**Credit Provider** shall mean, with respect to the 2026G Subordinated Bonds, any bank, insurance company, pension fund or other financial institution which provides the Credit Enhancement, if any, then in effect for the 2026G Subordinated Bonds.

**Credit Provider Failure or Liquidity Provider Failure** shall mean a failure of a Credit Provider or Liquidity Provider, as applicable, to pay a properly presented and strictly conforming draw or request for advance under a Credit Enhancement or Liquidity Facility, as applicable, or the filing or commencement of any bankruptcy or insolvency proceedings by or against a Credit Provider or Liquidity Provider, as applicable, or a Credit Provider or Liquidity Provider, as applicable, shall declare a moratorium on the payment of its unsecured debt obligations or shall repudiate a Credit Enhancement or Liquidity Facility, as applicable.

**Current Mode** shall have the meaning specified in Section 118.11(a).

**Daily Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at the Daily Rate.

**Daily Rate** shall mean the per annum interest rate on any 2026G Subordinated Bond in the Daily Mode determined pursuant to Section 118.06(a).

**Daily Rate Period** shall mean the period during which a 2026G Subordinated Bond in the Daily Mode shall bear a Daily Rate, which shall be from the Business Day upon which a Daily Rate is set to but not including the next succeeding Business Day.

**Default Rate** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Delayed Remarketing Period** shall have the meaning specified in Section 120.10(b) hereof.

**Determination of Taxability** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Direct Purchase Index** shall mean (i) the SIFMA Index or (ii) any other index chosen by the District in consultation with the Market Agent.

**Direct Purchase Index Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at a Direct Purchase Index Rate.

**Direct Purchase Index Rate** shall mean the per annum interest rate on any 2026G Subordinated Bond in the Direct Purchase Index Mode determined in accordance with Section 118.09, being the Direct Purchase Index Rate, the Taxable Rate, the Default Rate or the Bank Rate, as applicable.

**Direct Purchase Index Rate Determination Date** shall mean (i) with respect to the SIFMA Index, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day and (ii) with respect to any other Direct Purchase Index, the date or dates specified by the District in writing on or before the first day of any Direct Purchase Index Rate Period for which such Direct Purchase Index will be in effect.

**Direct Purchase Index Rate Effective Period** shall mean, during any Direct Purchase Index Rate Period, the period from and including the first day of such Direct Purchase Index Rate Period to but excluding the next succeeding Direct Purchase Index Rate Reset Date and, thereafter, means each Direct Purchase Index Rate Reset Date to but excluding the next succeeding Direct Purchase Index Rate Reset Date.

**Direct Purchase Index Rate Period** shall mean the period from (and including) the date on which the 2026G Subordinated Bonds begin to bear interest in the Direct Purchase Index Mode to (but excluding) the earliest to occur of (i) the immediately succeeding Bank Purchase Date, (ii) the immediately succeeding Conversion Date, (iii) the date on which all of the 2026G Subordinated Bonds have been redeemed or defeased in full and (iv) the Maturity Date.

**Direct Purchase Index Rate Reset Date** shall mean (i) with respect to the SIFMA Index, Thursday of each week and (ii) with respect to any other Direct Purchase Index, the date or dates specified by the District in writing on or before the first day of any Direct Purchase Index Rate Period for which such Direct Purchase Index will be in effect.

**District Purchase Account** shall mean the account by that name in the Purchase Fund created in Section 120.09.

**Electronic Means** shall mean telecopy, facsimile transmission, e-mail transmission or other similar electronic means of communication providing evidence of transmission, including a telephonic communication confirmed by any other method set forth in this definition.

**Eligible Account** shall mean an account that is either (a) maintained with a federal or state-chartered depository institution or trust company that has a Standard & Poor's short-term debt rating of at least 'A-2' (or, if no short-term debt rating, a long-term debt rating of 'BBB+'); or (b) maintained with the corporate trust department of a federal depository institution or state-chartered depository institution subject to regulations regarding fiduciary funds on deposit similar to Title 12 of the U.S. Code of Federal Regulation Section 9.10(b), which, in either case, has corporate trust powers and is acting in its fiduciary capacity. In the event that a fund or account required to be an "Eligible Account" no longer complies with the requirements listed above, the Trustee shall promptly (and, in any case, within not more than 30 calendar days) move such fund or account to another financial institution such that the Eligible Account requirements stated above will again be satisfied.

**Event of Bankruptcy** shall mean any of the following events:

(i) the District (or any other Person obligated, as guarantor or otherwise, to make payments on the 2026G Subordinated Bonds, or an "affiliate" of the District as defined in Bankruptcy Code § 101(2)) shall (a) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee, liquidator or the like of the District (or such other Person) or of all or any substantial part of their respective property, (b) commence a voluntary case under the Bankruptcy Code, or (c) file a petition seeking to take advantage of any other law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts; or

(ii) a proceeding or case shall be commenced, without the application or consent of the District (or any other Person obligated, as guarantor or otherwise, to make payments on the 2026G Subordinated Bonds, or an "affiliate" of the District as defined in Bankruptcy Code § 101(2)) in any court of competent jurisdiction, seeking (a) the liquidation, reorganization, dissolution, winding-up, or composition or adjustment of debts, of the District (or any such other Person), (b) the appointment of a trustee, receiver, custodian, liquidator or the like of the District (or any such other Person) or of all or any substantial part of their respective property, or (c) similar relief in respect of the District (or any such other Person) under any law relating to bankruptcy, insolvency, reorganization, winding-up or composition or adjustment of debts.

**Event of Taxability** shall have the meaning assigned to such term in the Continuing Covenant Agreement.

**Expiration Date** shall mean the stated expiration date of a Credit Enhancement or a Liquidity Facility, as it may be extended from time to time as provided in the Credit Enhancement or the Liquidity Facility, or any earlier date on which a Credit Enhancement or a Liquidity Facility shall terminate at the direction of the District.

**Favorable Opinion of Bond Counsel** shall mean, with respect to any action the occurrence of which requires such an opinion, an Opinion of Counsel, which shall be a Bond Counsel, to the effect that such action is permitted under the Subordinate Master Resolution and will not, in and of itself, cause interest on the 2026G Subordinated Bonds to be included in gross income for purposes of federal income taxation.

**Fitch** shall mean Fitch, Inc., and its successors and assigns, except that if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “Fitch” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent.

**Fixed Rate** shall mean the per annum interest rate on any 2026G Subordinated Bond in the Fixed Rate Mode determined pursuant to Section 118.07(b).

**Fixed Rate Bond** shall mean a 2026G Subordinated Bond in the Fixed Rate Mode.

**Fixed Rate Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at the Fixed Rate.

**Fixed Rate Period** shall mean the period from the Conversion Date upon which the 2026G Subordinated Bonds were converted to the Fixed Rate Mode to but not including the Maturity Date for the 2026G Subordinated Bonds.

**Flexible Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at Flexible Rates.

**Flexible Rate** shall mean the per annum interest rate on a Flexible Rate Bond determined for such Flexible Rate Bond pursuant to Section 118.05. The Flexible Rate Bonds may bear interest at different Flexible Rates.

**Flexible Rate Bond** shall mean a 2026G Subordinated Bond in the Flexible Mode.

**Flexible Rate Period** shall mean the period of from one to 270 calendar days (which period must end on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date) during which a Flexible Rate Bond shall bear interest at a Flexible Rate, as established by the Remarketing Agent pursuant to Section 118.05. The Flexible Rate Bonds may be in different Flexible Rate Periods.

**Index** shall mean (i) the SIFMA Index or (ii) any other index chosen by the District in consultation with the Remarketing Agent.

**Index Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at an Index Rate.

**Index Rate** shall mean the per annum interest rate on any 2026G Subordinated Bond in the Index Mode determined in accordance with Section 118.10.

**Index Rate Determination Date** shall mean (i) with respect to the SIFMA Index, Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day and (ii) with respect to any other Index, the date or dates specified by the District in writing on or before the first day of any Index Rate Period for which such Index will be in effect.

**Index Rate Effective Period** shall mean, during any Index Rate Period, the period from and including the first day of such Index Rate Period through and including the day immediately preceding the next succeeding Index Rate Reset Date and, thereafter, means each Index Rate Reset Date through and including the day immediately preceding the next succeeding Index Rate Reset Date.

**Index Rate Period** shall mean the period from (and including) the date on which the 2026G Subordinated Bonds begin to bear interest in the Index Mode to (but excluding) the earliest to occur of (i) the Business Day immediately succeeding the last day thereof, (ii) the immediately succeeding Conversion Date, (iii) the date on which all of the 2026G Subordinated Bonds have been redeemed or defeased in full and (iv) the final Maturity Date.

**Index Rate Reset Date** shall mean (i) with respect to the SIFMA Index, Thursday of each week and (ii) with respect to any other Index, the date or dates specified by the District in writing on or before the first day of any Index Rate Period for which such Index will be in effect.

**Index Percentage** shall mean, upon any conversion to an Index Rate Period, the percentage of the Index determined by the Remarketing Agent in accordance with Section 118.10; provided, however, that the Index Percentage shall never be less than 65% unless a Favorable Opinion of Bond Counsel is delivered on or before the determination of the Index Percentage by the Remarketing Agent.

**Index Spread** shall mean, upon any conversion to an Index Rate Period, the fixed per annum rate determined by the Remarketing Agent in accordance with Section 118.10.

**Interest Accrual Period** shall mean the period during which a 2026G Subordinated Bond accrues interest payable on the next Interest Payment Date applicable thereto. Each Interest Accrual Period for 2026G Subordinated Bonds shall be the period commencing on (and including) the last Interest Payment Date to which interest has been paid (or, if no interest has been paid in such Interest Rate Mode, commencing on (and including) the date of original authentication and delivery of the 2026G Subordinated Bonds, or the Conversion Date, as the case may be) to (and excluding) the Interest Payment Date on which interest is to be paid. If, at the time of authentication of any 2026G Subordinated Bond, interest is in default or

overdue on the 2026G Subordinated Bonds, such 2026G Subordinated Bond shall bear interest from the date to which interest has previously been paid in full or made available for payment in full on Outstanding 2026G Subordinated Bonds.

**Interest Payment Date** shall mean each date on which interest is to be paid and is: (i) with respect to Flexible Rate Bonds, each Mandatory Purchase Date applicable thereto; (ii) with respect to 2026G Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Index Mode, the first Business Day of each month; (iii) with respect to 2026G Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, each February 15 and August 15 (or such other semi-annual interest payment dates specified in the Sales Certificate in connection with the initial issuance of the 2026G Subordinated Bonds, and beginning with the first such day specified (a) in the Sales Certificate in connection with the initial issuance of the 2026G Subordinated Bonds or (b) in writing by the District in connection with the Conversion Date to such Term Rate Mode or Fixed Rate Mode, as applicable); (iv) (without duplication as to any Interest Payment Date listed above) any Mandatory Purchase Date; (v) (without duplication as to any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any Liquidity Provider Bonds, as provided in the applicable Reimbursement Agreement or Liquidity Facility.

**Interest Period** shall mean, for 2026G Subordinated Bonds in a particular Interest Rate Mode, the period of time that such 2026G Subordinated Bonds bear interest at the rate (per annum) which becomes effective at the beginning of such period, and shall include a Flexible Rate Period, a Daily Rate Period, a Weekly Rate Period, a Direct Purchase Index Rate Effective Period, an Index Rate Effective Period, a Term Rate Period and a Fixed Rate Period.

**Interest Rate Mode** shall mean, as the context may require, the Flexible Mode, the Daily Mode, the Weekly Mode, the Direct Purchase Index Mode, the Index Mode, the Term Rate Mode or the Fixed Rate Mode.

**Liquidity Facility** shall mean, with respect to the 2026G Subordinated Bonds, a letter of credit, line of credit, standby bond purchase agreement or other liquidity instrument issued in accordance with the terms hereof and then in effect and providing for the payment of the Purchase Price of Tendered Bonds and upon replacement of such Liquidity Facility with an Alternate Liquidity Facility, the Alternate Liquidity Facility then in effect.

**Liquidity Facility Purchase Account** shall mean the account by that name in the Purchase Fund created by Section 120.09.

**Liquidity Provider** shall mean, with respect to the 2026G Subordinated Bonds, any bank, insurance company, pension fund or other financial institution which provides the Liquidity Facility, if any, then in effect for the 2026G Subordinated Bonds.

**Liquidity Provider Bonds** shall mean any 2026G Subordinated Bonds purchased by the Liquidity Provider with funds drawn on or advanced under the Liquidity Facility or Credit Enhancement, as applicable.

**Long-Term Mode** shall mean a Term Rate Mode or a Fixed Rate Mode.

**Mandatory Purchase Date** shall mean: (i) with respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period with respect to such Flexible Rate Bond, (ii) with respect to 2026G Subordinated Bonds in the Term Rate Mode, the first Business Day following the last day of each Term Rate Period applicable to such 2026G Subordinated Bonds, (iii) with respect to any 2026G Subordinated Bonds, any Conversion Date applicable to such 2026G Subordinated Bond (except, unless otherwise specified in writing by the District in connection with a conversion of the Interest Rate Mode to the Daily Mode or the Weekly Mode, any Conversion Date in respect of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date specified in Section 118.11 not failed to occur (except, unless otherwise specified in writing by the District in connection with a conversion of the Interest Rate Mode to the Daily Mode or the Weekly Mode, any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (iv) with respect to any 2026G Subordinated Bonds, any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (v) with respect to any 2026G Subordinated Bonds, the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2026G Subordinated Bonds, (vi) with respect to any 2026G Subordinated Bonds, the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility, which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2026G Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee's receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2026G Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) with respect to any 2026G Subordinated Bonds, the date specified by the Trustee following receipt of written notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the 2026G Subordinated Bonds (other than interest on 2026G Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2026G Subordinated Bonds which date shall be a Business Day not more than five days after the Trustee's receipt of such notice, (viii) with respect to 2026G Subordinated Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the District with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee's receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2026G Subordinated Bonds, (ix) with respect to 2026G Subordinated Bonds in the Index Mode, the first Business Day following the last day of each Index Rate Period applicable to such 2026G Subordinated Bonds, and (x) with respect to 2026G Subordinated Bonds in the Direct Purchase Index Mode, each Bank Purchase Date; provided that, in the event that the Bank (acting in its sole and absolute discretion) for the then existing Direct Purchase Index Rate Period agrees in writing to a new Direct Purchase Index Rate Period, the provisions of this clause (x) shall apply and be interpreted by substituting the Bank Purchase Date for the new Direct Purchase Index Rate Period for the then-current Bank Purchase Date.

**Market Agent** shall mean the Person appointed by the District to serve as market agent in connection with a conversion to any Direct Purchase Index Rate Period.

**Maturity Date** shall mean the maturity date or maturity dates of the 2026G Subordinated Bonds set forth in the Sales Certificate, or, if established pursuant to Section 118.11(b)(v) upon a change to the Fixed Rate Mode, the Serial Maturity Dates.

**Maximum Rate** shall mean (i) with respect to Liquidity Provider Bonds and 2026G Subordinated Bonds in the Direct Purchase Index Mode, a rate of interest per annum not exceeding the maximum non-usurious lawful rate of interest permitted by applicable laws and (ii) with respect to all other 2026G Subordinated Bonds, a rate of interest of twelve percent (12%) per annum unless a lesser rate of interest is specified as the Maximum Rate in the Sales Certificate for the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period.

**Moody's** shall mean Moody's Investors Service and its successors and assigns, except that if such shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term "Moody's" shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent.

**New Mode** shall have the meaning specified in Section 118.11(a).

**Notice Parties** shall mean the Trustee, the Remarketing Agent, if any, the Paying Agent, the Credit Provider, if any, the Liquidity Provider, if any, the Bank, if any, the Market Agent, if any, and the Calculation Agent, if any.

**Opinion of Counsel** shall mean a written legal opinion from a firm of attorneys experienced in the matters to be covered in the opinion.

**Outstanding**, when used with reference to 2026G Subordinated Bonds, shall mean, as of any date, 2026G Subordinated Bonds theretofore or thereupon being authenticated and delivered under this Twentieth Supplemental Resolution except:

(i) 2026G Subordinated Bonds cancelled by the Trustee, or delivered to the Trustee for cancellation, at or prior to such date;

(ii) 2026G Subordinated Bonds paid or deemed paid pursuant to Section 10.01 of the Subordinate Master Resolution; and

(iii) 2026G Subordinated Bonds in lieu of or in substitution for which other 2026G Subordinated Bonds shall have been authenticated and delivered pursuant to this Twentieth Supplemental Resolution.

**Person** shall mean an individual, a corporation, a partnership, an association, a joint venture, a trust, an unincorporated organization or any other entity or organization, including a government or political subdivision or an agency or instrumentality thereof.

**Principal Payment Date** shall mean any date upon which the principal amount of 2026G Subordinated Bonds is due under the Subordinate Master Resolution, including any Maturity Date, any Serial Maturity Date, any Redemption Date, or the date the maturity of any

2026G Subordinated Bond is accelerated pursuant to the terms of the Subordinate Master Resolution.

**Purchase Date** shall mean (i) for a 2026G Subordinated Bond in the Daily Mode or the Weekly Mode, any Business Day selected by the Beneficial Owner of said 2026G Subordinated Bond pursuant to the provisions of Section 120.01, and (ii) any Mandatory Purchase Date.

**Purchase Fund** shall mean the fund by that name created in Section 120.09.

**Purchase Price** shall mean an amount equal to the principal amount of any 2026G Subordinated Bonds purchased on any Purchase Date, plus accrued interest to but excluding the Purchase Date; provided, however, that (i) if the Purchase Date for any 2026G Subordinated Bond to be purchased is an Interest Payment Date for such 2026G Subordinated Bond, the Purchase Price thereof shall be the principal amount thereof, and interest on such 2026G Subordinated Bond shall be paid to the Holder of such 2026G Subordinated Bond pursuant to the Subordinate Master Resolution and this Twentieth Supplemental Resolution and (ii) in the case of a purchase on a Conversion Date or proposed Conversion Date which is preceded by a Term Rate Period or an Index Rate Period and which occurs prior to the day originally established as the last day of such preceding Term Rate Period or Index Rate Period, the Purchase Price of any 2026G Subordinated Bond to be purchased on such Conversion Date shall be the Redemption Price which would have been applicable to such 2026G Subordinated Bond if the preceding Term Rate Period or Index Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

**Rate Determination Date** shall mean any date on which the interest rate on 2026G Subordinated Bonds shall be determined, which, (i) in the case of the Flexible Mode, shall be the first day of an Interest Period; (ii) in the case of the Daily Mode, shall be each Business Day commencing with the first day (which must be a Business Day) the 2026G Subordinated Bonds become subject to the Daily Mode; (iii) in the case of the Weekly Mode, shall be (A) each Wednesday or, if Wednesday is not a Business Day, then the Business Day next succeeding such Wednesday, and (B) not later than the Business Day preceding a Conversion Date, a Substitution Date or a Mandatory Purchase Date specified in clause (viii) of the definition of Mandatory Purchase Date; (iv) in the case of the Term Rate Mode, shall be a Business Day no later than the Business Day next preceding the first day of an Interest Period, as determined by the Remarketing Agent; (v) in the case of the Direct Purchase Index Mode, each Direct Purchase Index Rate Determination Date; (vi) in the case of the Index Mode, each Index Rate Determination Date, and (vii) in the case of the Fixed Rate Mode, shall be a date determined by the Remarketing Agent which shall be at least one Business Day prior to the Conversion Date.

**Rating Agencies** shall mean any of Moody's, S&P or Fitch, which is then providing a rating on the 2026G Subordinated Bonds at the request of the District.

**Record Date** shall mean (i) with respect to 2026G Subordinated Bonds in a Daily Mode, Weekly Mode, Flexible Mode, Direct Purchase Index Mode or Index Mode, the last Business Day before an Interest Payment Date, and (ii) with respect to 2026G Subordinated

Bonds in a Term Rate Mode or Fixed Rate Mode, the fifteenth (15th) day (whether or not a Business Day) next preceding each Interest Payment Date.

**Redemption Date** shall mean the date fixed for redemption of 2026G Subordinated Bonds subject to redemption in any notice of redemption given in accordance with the terms of the Subordinate Master Resolution.

**Redemption Price** shall mean an amount equal to the principal of and premium, if any, and accrued interest, if any, on the 2026G Subordinated Bonds to be paid on the Redemption Date.

**Reimbursement Agreement** shall mean any reimbursement agreement, credit agreement, line of credit agreement, standby purchase agreement or other agreement by and between a Credit Provider or Liquidity Provider, as applicable, and the District.

**Remarketing Agent** shall mean any investment banking firm which may be appointed with respect to the 2026G Subordinated Bonds pursuant to Section 121.01.

**Remarketing Agreement** shall mean any agreement relating to the 2026G Subordinated Bonds by and between the District and a Remarketing Agent, as it may be amended or supplemented from time to time in accordance with its terms.

**Remarketing Proceeds Account** shall mean the account by that name in the Purchase Fund created in Section 120.09.

**Representations Letter** shall mean the Letter of Representations from the District to the Securities Depository in connection with the 2026G Subordinated Bonds in a book-entry system, as supplemented and amended from time to time.

**Sales Certificate** shall mean a written certificate of the District executed by the Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District or the Chief Financial Officer of the District or the designee of any of them prior to the issuance of the 2026G Subordinated Bonds setting forth the principal amount, Maturity Date or Maturity Dates, initial Interest Rate Mode, initial interest rate or rates, and such other matters with respect to the 2026G Subordinated Bonds as such officer may deem appropriate, as provided in Section 118.02.

**S&P** shall mean S&P Global Ratings and its successors and assigns, except that if such shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, then the term “S&P” shall be deemed to refer to any other nationally recognized securities rating agency selected by the District after consultation with the Remarketing Agent, if any.

**S&P Municipal Bond 7 Day High Grade Rate Index** shall mean for a Rate Determination Date, the level of the “S&P Municipal Bond 7 Day High Grade Rate Index” (formerly known as the J.J. Kenny Index) maintained by Standard and Poor’s for a one-week maturity as published each day.

**Securities Depository** shall mean The Depository Trust Company, and such other securities depository as the District may designate in a certificate of the District delivered to the Trustee.

**Serial Bonds** shall mean the 2026G Subordinated Bonds maturing on the Serial Maturity Dates, as determined pursuant to Section 118.11(b).

**Serial Maturity Dates** shall mean the dates on which the Serial Bonds mature, as determined pursuant to Section 118.11(b).

**Serial Payments** shall mean the payments to be made in payment of the principal of the Serial Bonds on the Serial Maturity Dates.

**Short-Term Mode** shall mean the Daily Mode, the Weekly Mode or the Flexible Mode.

**SIFMA Index** shall mean, for any applicable Rate Determination Date, the level of the index which is issued weekly and which is compiled from the weekly interest rate resets of tax-exempt variable rate issues included in a database maintained by Municipal Market Data which meet specific criteria established from time to time by SIFMA and issued on Wednesday of each week, or if any Wednesday is not a Business Day, the next succeeding Business Day. If the SIFMA Index is no longer published, then "SIFMA Index" shall mean the S&P Municipal Bond 7 Day High Grade Rate Index. If the S&P Municipal Bond 7 Day High Grade Rate Index is no longer published, then "SIFMA Index" shall mean the prevailing rate determined by the Calculation Agent for tax-exempt state and local government bonds meeting criteria determined in good faith by the Calculation Agent to be comparable under the circumstances to the criteria used by SIFMA to determine the SIFMA Index immediately prior to the date on which SIFMA ceased publication of the SIFMA Index. Notwithstanding the foregoing, if the SIFMA Index as determined as provided above would be less than 0.0%, then the SIFMA Index will be deemed to be 0.0%.

**Substitution Date** shall mean the date upon which an Alternate Credit Enhancement or Alternate Liquidity Facility is scheduled to be substituted for a Credit Enhancement or Liquidity Facility then in effect.

**Taxable Date** shall mean the date on which interest on the 2026G Subordinated Bonds is first includable in gross income of the Holder (including, without limitation, any previous Holder) thereof as a result of an Event of Taxability as such a date is established pursuant to a Determination of Taxability.

**Taxable Rate** shall mean an interest rate per annum at all times equal to the product of the Direct Purchase Index Rate then in effect multiplied by the Taxable Rate Factor.

**Taxable Rate Factor** shall have the meaning set forth in the applicable Continuing Covenant Agreement.

**Tendered Bonds** shall mean 2026G Subordinated Bonds tendered for purchase by the Holders or Beneficial Owners thereof pursuant to Section 120.01 or subject to mandatory tender for purchase on a Mandatory Purchase Date pursuant to Section 120.02.

**Tender Notice** shall mean a notice delivered by Electronic Means or in writing with respect to a 2026G Subordinated Bond that states (i) the principal amount of such 2026G Subordinated Bond to be purchased pursuant to Section 120.01, (ii) the Purchase Date on which such 2026G Subordinated Bond is to be purchased, (iii) applicable payment instructions with respect to the 2026G Subordinated Bonds being tendered for purchase and (iv) an irrevocable demand for such purchase.

**Tender Notice Deadline** with respect to a 2026G Subordinated Bond shall mean (i) during a Daily Mode with respect to such 2026G Subordinated Bond, 11:00 a.m. on any Business Day and (ii) during a Weekly Mode with respect to such 2026G Subordinated Bond, 5:00 p.m. on a Business Day not less than seven days prior to the applicable Purchase Date.

**Term Rate** shall mean the per annum interest rate for 2026G Subordinated Bonds in the Term Rate Mode determined pursuant to Section 118.07(a).

**Term Rate Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at the Term Rate.

**Term Rate Period** shall mean the period from (and including) the date on which the 2026G Subordinated Bonds begin to bear interest in a Term Rate Mode to (but excluding) the commencement date of the next succeeding Interest Period, including another Term Rate Period.

**2026 Tax Certificate** shall mean the Tax Certificate executed and delivered by the District in connection with the issuance of the 2026G Subordinated Bonds, as amended or supplemented from time to time in accordance with its terms.

**Weekly Mode** shall mean the Interest Rate Mode during which the 2026G Subordinated Bonds bear interest at the Weekly Rate.

**Weekly Rate** shall mean the per annum interest rate on 2026G Subordinated Bonds in the Weekly Mode determined pursuant to Section 118.06(b).

**Weekly Rate Period** shall mean the period during which a 2026G Subordinated Bond in the Weekly Mode shall bear a Weekly Rate, which shall be the period commencing on Thursday of each week to and including Wednesday of the following week, except (i) the first Weekly Rate Period, which shall be from the Conversion Date on which the Interest Rate Mode for the 2026G Subordinated Bonds is changed to a Weekly Mode to and including the Wednesday of the following week, and (ii) the last Weekly Rate Period which shall end on the day preceding the earliest to occur of the Conversion Date on which the Interest Rate Mode for the 2026G Subordinated Bonds is changed from the Weekly Mode to a different Interest Rate Mode, the Maturity Date or the Mandatory Purchase Date for such 2026G Subordinated Bond.

## ARTICLE CXVIII

### THE 2026G SUBORDINATED BONDS

#### **Section 118.01. Authorization and Purpose of 2026G Subordinated Bonds.**

The Board hereby authorizes the issuance of a series of revenue bonds of the District in accordance with the Subordinate Master Resolution, designated as “Subordinated Electric Revenue Bonds, 2026 Series G” (the “2026G Subordinated Bonds”) for the purpose of (i) financing and refinancing improvements and additions to the District’s Electric System, including through the payment of all or a portion of the District’s outstanding commercial paper notes (to the extent set forth in the Sales Certificate), and (ii) paying costs of issuance (to the extent set forth in the Sales Certificate).

#### **Section 118.02. Terms, Registration, Denominations, Medium, Method and Place of Payment and Dating of 2026G Subordinated Bonds.**

(a) The 2026G Subordinated Bonds shall be issued in the aggregate principal amount which, together with the aggregate principal amount, if any, of the District’s Electric Revenue Bonds sold and issued pursuant to the District’s Sixty-Ninth Supplemental Resolution adopted on the date hereof, shall not exceed \$250,000,000, shall bear interest at such initial rate or rates for such initial Interest Period, shall bear interest in such initial Interest Rate Mode, shall mature and become payable as to principal on such Maturity Date or Maturity Dates (not to exceed forty (40) years from the date of issuance of the 2026G Subordinated Bonds) in the amount and be subject to such mandatory sinking fund account payments on such mandatory sinking fund account payment dates, if any, all as set forth in the Sales Certificate. In addition to the provisions required pursuant to the terms of this Twentieth Supplemental Resolution to be specified in the Sales Certificate, the Sales Certificate may contain such provisions, in a form approved by the District’s Bond Counsel and the District’s counsel, as the officer executing the Sales Certificate may deem necessary or desirable and consistent with the purpose of this Twentieth Supplemental Resolution, including provisions (i) adding additional covenants and agreements to be observed by the District, (ii) curing, correcting, amending or supplementing any ambiguous, defective or ineffective provision contained in the Subordinate Master Resolution or this Twentieth Supplemental Resolution, or (iii) amending or supplementing any provision contained herein to the extent necessary to obtain Credit Enhancement or a Liquidity Facility, to obtain a rating on the 2026G Subordinated Bonds, or to provide for the issuance of the 2026G Subordinated Bonds if, in the judgment of such officer such rating or provision is reasonable. The Chief Executive Officer and General Manager of the District, any Member of the Executive Committee of the District, the Treasurer of the District, the Secretary of the District or the Chief Financial Officer of the District, or the designee of any of them, is hereby authorized and instructed to execute and deliver the Sales Certificate and, upon execution and delivery thereof, the Sales Certificate shall be incorporated herein and in the Subordinate Master Resolution by reference. The execution and delivery of the Sales Certificate by any such officer shall be conclusive evidence that, where any approval, determination of necessity, desirability or consistency with the purpose of this Twentieth Supplemental Resolution, or judgment or determination of reasonableness is required to be given or made, such approval, judgment or determination has been given or made.

(b) The 2026G Subordinated Bonds shall be issued in the form of fully registered 2026G Subordinated Bonds in Authorized Denominations and no provision of the Subordinate Master Resolution relating to coupon bonds or coupons shall apply to the 2026G Subordinated Bonds. 2026G Subordinated Bonds (other than 2026G Subordinated Bonds in the Direct Purchase Index Mode) shall be issued in the form of one single certificated bond in the aggregate principal amount of the 2026G Subordinated Bonds and shall be registered as set forth in Section 122.04 of this Twentieth Supplemental Resolution. 2026G Subordinated Bonds in the Direct Purchase Index Mode shall be issued in the form of one single certificated bond in the aggregate principal amount of the 2026G Subordinated Bonds and shall be registered in the name of the Holder thereof or as otherwise directed by such Holder. Registered ownership of the 2026G Subordinated Bonds, or any portion thereof, may not thereafter be transferred except as set forth in the Continuing Covenant Agreement (during any time that the 2026G Subordinated Bonds are in the Direct Purchase Index Mode), Section 2.05 of the Subordinate Master Resolution and Section 122.04 of this Twentieth Supplemental Resolution. Each 2026G Subordinated Bond in the Direct Purchase Index Mode shall contain a legend indicating that the transferability of such 2026G Subordinated Bond is subject to the restrictions set forth in this Twentieth Supplemental Resolution.

(c) The 2026G Subordinated Bonds shall be dated as of the date of their initial issuance and shall be numbered in such manner as is determined by the Trustee.

(d) The principal of and premium, if any, and interest on the 2026G Subordinated Bonds shall be payable in lawful money of the United States of America.

(e) Subject to Section 122.04 of this Twentieth Supplemental Resolution, interest on the 2026G Subordinated Bonds shall be paid on each Interest Payment Date by the Paying Agent during a Daily Mode, Weekly Mode, Term Rate Mode, Index Mode or Fixed Rate Mode by check mailed on the date on which due to the Holders of the 2026G Subordinated Bonds at the close of business on the Record Date for the 2026G Subordinated Bonds in respect of such Interest Payment Date at the registered addresses of the Holders of the 2026G Subordinated Bonds as shall appear on the registration books of the Trustee. In the case of (i) 2026G Subordinated Bonds in a Direct Purchase Index Mode or Flexible Mode or (ii) any Holder of 2026G Subordinated Bonds in any Interest Rate Mode other than a Direct Purchase Index Mode or Flexible Mode in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date for the 2026G Subordinated Bonds next preceding any Interest Payment Date, shall have provided the Paying Agent with written wire transfer instructions, interest payable on such 2026G Subordinated Bonds shall be paid on each Interest Payment Date in accordance with the wire transfer instructions provided by the Holder of such 2026G Subordinated Bond; provided, however, that during any Flexible Rate Period, except for 2026G Subordinated Bonds registered in the name of the Securities Depository (or its nominee), interest on any such 2026G Subordinated Bond shall be payable only upon surrender of such 2026G Subordinated Bond at the office of the Paying Agent.

(f) Subject to Section 122.04 of this Twentieth Supplemental Resolution, the principal of and premium, if any, on each 2026G Subordinated Bond shall be payable on the Principal Payment Date of such 2026G Subordinated Bond upon surrender thereof at the office

of the Paying Agent; provided that the Paying Agent may agree with the Holder of any 2026G Subordinated Bond (and hereby does so agree with the Bank during any Direct Purchase Index Rate Period) that such Holder may, in lieu of surrendering the same for a new 2026G Subordinated Bond, endorse on such 2026G Subordinated Bond a record of partial payment of the principal of such 2026G Subordinated Bond in the form set forth below (which shall be typed or printed on such 2026G Subordinated Bond):

PAYMENTS ON ACCOUNT OF PRINCIPAL

Payment Date	Principal Amount Paid	Balance of Principal Amount Unpaid	Signature of Holder
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The Paying Agent shall maintain a record of each such partial payment made in accordance with the foregoing agreement and such record of the Paying Agent shall be conclusive. Such partial payment shall be valid upon payment of the amount thereof to the Holder of such 2026G Subordinated Bond, and the District, the Trustee and the Paying Agent shall be fully released and discharged from all liability to the extent of such payment regardless of whether such endorsement shall or shall not have been made upon such 2026G Subordinated Bond by the Holder thereof and regardless of any error or omission in such endorsement.

(g) Except as may be specifically set forth herein, the Paying Agent, the Trustee, the Remarketing Agent, if any, and the District may treat the Holder of a 2026G Subordinated Bond as the absolute owner thereof for all purposes, whether or not such 2026G Subordinated Bond shall be overdue, and the Paying Agent, the Trustee, the Remarketing Agent, if any, and the District shall not be affected by any knowledge or notice to the contrary. Payment of the principal of and premium, if any, and interest on each 2026G Subordinated Bond shall be made only to such Holder, which payments shall be valid and effectual to satisfy and discharge the liability of such 2026G Subordinated Bond to the extent of the sum or sums so paid. All 2026G Subordinated Bonds paid at maturity or on earlier redemption pursuant to the provisions of this Section shall be cancelled by the Paying Agent.

(h) Each 2026G Subordinated Bond shall bear interest at the applicable rate or rates during each applicable Interest Accrual Period until the entire Principal Amount thereof has been paid.

**Section 118.03. Payment of Principal and Interest of 2026G Subordinated Bonds; Acceptance of Terms and Conditions.**

(a) The interest on each 2026G Subordinated Bond shall become due and payable on the Interest Payment Dates with respect to such 2026G Subordinated Bond to and including the Maturity Date of such 2026G Subordinated Bond, and on each Redemption Date and on the date of any acceleration prior thereto. The principal of each 2026G Subordinated

Bond shall become due and payable on the Principal Payment Date of such 2026G Subordinated Bond.

(b) By the acceptance of its 2026G Subordinated Bond, the Holder thereof shall be deemed to have agreed to all the terms and provisions of such 2026G Subordinated Bond as specified in such 2026G Subordinated Bond and the Subordinate Master Resolution, including without limitation the applicable Interest Periods, interest rates (including any applicable Alternate Rate), Purchase Dates, Mandatory Purchase Dates, Purchase Prices, mandatory and optional purchase and redemption provisions applicable to such 2026G Subordinated Bond, method and timing of purchase, redemption and payment. Such Holder further agrees that if, on any date upon which its 2026G Subordinated Bond is to be purchased, redeemed or paid at maturity or earlier due date, funds are on deposit with the Paying Agent or the Trustee to pay the full amount due on such 2026G Subordinated Bond, then such Holder shall have no rights under the Subordinate Master Resolution other than to receive such full amount due with respect to such 2026G Subordinated Bond and that interest on such 2026G Subordinated Bond shall cease to accrue as of such date.

(c) Notwithstanding anything herein to the contrary, while any 2026G Subordinated Bonds are Liquidity Provider Bonds, such Liquidity Provider Bonds shall bear interest and be payable at the times, in the manner and in the amounts required under the Liquidity Facility supporting such 2026G Subordinated Bonds or the Reimbursement Agreement related thereto.

**Section 118.04. Calculation and Payment of Interest; Change in Interest Rate Mode; Maximum Rate.**

(a) When a Direct Purchase Index Mode or Index Mode is in effect and the Direct Purchase Index or the Index, as applicable, is the SIFMA Index, interest shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. When a Direct Purchase Index Mode or Index Mode is in effect and the Direct Purchase Index or the Index, as applicable, is an index other than the SIFMA Index, interest shall be calculated on the basis specified in writing by the District on or before the first day of the applicable Direct Purchase Index Rate Period or Index Rate Period. When a Short-Term Mode is in effect, interest shall be calculated on the basis of a 365/366-day year for the actual number of days elapsed. When a Term Rate Mode or a Fixed Rate Mode is in effect, interest shall be calculated on the basis of a 360-day year comprised of twelve 30-day months. Payment of unpaid interest accrued on each 2026G Subordinated Bond during each Interest Accrual Period shall be made on the applicable Interest Payment Date for such 2026G Subordinated Bond to the Holder of record of such 2026G Subordinated Bond on the applicable Record Date.

(b) The 2026G Subordinated Bonds in any Interest Rate Mode other than a Fixed Rate Mode may be changed to any other Interest Rate Mode at the times and in the manner hereinafter provided. Subsequent to such change in Interest Rate Mode (other than a change to a Fixed Rate Mode), the 2026G Subordinated Bonds may again be changed to a different Interest Rate Mode at the times and in the manner hereinafter provided. A Fixed Rate Mode shall be in effect until the Maturity Date, or acceleration thereof prior to the Maturity Date, and the 2026G Subordinated Bonds in a Fixed Rate Mode may not be changed to any other Interest Rate Mode.

(c) Subject to Section 118.09(b)(iii), no 2026G Subordinated Bonds shall bear interest at an interest rate higher than the Maximum Rate with respect thereto.

(d) In the absence of manifest error, the determination of interest rates (including any determination of rates in connection with a New Mode) and Interest Periods by the Remarketing Agent or the Calculation Agent, as applicable, as provided herein, and the record of interest rates maintained by the Paying Agent shall be conclusive and binding upon the Remarketing Agent, the Paying Agent, the Trustee, the District, the Holders and the Beneficial Owners.

**Section 118.05. Determination of Flexible Rates and Interest Periods During Flexible Mode.** An Interest Period for the Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond may have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and in Section 118.04 hereof, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such 2026G Subordinated Bond the Interest Period which would result in the Remarketing Agent being able to remarket such 2026G Subordinated Bond at par in the secondary market at the lowest average interest cost for all 2026G Subordinated Bonds; provided, however, that if the Remarketing Agent has received notice from the District that such 2026G Subordinated Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the proposed Conversion Date.

Except while the 2026G Subordinated Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Flexible Rate Bond must present such Flexible Rate Bond to the Trustee, by 12:00 noon on the Rate Determination Date, in which case the Trustee shall pay the Purchase Price to such Holder by 3:00 p.m. on the same day.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent, with respect to each Flexible Rate Bond which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Flexible Rate Bond and shall give notice by Electronic Means to the Paying Agent and the District of the Interest Period, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 p.m. on each Rate Determination Date by telephone or Electronic Means to the Trustee or any other Paying Agent without request, and to any Beneficial Owner or Notice Party requesting such information.

**Section 118.06. Determination of Interest Rates During the Daily Mode and the Weekly Mode.** The interest rate for 2026G Subordinated Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2026G Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as

applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period. In making any such determination the Remarketing Agent shall not take into account the per annum rate of interest that would be applicable to Liquidity Provider Bonds pursuant to the terms of the applicable Liquidity Facility or related Reimbursement Agreement.

(a) During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once per week by Electronic Means to each Notice Party requesting such rate.

(b) During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available after 5:00 p.m. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

**Section 118.07. Determination of Term Rates and Fixed Rates.**

(a) Term Rates. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. on the Rate Determination Date. Except as set forth in Section 118.11(a)(ii), the Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, would result in a sale of such 2026G Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected, and the Call Protection Date specified, by the District in writing delivered to the Remarketing Agent before such Rate Determination Date. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date. The Remarketing Agent shall make the Term Rate available by telephone or Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

(b) Fixed Rates. The Remarketing Agent shall determine the Fixed Rate for 2026G Subordinated Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 p.m. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, if such 2026G Subordinated Bonds will have Serial Maturity Dates in accordance with Section 118.11(b)(v)). Except as set forth in Section 118.11(b)(v), the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such 2026G Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such Fixed Rate by Electronic Means. Subject to Section 118.11(b)(v), the Fixed Rate so established shall remain in effect until the Maturity Date of such 2026G Subordinated Bonds.

**Section 118.08. Alternate Rates.** The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for 2026G Subordinated Bonds (other than 2026G Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to 2026G Subordinated Bonds in any Interest Rate Mode other than the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) other than with respect to 2026G Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode, if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations. In the case of clause (ii) above, the Remarketing Agent shall again make such determination at such time as there is delivered to the Remarketing Agent and the District an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible Rate Mode, the Interest Periods, shall be determined for 2026G Subordinated Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to such 2026G Subordinated Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to such 2026G Subordinated Bonds.

(a) For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for such Flexible Rate Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such 2026G Subordinated Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

(b) For 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode, such 2026G Subordinated Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

**Section 118.09. Determination of Direct Purchase Index Rates.**

(a) During each Direct Purchase Index Rate Period, the 2026G Subordinated Bonds shall, subject to subsection (b) of this Section 118.09, bear interest at the Direct Purchase Index Rate. The Calculation Agent shall determine the Direct Purchase Index Rate on each Direct Purchase Index Rate Determination Date occurring during any Direct Purchase Index Rate Period. The Direct Purchase Index Rate shall be the sum of (i) the product of the Direct Purchase Index multiplied by the Applicable Factor, plus (ii) the Applicable Spread. Each Direct Purchase Index Rate shall be effective, and interest shall accrue on the 2026G Subordinated Bonds at such Direct Purchase Index Rate each day during the applicable Direct Purchase Index Rate Effective Period. On or before any Conversion Date upon which a Direct Purchase Index Rate Period will begin, the District shall designate the Direct Purchase Index to be in effect during such Direct Purchase Index Rate Period. The Applicable Factor and Applicable Spread for a Direct Purchase Index Rate Period shall be determined by the Market Agent such that the applicable Direct Purchase Index Rate shall be the interest rate per annum (based upon tax exempt obligations comparable, in the judgment of the Market Agent, to the 2026G Subordinated Bonds and known to the Market Agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate at which a Person will agree to purchase the 2026G Subordinated Bonds on the Conversion Date at a price (without regard to accrued interest) equal to the principal amount thereof. Unless otherwise specified in the Continuing Covenant Agreement applicable to a Direct Purchase Index Rate Period, the Direct Purchase Index Rate shall be rounded to the nearest fifth decimal place. Promptly following the determination of the Direct Purchase Index Rate, the Calculation Agent shall give notice thereof to the District, the Trustee and the Paying Agent. If the Direct Purchase Index Rate is not determined by the Calculation Agent on the Direct Purchase Index Rate Determination Date, the rate of interest born on such 2026G Subordinated Bonds bearing interest at a Direct Purchase Index Rate shall be the rate in effect on the immediately preceding Direct Purchase Index Rate Reset Date until the Calculation Agent next determines the Direct Purchase Index Rate as required hereunder.

(b) Adjustments to Direct Purchase Index Rates.

(i) Taxable Rate. Notwithstanding anything in the Subordinate Master Resolution or this Twentieth Supplemental Resolution to the contrary, including, without limitation, Section 120.02(b), but subject to Section 118.04(c) and Section 118.09(b)(ii) and (iii), from and after any Taxable Date, the interest rate on 2026G Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the Taxable Rate.

(ii) Default Rate. Notwithstanding anything in the Subordinate Master Resolution or this Twentieth Supplemental Resolution to the contrary, including, without limitation, Section 120.02(b), but subject to Section 118.04(c) and Section 118.09(b)(iii), from and after the effective date of any “Event of Default” under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution and during the continuance thereof, the interest rate for 2026G Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the greater of (A) the Default Rate and (B) the interest rate that otherwise would be applicable to the 2026G

Subordinated Bonds but for the provisions of this paragraph, payable on demand to the Bank. Interest shall accrue and be paid on both defaulted interest and defaulted principal.

(iii) Excess Interest. Notwithstanding anything in the Subordinate Master Resolution or this Twentieth Supplemental Resolution to the contrary, if during a Direct Purchase Index Mode the rate of interest on the 2026G Subordinated Bonds exceeds the Maximum Rate for such 2026G Subordinated Bonds, then (A) such 2026G Subordinated Bonds shall bear interest at the Maximum Rate and (B) interest on such 2026G Subordinated Bonds calculated at the rate equal to the difference between (1) the rate of interest for such 2026G Subordinated Bonds as calculated pursuant to this Section 118.09 and (2) the Maximum Rate (the “Excess Interest”) shall be deferred until such date as the rate of interest borne by such 2026G Subordinated Bonds as calculated pursuant to this Section 118.09 is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such 2026G Subordinated Bonds. Payments of deferred Excess Interest shall no longer be due and payable upon the earlier to occur of the date on which such 2026G Subordinated Bonds are redeemed or tendered for purchase in accordance with this Twentieth Supplemental Resolution and the redemption price or purchase price, as applicable, is paid in full or the principal of and interest on such 2026G Subordinated Bonds is otherwise paid in full.

(iv) Amortization Period. Notwithstanding anything herein to the contrary, but subject to Section 118.04(c) and Section 118.09(b)(i), (ii) and (iii) during any Amortization Period, the 2026G Subordinated Bonds shall bear interest at the Bank Rate.

**Section 118.10. Determination of Index Rates**. During each Index Rate Period, the 2026G Subordinated Bonds shall bear interest at the Index Rate. The Calculation Agent shall determine the Index Rate for each maturity of the 2026G Subordinated Bonds on each Index Rate Determination Date occurring during any Index Rate Period. The Index Rate for each maturity of the 2026G Subordinated Bonds shall be the sum of (i) the product of the Index multiplied by the Index Percentage, plus (ii) the Index Spread for such maturity of the 2026G Subordinated Bonds. Each Index Rate shall be effective, and interest shall accrue on the 2026G Subordinated Bonds at such Index Rate each day during the applicable Index Rate Effective Period. If the 2026G Subordinated Bonds are initially issued in the Index Mode, the District shall specify the Index, Index Percentage, Index Spreads and Call Protection Date for the Index Rate Period commencing on the date of issuance of the 2026G Subordinated Bonds and the length of the Index Rate Period commencing on the date of issuance of the 2026G Subordinated Bonds in the Sales Certificate. On or before any Conversion Date upon which an Index Rate Period will begin, the District shall specify the length of such Index Rate Period and designate the Index and Call Protection Date to be in effect during such Index Rate Period and the Remarketing Agent shall determine the Index Percentage and Index Spread that would result in a sale of the 2026G Subordinated Bonds at a price (without regard to accrued interest) equal to principal amount thereof on the Conversion Date for such Index Rate Period. Each Index, Index Percentage and Index Spread shall be in effect through the last day of the applicable Index Rate Period and shall be applied by the Calculation Agent in determining the Index Rate on each Index Rate Determination Date during such Index Rate Period. All percentages resulting from the calculation of the Index Rate shall be rounded, if necessary, to the nearest ten-thousandth of a

percentage point with five hundred thousandths of a percentage point rounded upward. All dollar amounts used in or resulting from the calculation of the Index Rate shall be rounded to the nearest cent with one-half cent being rounded upward. The Calculation Agent shall make each Index Rate available by telephone or Electronic Means after 5:00 p.m. on the applicable Index Rate Determination Date to any Notice Party requesting such Index Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means. If the Index Rate is not determined by the Calculation Agent on the applicable Index Rate Determination Date, the rate of interest born on such 2026G Subordinated Bonds bearing interest at an Index Rate shall be the rate in effect on the immediately preceding Index Rate Reset Date until the Calculation Agent next determines the Index Rate as required hereunder.

**Section 118.11. Changes in Interest Rate Mode, Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period.** Subject to the provisions of this Section, the District may effect a change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period with respect to the 2026G Subordinated Bonds by following the procedures set forth in this Section.

(a) Changes to Interest Rate Modes Other Than Fixed Rate Mode; Changes in Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period. The Interest Rate Mode for the 2026G Subordinated Bonds (other than the 2026G Subordinated Bonds in the Fixed Rate Mode) may be changed from one Interest Rate Mode to another Interest Rate Mode (other than the Fixed Rate Mode) and the Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period for the 2026G Subordinated Bonds may be changed, as follows:

(i) Notice to Notice Parties; Notice to Holders. No later than a Business Day which is at least two Business Days prior to the date on which the Trustee is required to notify the Holders of the 2026G Subordinated Bonds preceding the proposed Conversion Date, the District shall give written notice to the Notice Parties of its intention to effect a change in the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period from the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period then prevailing (for purposes of this Section, the “Current Mode”) to another Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period (for purposes of this Section, the “New Mode”) specified in such written notice. Notice of the proposed change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period shall be given by the Trustee by mail to the Holders of the 2026G Subordinated Bonds not less than the 10th day next preceding the proposed Conversion Date, provided that no notice need be given for a Conversion Date occurring on the Business Day following the last day of a Flexible Rate Period, an Index Rate Period or a Term Rate Period or on a Substitution Date. Such notice shall state: (1) the proposed Conversion Date; (2) as set forth in the definition of Mandatory Purchase Date, that the 2026G Subordinated Bonds will be subject to mandatory tender for purchase on the proposed Conversion Date (regardless of whether all of the conditions to the change in the Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period are satisfied) or that the 2026G Subordinated Bonds will not be subject to mandatory tender for purchase on the proposed Conversion Date; and (3) if applicable, the Purchase Price of the 2026G Subordinated Bonds and the place of delivery for

purchase of the 2026G Subordinated Bonds; provided that, if the proposed change is from one Direct Purchase Index Rate Period to a new Direct Purchase Index Rate Period and any Holder of the 2026G Subordinated Bonds shall continue to be a Holder of 2026G Subordinated Bonds in the new Direct Purchase Index Rate Period, the Holder may elect to retain its 2026G Subordinated Bonds by filing with the District and the Trustee not less than five days prior to the proposed Conversion Date a written notice identifying such 2026G Subordinated Bonds and the principal amount it wishes to retain.

(ii) Determination of Interest Rates. The New Mode shall commence on the Conversion Date and the interest rate(s) (together, in the case of a change to the Flexible Mode, with the Interest Period(s)) shall be determined in the manner provided in Sections 118.05, 118.06, 118.07, 118.09 and 118.10, as applicable; provided, however, that, in the case of a change to the Term Rate Mode, or from one Term Rate Period to a new Term Rate Period, if the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel, the District may elect to sell some or all of the 2026G Subordinated Bonds at a premium or a discount to par.

(iii) Conditions Precedent.

(1) The Conversion Date shall be:

(A) in the case of a change from the Flexible Mode, the Business Day next succeeding the date on which all Flexible Rate Periods determined for the 2026G Subordinated Bonds end;

(B) in the case of a change from the Daily Mode or the Weekly Mode, any Business Day;

(C) in the case of a change from the Term Rate Mode to another Interest Rate Mode, or from one Term Rate Period to a new Term Rate Period, any day on which the applicable 2026G Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Term Rate Period;

(D) in the case of a change from the Index Mode to another Interest Rate Mode, or from one Index Rate Period to a new Index Rate Period, any day on which the applicable 2026G Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Index Rate Period; and

(E) in the case of a change from the Direct Purchase Index Mode or from one Direct Purchase Index Rate Period to another Direct Purchase Index Rate Period, any Business Day, subject to any limitations, conditions or requirements set forth in the Continuing Covenant Agreement.

(2) If the 2026G Subordinated Bonds to be converted are Flexible Rate Bonds, no Interest Period with respect to such 2026G Subordinated Bonds set after delivery by the District to the Remarketing Agent of the notice of the intention to effect a change in Interest Rate Mode shall extend beyond the proposed Conversion Date.

(3) The following items shall have been delivered to the District and the Trustee, on or prior to the Conversion Date:

(A) a Favorable Opinion of Bond Counsel dated the Conversion Date; and

(B) if there is to be a Liquidity Facility or an Alternate Liquidity Facility or Credit Enhancement or an Alternate Credit Enhancement delivered in connection with such change, the items required by Section 120.08(d).

(4) If no Liquidity Facility is in effect to provide funds for the purchase of 2026G Subordinated Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date and the amounts required to be paid by the District pursuant to Section 120.04 shall not be less than the amount required to purchase all of the 2026G Subordinated Bonds on the Conversion Date at the Purchase Price.

(b) Change to Fixed Rate Mode. At the option of the District, the Interest Rate Mode for the 2026G Subordinated Bonds may be changed to the Fixed Rate Mode as provided in this Section 118.11(b). On any Business Day which is at least two Business Days prior to the date on which the Trustee is required to notify the Holders of the 2026G Subordinated Bonds before the proposed Conversion Date pursuant to clause (ii) of this subsection (b), the District shall give written notice to the Notice Parties stating that the Interest Rate Mode will be changed to the Fixed Rate Mode and setting forth the proposed Conversion Date. In addition, such notice shall state whether some or all of the 2026G Subordinated Bonds to be converted shall be converted to Serial Bonds and, if so, the applicable Serial Maturity Dates and Serial Payments, all as determined pursuant to clause (v) of this subsection (b). Any such change in Interest Rate Mode shall be made as follows:

(i) Conversion Date. The Conversion Date shall be:

(1) in the case of a change from the Flexible Mode, the Business Day next succeeding the date on which all Flexible Rate Periods determined for the 2026G Subordinated Bonds end;

(2) in the case of a change from the Daily Mode or the Weekly Mode, any Business Day;

(3) in the case of a change from the Term Rate Mode, any day on which the applicable 2026G Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Term Rate Period;

(4) in the case of a change from the Index Mode, any day on which the applicable 2026G Subordinated Bonds would be subject to optional redemption if the conversion did not occur or the day immediately following the last day of the current Index Rate Period; and

(5) in the case of a change from the Direct Purchase Index Mode, any Business Day, subject to any limitations, conditions or requirements set forth in the Continuing Covenant Agreement.

(ii) Notice to Holders. Not less than the 10th day next preceding the Conversion Date, the Trustee shall mail, in the name of the District, a notice of such proposed change to the Holders of the 2026G Subordinated Bonds stating that the Interest Rate Mode will be changed to the Fixed Rate Mode, the proposed Conversion Date and that such Holder is required to tender such Holder's 2026G Subordinated Bonds for purchase on such proposed Conversion Date.

(iii) General Provisions Applying to Change to Fixed Rate Mode. The change to the Fixed Rate Mode shall not occur unless the following items shall have been delivered to the District and the Trustee and the following conditions shall have been satisfied, in each case on or prior to the Conversion Date:

(1) a Favorable Opinion of Bond Counsel dated the Conversion Date;

(2) if there is to be Credit Enhancement or Alternate Credit Enhancement delivered in connection with such change, the items required by Section 120.08(d) in connection with the delivery of Credit Enhancement or Alternate Credit Enhancement; and

(3) if no Liquidity Facility is in effect to provide funds for the purchase of 2026G Subordinated Bonds on the Conversion Date, the remarketing proceeds available on the Conversion Date and the amounts required to be paid by the District pursuant to Section 120.04 shall not be less than the amount required to purchase all of the 2026G Subordinated Bonds on the Conversion Date at the Purchase Price.

(iv) Determination of Interest Rate. The Fixed Rate (or Fixed Rates in the case of Serial Bonds) for the 2026G Subordinated Bonds to be converted to the Fixed Rate Mode shall be established by the Remarketing Agent on the Rate Determination Date applicable thereto pursuant to the provisions of Section 118.07(b). Such Fixed Rate or Fixed Rates shall remain in effect until the Maturity Date or Serial Maturity Dates, as applicable, of such 2026G Subordinated Bonds. Such determination shall be conclusive and binding upon the District, the Trustee, the Credit Provider, if any, and the Holders of the 2026G Subordinated Bonds to which such rate will be applicable. Not later than 5:00 p.m. on the date of determination of the Fixed Rate, the Remarketing Agent shall notify the District, the Trustee and the Credit Provider, if any, of such rate by telephone.

(v) Serialization and Sinking Fund Account Redemption; Price. Upon conversion of the 2026G Subordinated Bonds to the Fixed Rate Mode, the 2026G Subordinated Bonds shall be remarketed at par, shall mature on the same Maturity Date and be subject to the same mandatory sinking fund account redemption, if any, and optional redemption provisions as set forth in this Twentieth Supplemental Resolution

prior to the Conversion; provided, however, that if the District shall deliver to the Trustee a Favorable Opinion of Bond Counsel, the District may elect to (1) have some of the 2026G Subordinated Bonds be Serial Bonds and some subject to mandatory sinking fund account redemption even if such 2026G Subordinated Bonds were not Serial Bonds or subject to mandatory sinking fund account redemption prior to such change, (2) change the optional redemption dates and/or premiums set forth in Section 119.03(b), and/or (3) sell some or all of the 2026G Subordinated Bonds at a premium or a discount to par.

(c) Failure to Satisfy Conditions Precedent to an Interest Rate Mode Change.

In the event the conditions described above in subsections (a) or (b), as applicable, of this Section have not been satisfied by the applicable Conversion Date, then the New Mode shall not take effect (although any mandatory tender shall be made on such date if notice has been sent to the Holders stating that such 2026G Subordinated Bonds would be subject to mandatory purchase on such date). If the failed change in Interest Rate Mode was from the Flexible Mode, such 2026G Subordinated Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the failed Conversion Date in accordance with Section 118.05. If the failed change in Interest Rate Mode was from the Daily Mode, such 2026G Subordinated Bonds shall remain in the Daily Mode, and if the failed change in Interest Rate Mode was from the Weekly Mode, such 2026G Subordinated Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 118.06 on and as of the failed Conversion Date. If the failed change in Interest Rate Mode was from the Term Rate Mode, then such 2026G Subordinated Bonds shall remain in the Term Rate Mode with interest rates established in accordance with the applicable provisions of Section 118.07. If the failed change in Interest Rate Mode was from the Direct Purchase Index Mode, then the 2026G Subordinated Bonds shall remain in the Direct Purchase Index Mode, with interest rates established in accordance with the applicable provisions of Section 118.09. If the failed change in Interest Rate Mode was from the Index Mode, then the 2026G Subordinated Bonds shall remain in the Index Mode, with interest rates established in accordance with the applicable provisions of Section 118.10.

(d) Rescission of Election. Notwithstanding anything herein to the contrary, the District may rescind any election by it to change an Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period as described above prior to the Conversion Date by giving written notice thereof to the Notice Parties prior to 10:00 a.m. on the Business Day preceding such Conversion Date. If the Trustee receives notice of such rescission prior to the time the Trustee has given notice to the Holders of the 2026G Subordinated Bonds, then such notice of change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period shall be of no force and effect. If the Trustee receives notice from the District of rescission of a change in Interest Rate Mode, Term Rate Period, Index Rate Period or Direct Purchase Index Rate Period after the Trustee has given notice thereof to the Holders of the 2026G Subordinated Bonds, then, if the proposed Conversion Date would have been a Mandatory Purchase Date, such date shall continue to be a Mandatory Purchase Date and the Interest Rate Mode for the 2026G Subordinated Bonds shall be determined as set forth in the remainder of this paragraph. If the proposed change in Interest Rate Mode was from the Flexible Mode, such 2026G Subordinated Bonds shall remain in the Flexible Mode with interest rates and Interest Periods to be established by the Remarketing Agent on the proposed Conversion Date in accordance with Section 118.05. If the proposed change in Interest Rate Mode was from the

Daily Mode, such 2026G Subordinated Bonds shall remain in the Daily Mode, and if the proposed change in Interest Rate Mode was from the Weekly Mode, such 2026G Subordinated Bonds shall remain in the Weekly Mode, in each case with interest rates established in accordance with the applicable provisions of Section 118.06 on and as of the proposed Conversion Date. If the proposed change in Interest Rate Mode was from the Term Rate Mode, then such 2026G Subordinated Bonds shall remain in the Term Rate Mode with interest rates established in accordance with the applicable provisions of Section 118.07. If the proposed change in Interest Rate Mode was from the Direct Purchase Index Mode, then the 2026G Subordinated Bonds shall remain in the Direct Purchase Index Mode, with interest rates established in accordance with the applicable provisions of Section 118.09. If the proposed change in Interest Rate Mode was from the Index Mode, then the 2026G Subordinated Bonds shall remain in the Index Mode, with interest rates established in accordance with the applicable provisions of Section 118.10.

## ARTICLE CXIX

### REDEMPTION OF 2026G SUBORDINATED BONDS

**Section 119.01. Optional Redemption of Flexible Rate Bonds.** 2026G Subordinated Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. 2026G Subordinated Bonds in the Flexible Mode shall be subject to redemption at the option of the District in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

**Section 119.02. Optional Redemption of 2026G Subordinated Bonds in the Daily Mode and the Weekly Mode.** 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the District, in whole or in part (provided that no 2026G Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

**Section 119.03. Optional Redemption of 2026G Subordinated Bonds in the Term Rate Mode, Index Mode or Fixed Rate Mode.**

(a) 2026G Subordinated Bonds in the Term Rate Mode or the Index Mode shall be subject to redemption, in whole or in part (provided that no 2026G Subordinated Bonds shall remain Outstanding in other than Authorized Denominations), on any date on or after the Call Protection Date for each Term Rate Period or Index Rate Period applicable to the 2026G Subordinated Bonds in the Term Rate Mode or Index Mode, at the option of the District at a Redemption Price equal to the principal amount, or portions thereof, of the 2026G Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

(b) 2026G Subordinated Bonds in the Term Rate Mode or Fixed Rate Mode with a Term Rate Period or Fixed Rate Period of greater than or equal to ten years are subject to redemption in whole or in part on any date on or after the tenth anniversary of the commencement of the Term Rate Period or Fixed Rate Period (and if in part, in such order of maturity as the District shall specify and within a maturity by lot in any manner which the

Trustee deems fair) at a Redemption Price equal to the principal amount, or portions thereof, of the 2026G Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

(c) The District, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such 2026G Subordinated Bonds so changed to a Long-Term Mode; provided that notice describing the waiver or alteration shall be submitted to the Trustee, together with a Favorable Opinion of Bond Counsel, addressed to it.

(d) Unless a Credit Provider Failure has occurred and is continuing, if a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the District to direct an optional redemption of 2026G Subordinated Bonds in a Long-Term Mode is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

**Section 119.04. Optional and Mandatory Redemption of 2026G Subordinated Bonds in the Direct Purchase Index Mode.**

(a) Subject to any limitations, conditions or requirements set forth in the applicable Continuing Covenant Agreement, 2026G Subordinated Bonds in the Direct Purchase Index Mode are subject to optional redemption by the District, in whole or in part (provided that no 2026G Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any date, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

(b) 2026G Subordinated Bonds in the Direct Purchase Index Mode are subject to mandatory redemption on the dates, in the amounts and in the manner set forth in the applicable Continuing Covenant Agreement, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

**Section 119.05. Mandatory Sinking Fund Account Redemption of 2026G Subordinated Bonds and Redemption of Liquidity Provider Bonds.**

(a) The 2026G Subordinated Bonds shall be subject to redemption prior to maturity from mandatory sinking fund account payments for the 2026G Subordinated Bonds on the dates, if any, specified in the Sales Certificate, at a Redemption Price equal to the principal amount of the 2026G Subordinated Bonds, or portions thereof, to be redeemed, plus accrued interest, if any, to the Redemption Date, without premium. The mandatory sinking fund account payments for the 2026G Subordinated Bonds shall be in the amounts and payable on the dates set forth in the Sales Certificate.

(b) Notwithstanding anything herein to the contrary, Liquidity Provider Bonds are subject to redemption on the dates, in the amounts and otherwise in accordance with the terms of the applicable Liquidity Facility or related Reimbursement Agreement.

**Section 119.06. Funds for Redemption of 2026G Subordinated Bonds.**

Unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2026G Subordinated Bonds, the Redemption Price of 2026G Subordinated Bonds (other than Liquidity Provider Bonds) shall be paid solely from (1) moneys obtained from a drawing on the Credit Enhancement supporting the 2026G Subordinated Bonds pursuant to Section 120.08(a) or (2) Available Moneys.

**Section 119.07. Selection of 2026G Subordinated Bonds for Redemption.**

Whenever provision is made for the redemption of less than all of the 2026G Subordinated Bonds of any one maturity, the Trustee shall select the 2026G Subordinated Bonds to be redeemed, from the Outstanding 2026G Subordinated Bonds of such maturity not previously called for redemption, by lot in any manner which the Trustee deems fair; provided, however, that Liquidity Provider Bonds shall be redeemed prior to the redemption of other 2026G Subordinated Bonds; provided further, however, that during a Direct Purchase Index Rate Period, the 2026G Subordinated Bonds shall be redeemed pro rata. The Trustee shall promptly notify the District in writing of the numbers of the 2026G Subordinated Bonds so selected for redemption.

**Section 119.08. Notice of Redemption.** Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) days (ten (10) days in the case of 2026G Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Flexible Mode) nor more than sixty (60) days prior to the redemption date, to the Holder of any 2026G Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2026G Subordinated Bonds; provided that no notice of redemption shall be required for mandatory redemptions of the 2026G Subordinated Bonds in the Direct Purchase Index Mode. Each notice of redemption shall state the redemption date, the place of redemption and the principal amount of the 2026G Subordinated Bonds to be redeemed, and shall also state that the interest on the 2026G Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2026G Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the redemption date to pay the Redemption Price of the 2026G Subordinated Bonds to be redeemed.

Notice of optional redemption shall be given by the Trustee for and on behalf of the District, at the written request of the District (which request shall be given to the Trustee (unless waived by the Trustee) at least twenty-five (25) days prior to the date fixed for redemption or such shorter period as is acceptable to the Trustee). Any notice of optional redemption may be rescinded by written notice given to the Trustee by the District no later than two Business Days prior to the date specified for redemption.

Notwithstanding the foregoing, notice of redemption shall not be required for 2026G Subordinated Bonds redeemed on a Mandatory Purchase Date.

**Section 119.09. Partial Redemption of 2026G Subordinated Bond.** Upon surrender of any 2026G Subordinated Bond redeemed in part only, the District shall execute and the Trustee shall deliver to the registered owner thereof, at the expense of the District, a new 2026G Subordinated Bond or Bonds, of the same maturity, of Authorized Denominations in aggregate principal amount equal to the unredeemed portion of the 2026G Subordinated Bond surrendered.

**Section 119.10. Effect of Redemption.** Notice of redemption having been duly given as aforesaid, and moneys for payment of the Redemption Price being held by the Trustee, the 2026G Subordinated Bonds so to be redeemed shall, on the date designated in such notice, become due and payable at the Redemption Price specified in such notice; and from and after the date so designated interest on the 2026G Subordinated Bonds so designated for redemption shall cease to accrue and the Holders and Beneficial Owners of said 2026G Subordinated Bonds shall have no rights in respect thereof, except to receive payment of the Redemption Price thereof.

**Section 119.11. Disposition of Redeemed 2026G Subordinated Bonds.** All 2026G Subordinated Bonds redeemed pursuant to the provisions of this Article XCV shall be delivered to and cancelled by the Trustee and shall thereafter be delivered by the Trustee to, or upon the order of, the District, and no 2026G Subordinated Bonds shall be issued in place thereof.

## ARTICLE CXX

### PURCHASE OF 2026G SUBORDINATED BONDS

**Section 120.01. Optional Tenders of 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode.** Subject to Section 120.06, the Beneficial Owners of 2026G Subordinated Bonds in a Daily Mode or a Weekly Mode may elect to have their 2026G Subordinated Bonds (or portions of those 2026G Subordinated Bonds, provided that no 2026G Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Trustee by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Trustee shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

**Section 120.02. Mandatory Purchase on Mandatory Purchase Date; Amortization Period During Direct Purchase Index Mode.**

(a) The 2026G Subordinated Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the 2026G Subordinated Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v), (viii) and (x) of the definition of Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Date described in clauses (vi) and (vii) of the definition of Mandatory Purchase Date (provided that in the instance of a Mandatory Purchase Date resulting from clause (iii) of the definition of Bank Purchase Date, no such notice shall be required). No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate

Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, and that interest on 2026G Subordinated Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2026G Subordinated Bond shall not affect the validity of the mandatory purchase of any other 2026G Subordinated Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Trustee shall also give a copy of such notice to the Rating Agencies.

(b) Notwithstanding subparagraph (a) above and anything to the contrary in this Twentieth Supplemental Resolution, in the event the 2026G Subordinated Bonds in the Direct Purchase Index Mode are not purchased or remarketed on a Bank Purchase Date and the conditions precedent to any Amortization Period set forth in the Continuing Covenant Agreement, if any, are satisfied (and if no such conditions precedent are set forth in the Continuing Covenant Agreement, then on the condition that no Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), then the 2026G Subordinated Bonds shall be subject to special mandatory redemption on the following terms: (i) the 2026G Subordinated Bonds shall bear interest at the Bank Rate, unless an Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing, in which case the 2026G Subordinated Bonds shall bear interest at the Default Rate, (ii) interest on the 2026G Subordinated Bonds shall be payable on each Amortization Interest Payment Date, and (iii) the principal of the 2026G Subordinated Bonds shall be payable on each Amortization Principal Payment Date as provided in the Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, during the Amortization Period, the 2026G Subordinated Bonds may be subject to optional redemption or purchase at the sole option of the District at any time with notice as and to the extent provided in the Continuing Covenant Agreement.

### **Section 120.03. Remarketing of 2026G Subordinated Bonds; Notices.**

(a) Remarketing of 2026G Subordinated Bonds. The Remarketing Agent shall use its best efforts pursuant to the terms and conditions of the Remarketing Agreement to offer for sale:

(i) all 2026G Subordinated Bonds or portions thereof as to which a Tender Notice has been delivered pursuant to Section 120.01; and

(ii) all 2026G Subordinated Bonds required to be purchased on a Mandatory Purchase Date described in clauses (i), (ii), (iii), (iv), (viii) or (ix) of the definition thereof; and

(iii) any Liquidity Provider Bonds (A) purchased on a Purchase Date described in clause (i) or (ii) above, (B) with respect to which the Liquidity Provider has provided notice to the Trustee and the Remarketing Agent that it has reinstated the Available Amount, (C) with respect to which an Alternate Liquidity Facility and Alternate Credit Enhancement is in effect (if such funds were secured by a Credit Enhancement prior to becoming Liquidity Provider Bonds, which Credit Enhancement is no longer in effect), and/or (D) which are being marketed as Fixed Rate Bonds.

The Remarketing Agent shall not remarket 2026G Subordinated Bonds to the District or any affiliate thereof. In connection with the remarketing of any 2026G Subordinated Bonds with respect to which notice of redemption or notice of mandatory purchase has been given, the Remarketing Agent shall notify each person to which such 2026G Subordinated Bonds are remarketed of such notice of redemption or notice of mandatory purchase.

Anything in this Twentieth Supplemental Resolution to the contrary notwithstanding, if there shall have occurred and be continuing either a Credit Provider Failure or a Liquidity Provider Failure with respect to a Series of 2026G Subordinated Bonds, the Remarketing Agent shall not remarket such 2026G Subordinated Bonds. All other provisions of this Twentieth Supplemental Resolution, including without limitation, those relating to the setting of interest rates and Interest Periods and mandatory and optional purchases, shall remain in full force and effect during the continuance of such Credit Provider Failure or Liquidity Provider Failure.

(b) Notice of Remarketing; Registration Instructions; New Bonds. On each date on which a 2026G Subordinated Bond is to be purchased pursuant to this Article XCVI:

(i) the Remarketing Agent shall notify the Trustee by Electronic Means by 11:30 a.m. if it has been unable to remarket any tendered 2026G Subordinated Bonds, and shall include in such notice the principal amount of 2026G Subordinated Bonds it has been unable to remarket;

(ii) the Remarketing Agent shall notify the Trustee by Electronic Means not later than 1:00 p.m. of the names of the purchasers of the successfully remarketed 2026G Subordinated Bonds and such information as may be necessary to register the 2026G Subordinated Bonds and the registration instructions with respect thereto;

(iii) the Remarketing Agent shall cause the proceeds of the remarketing by such Remarketing Agent of tendered 2026G Subordinated Bonds to be paid to the Trustee in immediately available funds not later than 12:00 noon on the Purchase Date for such 2026G Subordinated Bonds; and

(iv) if the 2026G Subordinated Bonds are not in the Book-Entry System, the Trustee shall authenticate new 2026G Subordinated Bonds for the respective purchasers thereof which shall be available for pick-up by the Remarketing Agent not later than 2:30 p.m.

(c) Draw on Liquidity Facility or Request for Funds. On each date on which a 2026G Subordinated Bond is to be purchased pursuant to this Article XCVI, if (i) the Remarketing Agent shall have given notice to the Trustee pursuant to clause (b)(i) above that it has been unable to remarket any of the 2026G Subordinated Bonds or (ii) the Trustee has not received from the Remarketing Agent an amount sufficient to pay the Purchase Price of tendered Bonds, by 12:00 noon on the Purchase Date, then the Trustee shall draw on the applicable Liquidity Facility (or if no Liquidity Facility, request funds from the District) by 12:15 p.m. in an amount equal to the Purchase Price of all such 2026G Subordinated Bonds which have not been

successfully remarketed, requesting payment not later than 2:45 p.m. on the Purchase Date. Subject to Section 120.04, if a Liquidity Facility is in effect, the Trustee shall also give the District notice by 2:45 p.m. on the Purchase Date if it does not have funds in the Remarketing Proceeds Account and the Liquidity Facility Purchase Account sufficient to pay the Purchase Price of 2026G Subordinated Bonds tendered on such Purchase Date. Any draw on a Liquidity Facility to be made on a Substitution Date shall be on the Liquidity Facility being replaced.

**Section 120.04. Source of Funds for Purchase of 2026G Subordinated Bonds.**

By 3:00 p.m. on the date on which a 2026G Subordinated Bond is to be purchased pursuant to this Article XCVI, and except as set forth in Section 120.06(b)(ii), the Trustee shall purchase tendered 2026G Subordinated Bonds from the tendering Holders at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and neither the Trustee nor the Remarketing Agent shall be obligated to provide funds from any other source:

(a) immediately available funds on deposit in the Remarketing Proceeds Account established for the 2026G Subordinated Bonds;

(b) immediately available funds on deposit in the Liquidity Facility Purchase Account established for the 2026G Subordinated Bonds; and

(c) moneys of the District on deposit in the District Purchase Account established for the 2026G Subordinated Bonds.

If no Liquidity Facility is in effect with respect to the 2026G Subordinated Bonds, then the District shall be obligated to deposit amounts into the District Purchase Account established for the 2026G Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2026G Subordinated Bonds are insufficient therefor. If a Liquidity Facility is in effect with respect to the 2026G Subordinated Bonds, then the District may, but shall not be obligated to, deposit amounts into the District Purchase Account established for the 2026G Subordinated Bonds sufficient to pay the Purchase Price to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2026G Subordinated Bonds and the Liquidity Facility Purchase Account established for the 2026G Subordinated Bonds are insufficient therefor. If so specified in the Sales Certificate with respect to the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period, the failure of the District to deposit amounts into the District Purchase Account when the District is obligated to deposit such amounts under this Section 120.04 shall constitute an “event of default” under Section 9.01 of the Subordinate Master Resolution.

**Section 120.05. Delivery of Subordinated Bonds.** On each date on which a 2026G Subordinated Bond is to be purchased pursuant to this Article XCVI, such 2026G Subordinated Bond shall be delivered as follows:

(a) 2026G Subordinated Bonds sold by the Remarketing Agent and described in Section 120.04(a) shall be delivered by the Remarketing Agent to the purchasers of such 2026G Subordinated Bonds by 3:00 p.m.;

(b) 2026G Subordinated Bonds purchased by the Trustee with moneys described in Section 120.04(b) shall be registered immediately in the name of the Liquidity Provider or its nominee (which may be the Securities Depository) or as otherwise specified in writing by the Liquidity Provider and held as specified in writing by the Liquidity Provider, in either case on or before 3:00 p.m.; and

(c) 2026G Subordinated Bonds purchased by the District with moneys described in Section 120.04(c) shall be registered immediately in the name of the District or its nominee on or before 3:00 p.m. 2026G Subordinated Bonds so owned by the District shall continue to be Outstanding under the terms of the Subordinate Master Resolution and be subject to all of the terms and conditions of the Subordinate Master Resolution and shall be subject to remarketing by the Remarketing Agent.

When any Liquidity Provider Bonds are remarketed, the Trustee shall not release 2026G Subordinated Bonds so remarketed to the Remarketing Agent until the Trustee has received confirmation that the Liquidity Facility has been reinstated.

**Section 120.06. Book-Entry Tenders.**

(a) Notwithstanding any other provision of this Article XCVI to the contrary, all tenders for purchase during any period in which the 2026G Subordinated Bonds are registered in the name of any Securities Depository or its nominee shall be subject to the terms and conditions set forth in the Representations Letter and to any regulations promulgated by the Securities Depository. During any period that the 2026G Subordinated Bonds are registered in the name of DTC or its nominee, the tender option rights of holders of 2026G Subordinated Bonds may be exercised only by a Direct Participant of DTC acting, directly or indirectly, on behalf of a Beneficial Owner of 2026G Subordinated Bonds by giving notice of its election to tender 2026G Subordinated Bonds or portions thereof at the times and in the manner described above. Beneficial Owners will not have any rights to tender 2026G Subordinated Bonds directly to the Trustee. Procedures under which a Beneficial Owner may direct a Direct Participant or DTC, or an Indirect Participant of DTC acting through a Director Participant of DTC, to exercise a tender option right in respect of 2026G Subordinated Bonds or portions thereof in an amount equal to all or a portion of such Beneficial Owner's beneficial ownership interest therein shall be governed by standing instructions and customary practices determined by such Direct Participant or Indirect Participant. During any period that the 2026G Subordinated Bonds are registered in the name of DTC or its nominee, delivery of 2026G Subordinated Bonds required to be tendered for purchase shall be effected by the transfer by a Direct Participant on the applicable Purchase Date of a book-entry credit to the account of the Trustee of a beneficial ownership interest in such 2026G Subordinated Bonds.

(b) Notwithstanding anything expressed or implied herein to the contrary, during any period that a Book-Entry System for the 2026G Subordinated Bonds is maintained by the District:

(i) there shall be no requirement of physical delivery to or by the Trustee or the Remarketing Agent of:

(1) any 2026G Subordinated Bonds subject to mandatory or optional purchase as a condition to the payment of the Purchase Price therefor;

(2) any 2026G Subordinated Bonds that have become Liquidity Provider Bonds; or

(3) any remarketing proceeds of such 2026G Subordinated Bonds or Liquidity Provider Bonds; and

(ii) except as provided in (iii) below, neither the Trustee nor the Paying Agent shall have any responsibility for paying the Purchase Price of any tendered 2026G Subordinated Bond or for remitting remarketing proceeds to any Person; and

(iii) the Trustee's sole responsibilities in connection with the purchase and remarketing of a tendered 2026G Subordinated Bond shall be to:

(1) draw upon the Liquidity Facility to pay the Purchase Price of 2026G Subordinated Bond in the manner provided herein and to remit the amount so drawn to or upon the order of the Securities Depository for the benefit of the tendering Beneficial Owners; and

(2) remit any proceeds derived from the remarketing of a Liquidity Provider Bond and any unused proceeds from a drawing on the Liquidity Facility to the Liquidity Provider.

**Section 120.07. No Book-Entry System.** During any period that the 2026G Subordinated Bonds shall not be in a Book-Entry System, the following procedures shall be followed:

(a) 2026G Subordinated Bonds shall be delivered (with all necessary endorsements) at or before 12:00 noon on the Purchase Date at the office of the Paying Agent in New York, New York; provided, however, that payment of the Purchase Price shall be made pursuant to this Section only if the 2026G Subordinated Bond so delivered to the Paying Agent conforms in all respects to the description thereof in the notice described in this Section. Payment of the Purchase Price with respect to purchases under this Section shall be made to the Holders of tendered 2026G Subordinated Bonds by wire transfer in immediately available funds by the Paying Agent by 3:00 p.m. on the Purchase Date.

(b) If a 2026G Subordinated Bond to be purchased pursuant to this Article XCVI is not delivered by the Holder to the Paying Agent by 12:00 noon on the date in which such 2026G Subordinated Bond is to be purchased, the Paying Agent shall hold any funds received for the purchase of those 2026G Subordinated Bonds in trust in a separate account and shall pay such funds to the former Holders of the 2026G Subordinated Bonds upon presentation of the 2026G Subordinated Bonds. Such undelivered 2026G Subordinated Bonds shall cease to accrue interest as to the former Holders on such purchase date and moneys representing the Purchase Price shall be available against delivery of those 2026G Subordinated Bonds at the

Principal Office of the Paying Agent; provided, however, that any funds which shall be so held by the Paying Agent and which remain unclaimed by the former Holder of a 2026G Subordinated Bond not presented for purchase for a period of two years after delivery of such funds to the Paying Agent, shall, to the extent permitted by law, upon request in writing by the District and the furnishing of security or indemnity to the Paying Agent's satisfaction, be paid to the District free of any trust or lien and thereafter the former Holder of such 2026G Subordinated Bond shall look only to the District and then only to the extent of the amounts so received by the District without any interest thereon and the Paying Agent shall have no further responsibility with respect to such moneys or payment of the Purchase Price of such 2026G Subordinated Bonds. The Paying Agent shall authenticate a replacement 2026G Subordinated Bond for any undelivered 2026G Subordinated Bond which may then be remarketed by the Remarketing Agent.

(c) The Paying Agent shall hold all 2026G Subordinated Bonds properly tendered to it for purchase hereunder as agent and bailee of, and in escrow for the benefit of, the respective Holders of the 2026G Subordinated Bonds which shall have so tendered such 2026G Subordinated Bonds until moneys representing the Purchase Price of such 2026G Subordinated Bonds shall have been delivered to or for the account of or to the order of such Holders.

#### **Section 120.08. Credit Enhancement and Liquidity Facility.**

(a) While a Credit Enhancement is in effect with respect to the 2026G Subordinated Bonds, the Trustee shall, on the Business Day preceding each Interest Payment Date and Principal Payment Date draw on the Credit Enhancement in accordance with the terms thereof so as to receive thereunder with respect to the 2026G Subordinated Bonds secured by the Credit Enhancement by 1:00 p.m. on said Interest Payment Date and Principal Payment Date, an amount, in immediately available funds, equal to the amount of interest and principal payable on such 2026G Subordinated Bonds on such Interest Payment Date and Principal Payment Date. The proceeds of such draws shall be deposited in a separate account in the Subordinated Bond Interest and Principal Fund and shall be applied to pay principal of and interest on such 2026G Subordinated Bonds prior to the application of any other funds held by the Trustee therefor. Amounts held in such account shall be held uninvested and separate and apart from all other funds and accounts. Such accounts shall at all times be Eligible Accounts.

(b) If a Liquidity Facility is in effect with respect to the 2026G Subordinated Bonds, on each date on which a 2026G Subordinated Bond is to be purchased, the Trustee, by demand given by Electronic Means by 12:15 p.m., shall draw on the Liquidity Facility in accordance with the terms thereof so as to receive thereunder by 2:45 p.m. on such date an amount, in immediately available funds, sufficient, together with the proceeds of the remarketing of such 2026G Subordinated Bonds on such date, to enable the Trustee to pay the Purchase Price in connection therewith. The Trustee shall deposit said proceeds in the Liquidity Facility Purchase Account established for the 2026G Subordinated Bonds pursuant to Section 120.09(b) hereof.

(c) Notwithstanding the foregoing paragraphs of this Section, if the Credit Provider and the Liquidity Provider are the same entity, the Trustee shall not draw on the Credit Enhancement with respect to any payments due or made in connection with Liquidity Provider Bonds. In no event shall the Trustee draw on the Credit Enhancement or Liquidity Facility with respect to any payments made or made in connection with 2026G Subordinated Bonds not covered by the Credit Enhancement or Liquidity Facility or 2026G Subordinated Bonds owned by the District.

(d) The District may provide an Alternate Credit Enhancement or Alternate Liquidity Facility on any day on which 2026G Subordinated Bonds to be secured by such Alternate Credit Enhancement or Alternate Liquidity Facility are subject to redemption at par and not later than the fifth (5th) Business Day prior to the Expiration Date of the Credit Enhancement or Liquidity Facility then in effect and supporting such 2026G Subordinated Bonds. The District shall give the Notice Parties written notice of the proposed substitution of an Alternate Credit Enhancement or Alternate Liquidity Facility no less than two (2) Business Days prior to the date on which the Trustee is required to provide notice of the proposed substitution to the Holders of the 2026G Subordinated Bonds. The Trustee shall give notice of such Substitution Date in accordance with Section 120.02. On or before the Substitution Date there shall be delivered to the Trustee (i) the Alternate Credit Enhancement or the Alternate Liquidity Facility in substitution for the Credit Enhancement or Liquidity Facility then in effect, (ii) a Favorable Opinion of Bond Counsel, (iii) a written Opinion of Counsel for the provider of the Alternate Credit Enhancement or Alternate Liquidity Facility, as applicable, to the effect that such Alternate Credit Enhancement or Alternate Liquidity Facility is a valid, legal and binding obligation of the provider thereof, and (iv) unless waived by such entity, written evidence satisfactory to the Credit Provider and the Liquidity Provider of the provision for purchase from the Liquidity Provider of all Liquidity Provider Bonds, at a price equal to the principal amount thereof plus accrued and unpaid interest, and payment of all amounts due to the Credit Provider and the Liquidity Provider under the applicable Reimbursement Agreement or Liquidity Facility on or before the effective date of such Alternate Credit Enhancement or Alternate Liquidity Facility. Upon the satisfaction of the conditions described in the preceding sentence, the Trustee shall accept such Alternate Credit Enhancement or Alternate Liquidity Facility on the close of business on the Substitution Date and shall surrender the Credit Enhancement or Liquidity Facility then in effect to the provider thereof on the Substitution Date; provided, however, that the Trustee shall not surrender the Credit Enhancement or Liquidity Facility then in effect unless and until the Trustee has received all amounts drawn thereunder. If any condition to the substitution is not satisfied, the substitution shall not occur but the 2026G Subordinated Bonds shall remain subject to mandatory purchase on the proposed Substitution Date.

(e) In the event of an extension of the Expiration Date, the District shall give to the Notice Parties, a written notice of the new Expiration Date at least fifteen (15) days prior to the fifth Business Day prior to the Expiration Date in effect prior to such extension.

(f) The references to Credit Enhancement and Liquidity Facility and Credit Provider and Liquidity Provider shall be disregarded during any period during which a Credit Enhancement or Liquidity Facility, as applicable, is not in effect.

(g) The Trustee shall not have any lien on or security interest in any amounts drawn under a Credit Enhancement or a Liquidity Facility or any amounts on deposit in the account described in Section 120.08(a) above in which proceeds of draws on a Credit Enhancement are deposited or a Liquidity Facility Purchase Account.

(h) If at any time during the term of a Credit Enhancement and/or Liquidity Facility any successor Trustee shall be appointed and qualified under the Subordinate Master Resolution, the resigning or removed Trustee shall request that the Credit Provider and/or Liquidity Provider, as applicable, transfer such Credit Enhancement and/or Liquidity Facility to the successor Trustee and such resignation or removal of the Trustee shall not be effective until the Credit Enhancement and/or Liquidity Facility has been duly transferred (including the payment of any required transfer fee) to such successor Trustee. If the resigning or removed Trustee fails to make this request, the successor Trustee shall do so before accepting appointment.

(i) The Trustee may accept, hold and draw upon a Credit Enhancement and/or a Liquidity Facility issued by itself or by any of its corporate affiliates to provide security and a source of payment for the 2026G Subordinated Bonds. The Trustee covenants that it shall at all times maintain adequate controls to manage any potential conflict of interest. Notwithstanding any other provision herein to the contrary, while the Credit Provider and/or Liquidity Provider is the Trustee or an affiliate of the Trustee and such Credit Provider and/or Liquidity Provider has not failed to honor a properly presented draw on the Credit Enhancement and/or Liquidity Facility, the Trustee shall have no discretion with respect to the acceleration of the 2026G Subordinated Bonds and shall do so only upon the written direction of such Credit Provider and/or Liquidity Provider and as otherwise permitted by the Subordinate Master Resolution. The Trustee shall immediately tender its resignation and take prompt steps to have a successor trustee appointed satisfying the requirements of the Subordinate Master Resolution if such affiliated Credit Provider and/or Liquidity Provider shall fail at any time to honor a properly presented and conforming draw on the Credit Enhancement and/or Liquidity Facility.

**Section 120.09. Purchase Fund.** There is hereby established and there shall be maintained with the Trustee a separate fund to be known as the “Purchase Fund.” The Trustee shall further establish separate accounts within the Purchase Fund to be known as the “Liquidity Facility Purchase Account”, the “Remarketing Proceeds Account” and the “District Purchase Account”. At any time at which there is a Liquidity Facility in effect with respect to the 2026G Subordinated Bonds, the Purchase Fund shall be required to be an Eligible Account.

(a) Remarketing Proceeds Account. Upon receipt of the proceeds of a remarketing of a 2026G Subordinated Bond on the date such 2026G Subordinated Bond is to be purchased, the Trustee shall deposit such proceeds in the Remarketing Proceeds Account for application to the Purchase Price of such 2026G Subordinated Bond. Notwithstanding the foregoing, upon the receipt of the proceeds of a remarketing of Liquidity Provider Bonds, the Trustee shall immediately pay such proceeds to the Liquidity Provider to the extent of any amount owing to the Liquidity Provider.

(b) Liquidity Facility Purchase Account. Upon receipt of the immediately available funds pursuant to Section 120.08(b), the Trustee shall deposit such money in the

Liquidity Facility Purchase Account for application to the Purchase Price of the 2026G Subordinated Bonds to the extent that the moneys on deposit in the Remarketing Proceeds Account shall not be sufficient. Any amounts deposited in the Liquidity Facility Purchase Account and not needed with respect to the Purchase Price of any 2026G Subordinated Bonds shall be immediately returned to the Liquidity Provider.

(c) District Purchase Account. Upon receipt of funds from the District pursuant to Section 120.04, the Trustee shall deposit such funds in the District Purchase Account for application to the Purchase Price of the 2026G Subordinated Bonds. Any amounts deposited in the District Purchase Account and not needed with respect to the Purchase Price for any 2026G Subordinated Bonds shall be immediately returned to the District.

(d) Investment. Amounts held in the Liquidity Facility Purchase Account, the Remarketing Proceeds Account and the District Purchase Account by the Trustee shall be held uninvested and separate and apart from all other funds and accounts.

**Section 120.10. Inadequate Funds for Tenders.**

(a) If moneys sufficient to pay the Purchase Price of all Tendered Bonds to be purchased on any Purchase Date are not available (1) no purchase shall be consummated of Tendered Bonds on such Purchase Date; (2) all Tendered Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds with respect to the 2026G Subordinated Bonds shall be returned to the Remarketing Agent for return to the Persons providing such moneys. Thereafter, the Trustee shall continue to take all such action available to it to obtain remarketing proceeds with respect to all Tendered Bonds from the Remarketing Agent and sufficient other funds from the Liquidity Provider, if any, or, subject to Section 120.04, the District to effect a subsequent successful remarketing or purchase of any Tendered Bonds.

(b) All Tendered Bonds (other than Liquidity Provider Bonds and 2026G Subordinated Bonds in the Direct Purchase Index Mode) shall bear interest at the Maximum Rate (or such lower interest rate or rates specified in the Sales Certificate for the initial Interest Rate Mode or in writing by the District prior to the first day of any subsequent Interest Rate Mode, Index Rate Period or Term Rate Period) during the period of time from and including the applicable Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed, redeemed, purchased or paid (the "Delayed Remarketing Period").

(c) The District may direct the conversion of the Tendered Bonds to a different Interest Rate Mode, Index Rate Period or Term Rate Period during the Delayed Remarketing Period in accordance with Section 118.11 hereof; provided that the District shall not be required to comply with the notice requirements described in Section 118.11.

(d) Subject to the terms of the Remarketing Agreement, if any, the Remarketing Agent shall continue to use its best efforts to remarket all of the Tendered Bonds at rates up to and including the Maximum Rate.

(e) During the Delayed Remarketing Period, the Trustee may, upon direction of the District, apply amounts on deposit in the Redemption Fund to the redemption of such Tendered Bonds, as a whole or in part on any Business Day during the Delayed Remarketing

Period, at a redemption price equal to the principal amount thereof, together with interest accrued thereon to the date fixed for redemption, without premium. Notwithstanding Section 119.08 to the contrary, the Trustee shall give five Business Days' notice of such redemption to the Holders of the 2026G Subordinated Bonds to be redeemed.

(f) During the Delayed Remarketing Period, interest on such Tendered Bonds (other than 2026G Subordinated Bonds in the Direct Purchase Index Mode) shall be paid to the Holders thereof (i) on the first Business Day of each calendar month occurring during the Delayed Remarketing Period and (ii) on the last day of the Delayed Remarketing Period.

## ARTICLE CXXI

### REMARKETING AGENT

#### Section 121.01. Appointment of Remarketing Agent.

(a) The Remarketing Agent shall be appointed pursuant to the Remarketing Agreement to remarket 2026G Subordinated Bonds pursuant to this Twentieth Supplemental Resolution and perform the other duties of the Remarketing Agent described hereunder, and to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the District and the Trustee at all reasonable times. The Remarketing Agent shall act as such under the Remarketing Agreement.

(b) The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Twentieth Supplemental Resolution as set forth in the Remarketing Agreement. The Remarketing Agent may suspend its remarketing efforts as set forth in the Remarketing Agreement. The Remarketing Agent may be removed at any time, at the direction of the District as set forth in the Remarketing Agreement. Any successor Remarketing Agent shall be selected by the District, and shall be a member of the Financial Industry Regulatory Authority, or its successors, shall have a capitalization of at least fifteen million dollars (\$15,000,000), shall be authorized by law to perform all the duties set forth in this Twentieth Supplemental Resolution and shall be acceptable to the Credit Provider and Liquidity Provider. The District's delivery to the Trustee of a certificate setting forth the effective date of the appointment of a successor Remarketing Agent and the name of such successor shall be conclusive evidence that (i) if applicable, the predecessor Remarketing Agent has been removed in accordance with the provisions of this Twentieth Supplemental Resolution and (ii) such successor has been appointed and is qualified to act as Remarketing Agent under the terms of this Twentieth Supplemental Resolution.

(c) If the Remarketing Agent consolidates with, merges or converts into, or transfers all or substantially all of its assets (or, in the case of a bank, national banking association or trust company, its corporate assets) to, another corporation, the resulting, surviving or transferee corporation without any further act shall be the successor Remarketing Agent.

## ARTICLE CXXII

### MISCELLANEOUS

#### **Section 122.01. 2026G Subordinated Sinking Fund Account; Payments of Interest, Principal and Redemption Price and Defeasance While Credit Enhancement in Effect.**

(a) An account is hereby established within the Subordinated Bonds Interest and Principal Fund to be designated the “Series 2026G Sinking Fund Account.” The Treasurer shall deposit in the Series 2026G Sinking Fund Account the mandatory sinking fund account payments in the amounts, on the mandatory sinking fund account payment dates, set forth in Section 119.05(a) and shall transfer such amounts to the Trustee on such date for application as provided in Section 122.01(b).

(b) On each mandatory sinking fund account payment date established for the 2026G Subordinated Bonds, the Trustee shall apply the mandatory sinking fund account payment required on that date to the redemption (or payment at maturity, as the case may be) of the 2026G Subordinated Bonds for which the mandatory sinking fund account payment has been made, upon the notice and in the manner provided in Section 119.08; provided that, at any time prior to giving such notice of such redemption, the Trustee shall, upon direction of the District, apply such moneys to the purchase of such 2026G Subordinated Bonds at public or private sale, as and when and at such prices (including brokerage and other charges, but excluding accrued interest) as the District may direct, except that the purchase price (excluding accrued interest) shall not exceed the par amount of such 2026G Subordinated Bonds. If, during the twelve-month period immediately preceding said mandatory sinking fund account payment date, the Trustee has purchased 2026G Subordinated Bonds with moneys in the Series 2026G Sinking Fund Account, or, during said period and prior to giving said notice of redemption, the District has deposited 2026G Subordinated Bonds with the Trustee, such 2026G Subordinated Bonds so purchased or deposited or redeemed shall be applied, to the extent of the full principal amount thereof, to reduce said mandatory sinking fund account payment. All 2026G Subordinated Bonds purchased or deposited pursuant to this subsection shall be cancelled and destroyed by the Trustee. All 2026G Subordinated Bonds purchased from the Series 2026G Sinking Fund Account or deposited by the District with the Trustee shall be allocated first to the next succeeding mandatory sinking fund account payment, then to the remaining mandatory sinking fund account payments as selected by the District.

(c) Any moneys remaining in the Series 2026G Sinking Fund Account after all 2026G Subordinated Bonds have been retired shall be returned to the District for any lawful District use.

(d) Notwithstanding the foregoing provisions of this Section 122.01 or Section 5.02 or any other provision of the Subordinate Master Resolution, unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2026G Subordinated Bonds, the principal and Redemption Price of, and interest on, the 2026G Subordinated Bonds shall be paid solely (1) first, from moneys obtained from a drawing on the Credit Enhancement pursuant to Section 120.08(a) and (2) second, in the event moneys are not available pursuant to clause (1) for such purpose for any reason, from Available Moneys and moneys on deposit in the Series 2026G Sinking Fund Account shall be withdrawn by the Trustee and used solely for the purpose of reimbursing the Credit Provider for drawings under the Credit Enhancement. To the extent the Credit Provider honors a drawing under the Credit Enhancement for the purpose of paying the principal or Redemption Price of, or interest on, the 2026G Subordinated Bonds, the District shall receive a credit against its obligation to make deposits into the Subordinated Bonds Interest and Principal Fund and shall not be required to transfer funds to the Trustee in the amount of such drawing.

(e) Notwithstanding the provisions of Article X of the Subordinate Master Resolution, unless a Credit Provider Failure has occurred and is continuing, if Credit Enhancement is in effect with respect to the 2026G Subordinated Bonds, 2026G Subordinated Bonds shall not be deemed defeased or otherwise paid or satisfied unless such 2026G Subordinated Bonds are defeased with (1) moneys obtained from a drawing on the Credit Enhancement pursuant to Section 120.08(a), (2) Available Moneys or (3) Defeasance Securities acquired with moneys described in (1) or (2). Any Defeasance Securities used to defease 2026G Subordinated Bonds for which Credit Enhancement is in effect shall be not callable by the issuer thereof prior to maturity and shall mature no later than the earlier of (x) the first day upon which such 2026G Subordinated Bonds may be tendered or (y) the first day upon which such 2026G Subordinated Bonds may be redeemed. For purpose of Article X of the Subordinate Master Resolution, interest on the 2026G Subordinated Bonds shall be calculated based on an assumed interest rate equal to the Maximum Rate for periods for which the actual interest rate on the 2026G Subordinated Bonds cannot be determined.

**Section 122.02. Form and Execution of 2026G Subordinated Bonds.** The 2026G Subordinated Bonds, and the certificate of authentication and registration to be executed thereon, shall be in substantially the form set forth as Exhibit A to this Twentieth Supplemental Resolution.

The 2026G Subordinated Bonds shall be executed in the name and on behalf of the District with the manual or facsimile signature of the President or Vice President of its Board of Directors. The 2026G Subordinated Bonds shall then be delivered to the Trustee for authentication by it. In case any officer who shall have signed any of the 2026G Subordinated Bonds shall cease to be such officer of the District before the 2026G Subordinated Bonds so signed shall have been authenticated or delivered by the Trustee or issued by the District, such 2026G Subordinated Bonds may nevertheless be authenticated, delivered and issued and, upon such authentication, delivery and issue, shall be as binding upon the District as though those who signed the same had continued to be such officer of the District, and also any 2026G Subordinated Bond may be signed on behalf of the District by such person as at the actual date of execution of such 2026G Subordinated Bond shall be the proper officer of the District although

at the nominal date of such 2026G Subordinated Bond any such person shall not have been such officer of the District.

Only such of the 2026G Subordinated Bonds as shall bear thereon a certificate of authentication substantially in the form set forth in Exhibit A to this Twentieth Supplemental Resolution, manually executed by an authorized signatory of the Trustee, shall be valid or obligatory for any purpose or entitled to the benefits of the Subordinate Master Resolution, and such certificate of the Trustee shall be conclusive evidence that the 2026G Subordinated Bonds so authenticated have been duly executed, authenticated and delivered hereunder and are entitled to the benefits of the Subordinate Master Resolution.

**Section 122.03. Issuance of 2026G Subordinated Bonds.** At any time after the adoption of this Twentieth Supplemental Resolution, the District may execute and deliver the 2026G Subordinated Bonds in the aggregate principal amount set forth in the Sales Certificate. The Trustee shall authenticate and deliver the 2026G Subordinated Bonds upon written order of the District. The proceeds of the sale of the 2026G Subordinated Bonds shall be deposited and applied as set forth in the Sales Certificate.

**Section 122.04. Use of Depository.** Notwithstanding any provision of the Subordinate Master Resolution or this Twentieth Supplemental Resolution to the contrary:

(a) The 2026G Subordinated Bonds shall be initially issued as provided in Section 118.02; provided, that 2026G Subordinated Bonds in the Direct Purchase Index Mode shall be issued in definitive certificated form registered in the name of the Holder thereof or as otherwise directed by the Holder. 2026G Subordinated Bonds in any other Interest Rate Mode shall be registered in the name of Cede & Co. or as otherwise directed by the Securities Depository and registered ownership thereof, or any portion thereof, may not thereafter be transferred except:

(i) To any successor of DTC or its nominee, or to any substitute depository designated pursuant to clause (ii) of this subsection (a) (“substitute depository”); provided that any successor of DTC or substitute depository shall be qualified under any applicable laws to provide the service proposed to be provided by it;

(ii) To any substitute depository not objected to by the Trustee, upon (1) the resignation of DTC or its successor (or any substitute depository or its successor) from its functions as depository or (2) a determination by the District that DTC or its successor (or any substitute depository or its successor) is no longer able to carry out its functions as depository; provided that any such substitute depository shall be qualified under any applicable laws to provide the services proposed to be provided by it; or

(iii) To any person as provided below, upon (1) the resignation of DTC or its successor (or substitute depository or its successor) from its functions as depository; provided that no substitute depository which is not objected to by the Trustee can be obtained or (2) a determination by the District that it is in the best interests of the District to remove DTC or its successor (or any substitute depository or its successor) from its functions as depository.

(b) In the case of any transfer pursuant to clause (i) or clause (ii) of subsection 122.04(a) hereof, upon receipt of all outstanding 2026G Subordinated Bonds by the Trustee, together with a Certificate of the District to the Trustee, a single new 2026G Subordinated Bond shall be executed and delivered for each maturity of 2026G Subordinated Bonds then outstanding registered in the name of such successor or such substitute depository, or their nominees, as the case may be, all as specified in such Certificate of the District. In the case of any transfer pursuant to clause (iii) of subsection 122.04(a) hereof, upon receipt of all outstanding 2026G Subordinated Bonds by the Trustee together with a Certificate of the District to the Trustee, new 2026G Subordinated Bonds shall be executed and delivered in such denominations and registered in the names of such persons as are requested in such a Certificate of the District, subject to the limitations of Section 122.04(a) hereof, provided the Trustee shall not be required to deliver such new 2026G Subordinated Bonds within a period less than 60 days from the date of receipt of such a Certificate of the District. Subsequent to any transfer pursuant to clause (iii) of subsection 122.04(a) hereof, the 2026G Subordinated Bonds shall be transferred as provided in Article II of the Subordinate Master Resolution.

(c) In the case of partial redemption or an advance refunding of the 2026G Subordinated Bonds evidencing all or a portion of the principal maturing in a particular year, DTC shall make an appropriate notation on the 2026G Subordinated Bonds indicating the date and amounts of such reduction in principal. The Trustee shall incur no liability for the failure or any error by DTC in making such notation and the records of the Trustee shall be determinative of the outstanding principal amount of 2026G Subordinated Bonds.

(d) The District and the Trustee shall be entitled to treat the person in whose name any 2026G Subordinated Bond is registered as the Bondholder thereof for all purposes of the Subordinate Master Resolution and any applicable laws, notwithstanding any notice to the contrary received by the Trustee or the District; and the District and the Trustee shall have no responsibility for transmitting payments to, communicating with, notifying, or otherwise dealing with, any Beneficial Owners of the 2026G Subordinated Bonds. Neither the District nor the Trustee will have any responsibility or obligations, legal or otherwise, to the Beneficial Owners or to any other party including DTC or its successor (or substitute depository or its successor), except for the Holder of any 2026G Subordinated Bond.

(e) During any period that the Outstanding 2026G Subordinated Bonds are registered in the name of Cede & Co. or its registered assigns, the District and the Trustee (to the extent funds are provided to it by the District) shall cooperate with Cede & Co., as sole registered Bondholder, and its registered assigns, in effecting payment of the principal of and redemption premium, if any, and interest on the 2026G Subordinated Bonds by arranging for payment in such manner that funds for such payments are properly identified and are made immediately available on the date they are due.

#### **Section 122.05. Tax Covenants.**

(a) The District shall at all times do and perform all acts and things permitted by law which are necessary or desirable in order to assure that interest paid on the 2026G Subordinated Bonds (or any of them) will be excluded from gross income for federal income tax purposes and shall take no action that would result in such interest not being excluded from gross

income for federal income tax purposes. Without limiting the generality of the foregoing, the District agrees to comply with the provisions of the 2026 Tax Certificate. This covenant shall survive payment in full or defeasance of the 2026G Subordinated Bonds.

(b) Without limiting the generality of the foregoing, the District agrees that there shall be paid from time to time all amounts required to be rebated to the United States of America pursuant to Section 148(f) of the Internal Revenue Code of 1986 (the “Code”) and any temporary, proposed or final United States Treasury Regulations as may be applicable to the 2026G Subordinated Bonds from time to time (the “Rebate Requirement”). The District specifically covenants to pay or cause to be paid the Rebate Requirement as provided in the 2026 Tax Certificate to the United States of America from any Net Subordinate Revenues lawfully available to the District. This covenant shall survive payment in full or defeasance of the 2026G Subordinated Bonds. Capitalized terms in this Section not otherwise defined in the Subordinate Master Resolution or this Twentieth Supplemental Resolution shall have the meanings ascribed to them in the 2026 Tax Certificate.

(c) The District shall establish, maintain and hold in trust a fund separate from any other fund established and maintained hereunder designated the Rebate Fund. The District shall cause to be deposited in the Rebate Fund the Rebate Requirement as provided in the 2026 Tax Certificate. Subject to the provisions of this Section, moneys held in the Rebate Fund are hereby pledged to secure payments to the United States government, and the District and the Bondholders shall have no rights in or claim to such moneys.

(d) In accordance with the 2026 Tax Certificate, the District shall remit part or all of the balance held in the Rebate Fund to the United States government as so directed.

(e) Notwithstanding any provision of this Section, if the District shall obtain an opinion of counsel of recognized national standing in the field of obligations the interest on which is excluded from gross income for purposes of federal income taxation to the effect that any specified action required under this Section is no longer required, or to the effect that some different action is required, to maintain the exclusion from gross income of the interest on the 2026G Subordinated Bonds under Section 103 of the Code, the District may rely conclusively on such opinion in complying with the provisions hereof, and the agreements and covenants hereunder shall be deemed to be modified to that extent without the necessity of an amendment of the Subordinate Master Resolution or this Twentieth Supplemental Resolution or the consent at any time of the Bondholders.

#### **Section 122.06. Rights of Credit Provider.**

(a) Unless a Credit Provider Failure has occurred and is continuing, the Credit Provider shall be deemed the sole Holder of the 2026G Subordinated Bonds for the purpose of directing the Trustee with respect to the exercise of remedies and the declaration or waiver of Events of Default pursuant to Article IX of the Subordinate Resolution.

(b) Unless a Credit Provider Failure has occurred and is continuing, the Subordinate Master Resolution and this Twentieth Supplemental Resolution shall not be amended without the written consent of the Credit Provider.

(c) Unless a Credit Provider Failure has occurred and is continuing, the District shall not appoint a successor Remarketing Agent or Trustee without the written consent of the Credit Provider.

**Section 122.07. Limitations on Rights of Trustee.**

(a) Proceeds of drawings on the Credit Enhancement and the Liquidity Facility and moneys on deposit in the Purchase Fund shall be used solely for the purposes set forth herein, and the Trustee shall have no lien on such proceeds or money, nor shall such proceeds or moneys be used for, the payment of the fees and/or expenses of the Trustee.

(b) The Trustee shall draw on the Credit Enhancement and the Liquidity Facility at the times and in the manner provided herein and therein and shall have no right to seek or obtain indemnification from the District, the Holders or any other party as a condition of making any such drawing.

**Section 122.08. Terms of 2026G Subordinated Bonds Subject to the Subordinate Master Resolution.**

(a) Except as in this Twentieth Supplemental Resolution expressly provided, every term and condition contained in the Subordinate Master Resolution shall apply to this Twentieth Supplemental Resolution and to the 2026G Subordinated Bonds with the same force and effect as if the same were herein set forth at length, with such omissions, variations and modifications thereof as may be appropriate to make the same conform to this Twentieth Supplemental Resolution.

(b) This Twentieth Supplemental Resolution and all the terms and provisions herein contained shall form part of the Subordinate Master Resolution as fully and with the same effect as if all such terms and provisions had been set forth in the Subordinate Master Resolution. The Subordinate Master Resolution is hereby ratified and confirmed and shall continue in full force and effect in accordance with the terms and provisions thereof, as supplemented and amended hereby.

**Section 122.09. Resolution of Trust to Remain in Effect.** Save and except as supplemented by this Twentieth Supplemental Resolution, the Subordinate Master Resolution shall remain in full force and effect.

**Section 122.10. Notice to Rating Agencies.** (a) The District shall provide or cause to be provided prompt notice of the following events to the Rating Agencies, if any:

(1) the expiration, termination, extension or substitution of any Credit Enhancement or Liquidity Facility relating to the 2026G Subordinated Bonds;

(2) any optional redemption (as a whole or in part), mandatory purchase or acceleration of the 2026G Subordinated Bonds;

(3) any Conversion of the 2026G Subordinated Bonds;

(4) any amendment, modification or supplement of or to the Subordinate Master Resolution or any Credit Enhancement or Liquidity Facility relating to the 2026G Subordinated Bonds (which notice shall be provided or caused to be provided at least ten days prior to the effective date thereof);

(5) any change in the party instructed to draw on any Credit Enhancement or Liquidity Facility relating to the 2026G Subordinated Bonds;

(6) any removal or resignation of the Trustee or the Remarketing Agent; or

(7) any legal defeasance of the 2026G Subordinated Bonds.

(b) The District and the Trustee shall provide or cause to be provided to the Rating Agencies any information reasonably requested by such Rating Agency to maintain its rating, if any, on the 2026G Subordinated Bonds.

**Section 122.11. Continuing Disclosure.** The District hereby covenants and agrees that it will comply with and carry out all of the provisions of any Continuing Disclosure Agreement executed in connection with the 2026G Subordinated Bonds. Notwithstanding any other provision of the Subordinate Master Resolution or this Twentieth Supplemental Resolution, failure of the District to comply with any such Continuing Disclosure Agreement shall not be considered an Event of Default; however, the Trustee shall, at the written request of any Participating Underwriter (as defined in any such Continuing Disclosure Agreement) or the Holders of at least 25% aggregate principal amount of Outstanding 2026G Subordinated Bonds upon receipt of indemnity satisfactory to the Trustee or any Holder of 2026G Subordinated Bonds or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the District to comply with its obligations under this Section. For purposes of this Section, “Beneficial Owner” means any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2026G Subordinated Bonds (including persons holding 2026G Subordinated Bonds through nominees, depositories or other intermediaries).

**Section 122.12. Designation of Credit Provider and Liquidity Provider Reimbursement Obligations as Parity Subordinated Debt; Authorization and Issuance of Revolving Notes.** For the avoidance of doubt, the District hereby designates as Parity Subordinated Debt, secured by the pledge of Net Subordinated Revenues made by the District pursuant to Section 5.01 of the Subordinate Master Resolution on the same basis as the Subordinated Bonds and all other Parity Subordinated Debt as provided in the Subordinate Master Resolution, any and all obligations of the District pursuant to any Credit Enhancement, Liquidity Facility, or Reimbursement Agreement to reimburse each Credit Provider or Liquidity Provider for drawings or other advances on or pursuant to the related Credit Enhancement or Liquidity Facility, including, without limitation, any accrued interest on such drawings or advances, all as set forth in the related Credit Enhancement, Liquidity Facility, or Reimbursement Agreement (collectively, the “Reimbursement Obligations”). In order to more fully evidence the Reimbursement Obligations as Parity Subordinated Debt, the Board hereby authorizes the issuance from time to time of one or more revenue bonds pursuant to the Act in substantially the form of and with the terms stated in the form of the revolving note set forth as

Exhibit B to this Twentieth Supplemental Resolution (each a “Revolving Note”), but the delivery of such Revolving Note shall not be required to secure such Reimbursement Obligations as Parity Subordinated Debt. At the time of each delivery of a Credit Enhancement or Liquidity Facility pursuant to the terms of this Twentieth Supplemental Resolution, the District may deliver a Revolving Note to the related Credit Provider or Liquidity Provider with a stated amount equal to the Available Amount under such Credit Enhancement or Liquidity Facility and with all blanks and brackets filled in as appropriate and with such other changes as may be necessary or appropriate to conform to the terms of such Credit Enhancement, Liquidity Facility, or Reimbursement Agreement.

**EXHIBIT A**

**FORM OF 2026G SUBORDINATED BOND**

[TO BE CONFORMED TO SALES CERTIFICATE]

No. R-\_\_ \$ \_\_\_\_\_

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
SUBORDINATED ELECTRIC REVENUE BOND  
2026 SERIES G**

<u>Maturity</u>	<u>Interest Per Annum</u>	<u>Date</u>	<u>CUSIP</u>
_____, 20__	Variable	_____, 2026	

REGISTERED OWNER: \_\_\_\_\_

PRINCIPAL AMOUNT: \_\_\_\_\_ DOLLARS

SACRAMENTO MUNICIPAL UTILITY DISTRICT, a municipal utility district duly organized and existing under and pursuant to the laws of the State of California (the "District"), for value received, hereby promises to pay (but only out of the Net Subordinated Revenues hereinafter referred to) to the registered owner named above or registered assigns, on the maturity date specified above, the principal sum specified above together with interest thereon from \_\_\_\_\_, 2026, until the principal hereof shall have been paid, at the interest rates per annum determined as set forth below, payable on each Interest Payment Date, as defined below. The principal of and premium, if any, and interest on the 2026G Subordinated Bonds, as defined below, shall be payable in lawful money of the United States of America. Interest on the 2026G Subordinated Bonds shall be paid on each Interest Payment Date, as defined below, by the Paying Agent during a Daily Mode, Weekly Mode, Term Rate Mode, Index Mode or Fixed Rate Mode, by check mailed on the date on which due to the Holders of the 2026G Subordinated Bonds at the close of business on the Record Date for the 2026G Subordinated Bonds in respect of such Interest Payment Date at the registered addresses of the Holders of the 2026G Subordinated Bonds as shall appear on the registration books of the Trustee. In the case of (i) 2026G Subordinated Bonds in a Direct Purchase Index Mode or Flexible Mode or (ii) any Holder of 2026G Subordinated Bonds in any Interest Rate Mode other than a Direct Purchase Index Mode or Flexible Mode in an aggregate principal amount in excess of \$1,000,000 as shown on the registration books of the Trustee who, prior to the Record Date for the 2026G Subordinated Bonds next preceding any Interest Payment Date, shall have provided the Paying Agent with written wire transfer instructions, interest payable on such 2026G Subordinated Bonds shall be paid on each Interest Payment Date in accordance with the wire transfer instructions provided by the Holder of such 2026G Subordinated Bond; provided, however, that during any Flexible Rate Period, except for 2026G Subordinated Bonds registered in the name of

the Securities Depository (or its nominee), interest on any such 2026G Subordinated Bond shall be payable only upon surrender of such 2026G Subordinated Bond at the office of the Paying Agent. The principal of and premium, if any, on each 2026G Subordinated Bond shall be payable on the Principal Payment Date of such 2026G Subordinated Bond upon surrender thereof at the office of the Paying Agent, subject to the terms of the Twentieth Supplemental Resolution, as defined below.

This Bond is one of a duly authorized issue of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds (hereinafter called the “Subordinated Bonds”) designated as Subordinated Electric Revenue Bonds, 2026 Series G (the “2026G Subordinated Bonds”). The Subordinated Bonds are not limited in aggregate principal amount, except as otherwise provided in the Subordinate Resolution hereinafter mentioned, and consist or may consist of one or more series of varying denominations, dates, maturities, interest rates and other provisions, as in said Subordinate Resolution provided, all issued and to be issued pursuant to the provisions of the Revenue Bond Law of 1941 as made applicable by Article 6a of Chapter 6, Division 6, of the California Public Utilities Code and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (hereinafter called the “Act”). This 2026G Subordinated Bond is issued pursuant to Resolution No. 85-11-1 of the District, adopted November 7, 1985, providing for the issuance of the Subordinated Bonds, as amended and restated by Resolution No. 01-06-10 of the District, adopted on June 21, 2001 (as amended and restated, the “Subordinate Master Resolution”), and as supplemented and amended by resolutions to date, including by a Twentieth Supplemental Resolution, adopted June 18, 2026, authorizing the issuance of the 2026G Subordinated Bonds (said resolution as amended, restated and supplemented and the Twentieth Supplemental Resolution being hereinafter collectively called the “Subordinate Resolution”). Reference is hereby made to the Subordinate Resolution and the Act for a description of the terms on which the Subordinated Bonds are issued and to be issued, the provisions with regard to the nature and extent of the Revenues, as that term is defined in the Subordinate Resolution, and the rights of the registered owners of the Subordinated Bonds; and all the terms of the Subordinate Resolution and the Act are hereby incorporated herein and constitute a contract between the District and the registered owner from time to time of this 2026G Subordinated Bond, and to all the provisions thereof the registered owner of this 2026G Subordinated Bond, by its acceptance hereof, consents and agrees. Additional bonds may be issued on a parity with the Subordinated Bonds of this authorized issue, but only subject to the conditions and limitations contained in the Subordinate Resolution. Capitalized terms used, but not defined herein shall have the meaning given such terms in the Subordinate Resolution.

The Subordinated Bonds and the interest thereon, together with the Parity Subordinated Debt (as defined in the Subordinate Resolution) heretofore or hereafter issued by the District, and the interest thereon, are payable from, and are secured by a charge and lien on, the Net Subordinated Revenues derived by the District from the Electric System (as those terms are defined in the Subordinate Resolution). The District covenants and warrants that for the payment of the Subordinated Bonds, and interest thereon, there have been created and will be maintained by the District special funds into which there shall be deposited from Net Subordinated Revenues available for that purpose sums sufficient to pay the principal of, and interest on, all of the Subordinated Bonds, as such principal and interest become due, and as an irrevocable charge the District has allocated Net Subordinated Revenues to such payment, all in accordance with the Subordinate Resolution.

The Subordinated Bonds, including the 2026G Subordinated Bonds, are expressly subordinated in right of payment to the prior payment in full of all Parity Bonds, as that term is defined in Resolution No. 6649 of the District, adopted on January 7, 1971 (the “Senior Bond Resolution”), including the District’s Electric Revenue Bonds. The holder of this 2026G Subordinated Bond, by acceptance hereof, authorizes and directs the Trustee on its behalf to take such action as may be necessary or appropriate to effectuate the subordination provided in this paragraph and in the Subordinate Resolution and appoints the Trustee its attorney-in-fact for any and all such purposes.

The Subordinated Bonds are special obligations of the District, and are payable, both as to principal and interest, out of the Net Subordinated Revenues pertaining to the Electric System, and not out of any other fund or moneys of the District. No holder of this Bond shall ever have the right to compel any exercise of the taxing power of the District to pay this Bond or the interest hereon.

The term of the 2026G Subordinated Bonds will be divided into consecutive Interest Periods during each of which the 2026G Subordinated Bonds shall bear interest at a Flexible Rate or Flexible Rates, a Daily Rate, a Weekly Rate, a Direct Purchase Index Rate, a Term Rate, an Index Rate or a Fixed Rate or Fixed Rates. The 2026G Subordinated Bonds shall initially bear interest at a Term Rate for an initial Term Rate Period ending on [\_\_\_\_\_, 20\_\_]. The Interest Rate Mode, Term Rate Period, Index Rate Period and Direct Purchase Index Rate Period for the 2026G Subordinated Bonds thereafter may be changed from time to time as provided in the Subordinate Resolution. As hereinafter described, the 2026G Subordinated Bonds are subject to mandatory purchase on any Conversion Date.

Interest on the 2026G Subordinated Bonds is to be paid on: (i) with respect to Flexible Rate Bonds, each Mandatory Purchase Date applicable thereto; (ii) with respect to 2026G Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Index Mode, the first Business Day of each month; (iii) with respect to 2026G Subordinated Bonds in a Term Rate Mode or Fixed Rate Mode, each [\_\_\_\_\_] and [\_\_\_\_\_] (beginning with the first such day specified (a) in the Sales Certificate in connection with the initial issuance of the 2026G Subordinated Bonds or (b) in writing by the District in connection with the Conversion Date to such Term Rate Mode or Fixed Rate Mode, as applicable); (iv) (without duplication as to any Interest Payment Date listed above) any Mandatory Purchase Date; (v) (without duplication as to any Interest Payment Date listed above) each Maturity Date; and (vi) with respect to any Liquidity Provider Bonds, as provided in the applicable Reimbursement Agreement or Liquidity Facility (each an “Interest Payment Date”).

The interest rate on the 2026G Subordinated Bonds shall be determined as follows:

Determination of Flexible Rates and Interest Periods During Flexible Mode. An Interest Period for the Flexible Rate Bonds shall be of such duration of from one to 270 calendar days, ending on either a day which immediately precedes a Business Day or the day immediately preceding the Maturity Date, as the Remarketing Agent shall determine in accordance with the provisions of this Section. A Flexible Rate Bond may have an Interest Period, and bear interest at a Flexible Rate, different than another Flexible Rate Bond. In making the determinations with respect to Interest Periods, subject to limitations imposed by the second preceding sentence and

in Section 118.04 of the Twentieth Supplemental Resolution, on each Rate Determination Date for a Flexible Rate Bond, the Remarketing Agent shall select for such 2026G Subordinated Bond the Interest Period which would result in the Remarketing Agent being able to remarket such 2026G Subordinated Bond at par in the secondary market at the lowest average interest cost for all 2026G Subordinated Bonds; provided, however, that if the Remarketing Agent has received notice from the District that such 2026G Subordinated Bonds are to be changed from the Flexible Mode to any other Interest Rate Mode, the Remarketing Agent shall select Interest Periods which do not extend beyond the proposed Conversion Date.

Except while the 2026G Subordinated Bonds are registered in a Book-Entry System, in order to receive payment of the Purchase Price the Holder of any Flexible Rate Bond must present such Flexible Rate Bond to the Trustee, by 12:00 noon on the Rate Determination Date, in which case the Trustee shall pay the Purchase Price to such Holder by 3:00 p.m. on the same day.

By 1:00 p.m. on each Rate Determination Date, the Remarketing Agent, with respect to each Flexible Rate Bond which is subject to adjustment on such date, shall determine the Flexible Rate(s) for the Interest Periods then selected for such Flexible Rate Bond and shall give notice by Electronic Means to the Paying Agent and the District of the Interest Period, the Purchase Date(s) and the Flexible Rate(s). The Remarketing Agent shall make the Flexible Rate and Interest Period available after 2:00 p.m. on each Rate Determination Date by telephone or Electronic Means to the Trustee or any other Paying Agent without request, and to any Beneficial Owner or Notice Party requesting such information.

Determination of Interest Rates During the Daily Mode and the Weekly Mode. The interest rate for 2026G Subordinated Bonds in the Daily Mode or Weekly Mode shall be the rate of interest per annum determined by the Remarketing Agent on and as of the applicable Rate Determination Date as the minimum rate of interest which, in the opinion of the Remarketing Agent under then-existing market conditions, would result in the sale of such 2026G Subordinated Bonds in the Daily Rate Period or Weekly Rate Period, as applicable, at a price equal to the principal amount thereof, plus interest, if any, accrued through the Rate Determination Date during the then current Interest Accrual Period.

During the Daily Mode, the Remarketing Agent shall establish the Daily Rate by 10:00 a.m. on each Rate Determination Date. The Daily Rate for any day during the Daily Mode which is not a Business Day shall be the Daily Rate established on the immediately preceding Rate Determination Date. The Remarketing Agent shall make the Daily Rate available no less frequently than once per week by Electronic Means to each Notice Party requesting such rate.

During the Weekly Mode, the Remarketing Agent shall establish the Weekly Rate by 4:00 p.m. on each Rate Determination Date. The Weekly Rate shall be in effect during the applicable Weekly Rate Period. The Remarketing Agent shall make the Weekly Rate available after 5:00 p.m. on the Business Day following the Rate Determination Date by Electronic Means to each Notice Party requesting such rate.

Term Rates. The Term Rate shall be determined by the Remarketing Agent not later than 4:00 p.m. on the Rate Determination Date. Except as set forth in Section 118.11(a)(ii) of the

Twentieth Supplemental Resolution, the Term Rate shall be the minimum rate which, in the sole judgment of the Remarketing Agent, would result in a sale of such 2026G Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date for the Interest Period selected by the District in writing delivered to the Remarketing Agent before such Rate Determination Date. No Interest Period in the Term Rate Mode may extend beyond the Maturity Date. The Remarketing Agent shall make the Term Rate available by telephone or Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Term Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means.

Fixed Rates. The Remarketing Agent shall determine the Fixed Rate for 2026G Subordinated Bonds being converted to the Fixed Rate Mode in the manner and at the times as follows: not later than 4:00 p.m. on the applicable Rate Determination Date, the Remarketing Agent shall determine the Fixed Rate (or Fixed Rates, if such 2026G Subordinated Bonds will have Serial Maturity Dates in accordance with Section 118.11(b)(v) of the Twentieth Supplemental Resolution). Except as set forth in Section 118.11(b)(v) of the Twentieth Supplemental Resolution, the Fixed Rate shall be the minimum interest rate which, in the sole judgment of the Remarketing Agent, will result in a sale of such 2026G Subordinated Bonds at a price equal to the principal amount thereof on the Rate Determination Date. The Remarketing Agent shall make the Fixed Rate available by telephone or by Electronic Means after 5:00 p.m. on the Rate Determination Date to any Notice Party requesting such Fixed Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such Fixed Rate by Electronic Means. Subject to Section 118.11(b)(v) of the Twentieth Supplemental Resolution, the Fixed Rate so established shall remain in effect until the Maturity Date of such 2026G Subordinated Bonds.

Alternate Rates. The following provisions shall apply in the event (i) the Remarketing Agent fails or is unable to determine the interest rate or Interest Period for 2026G Subordinated Bonds (other than 2026G Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode), (ii) the method by which the Remarketing Agent determines the interest rate or Interest Period with respect to 2026G Subordinated Bonds in any Interest Rate Mode other than the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode shall be held to be unenforceable by a court of law of competent jurisdiction or (iii) other than with respect to 2026G Subordinated Bonds in the Direct Purchase Index Mode, the Index Mode or the Term Rate Mode, if the Remarketing Agent suspends its remarketing effort in accordance with the Remarketing Agreement. These provisions shall continue to apply until such time as the Remarketing Agent again makes such determinations. In the case of clause (ii) above, the Remarketing Agent shall again make such determination at such time as there is delivered to the Remarketing Agent and the District an opinion of Bond Counsel to the effect that there are no longer any legal prohibitions against such determinations. The following shall be the methods by which the interest rates and, in the case of the Flexible Rate Mode, the Interest Periods, shall be determined for 2026G Subordinated Bonds as to which any of the events described in clauses (i), (ii) or (iii) shall be applicable. Such methods shall be applicable from and after the date any of the events described in clauses (i), (ii) or (iii) first become applicable to such 2026G Subordinated Bonds until such time as the events described in clauses (i), (ii) or (iii) are no longer applicable to such 2026G Subordinated Bonds.

For Flexible Rate Bonds, the next Interest Period shall be from, and including, the first day following the last day of the current Interest Period for such Flexible Rate Bonds to, but excluding, the next succeeding Business Day and thereafter shall commence on each Business Day and extend to, but exclude, the next succeeding Business Day. For each such Interest Period, the interest rate for such 2026G Subordinated Bonds shall be the applicable Alternate Rate in effect on the Business Day that begins an Interest Period.

For 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode, such 2026G Subordinated Bonds shall bear interest during each subsequent Interest Period at the Alternate Rate in effect on the first day of such Interest Period.

Direct Purchase Index Rates.

(a) During each Direct Purchase Index Rate Period, the 2026G Subordinated Bonds shall, subject to subparagraph (b) below, bear interest at the Direct Purchase Index Rate. The Calculation Agent shall determine the Direct Purchase Index Rate on each Direct Purchase Index Rate Determination Date occurring during any Direct Purchase Index Rate Period. The Direct Purchase Index Rate shall be the sum of (i) the product of the Direct Purchase Index multiplied by the Applicable Factor, plus (ii) the Applicable Spread. Each Direct Purchase Index Rate shall be effective, and interest shall accrue on the 2026G Subordinated Bonds at such Direct Purchase Index Rate each day during the applicable Direct Purchase Index Rate Effective Period. On or before any Conversion Date upon which a Direct Purchase Index Rate Period will begin, the District shall designate the Direct Purchase Index to be in effect during such Direct Purchase Index Rate Period. The Applicable Factor and Applicable Spread for a Direct Purchase Index Rate Period shall be determined by the Market Agent such that the applicable Direct Purchase Index Rate shall be the interest rate per annum (based upon tax exempt obligations comparable, in the judgment of the Market Agent, to the 2026G Subordinated Bonds and known to the Market Agent to have been priced or traded under the prevailing market conditions) to be the minimum interest rate at which a Person will agree to purchase the 2026G Subordinated Bonds on the Conversion Date at a price (without regard to accrued interest) equal to the principal amount thereof. Unless otherwise specified in the Continuing Covenant Agreement applicable to a Direct Purchase Index Rate Period, the Direct Purchase Index Rate shall be rounded to the nearest fifth decimal place. Promptly following the determination of the Direct Purchase Index Rate, the Calculation Agent shall give notice thereof to the District, the Trustee and the Paying Agent. If the Direct Purchase Index Rate is not determined by the Calculation Agent on the Direct Purchase Index Rate Determination Date, the rate of interest born on such 2026G Subordinated Bonds bearing interest at a Direct Purchase Index Rate shall be the rate in effect on the immediately preceding Direct Purchase Index Rate Reset Date until the Calculation Agent next determines the Direct Purchase Index Rate as required hereunder.

(b) Adjustments to Direct Purchase Index Rates.

(i) Taxable Rate. Notwithstanding anything in the Subordinate Resolution to the contrary, including, without limitation, Section 120.02(b) thereof, but subject to Section 118.04(c) and Section 118.09(b)(ii) and (iii) thereof, from and after any Taxable Date, the interest rate on 2026G Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the Taxable Rate.

(ii) Default Rate. Notwithstanding anything in the Subordinate Resolution to the contrary, including, without limitation, Section 120.02(b) thereof, but subject to Section 118.04(c) and Section 118.09(b)(iii) thereof, from and after the effective date of any “Event of Default” under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution and during the continuance thereof, the interest rate for 2026G Subordinated Bonds in a Direct Purchase Index Mode shall be established at a rate at all times equal to the greater of (A) the Default Rate and (B) the interest rate that otherwise would be applicable to the 2026G Subordinated Bonds but for the provisions of this paragraph, payable on demand to the Bank. Interest shall accrue and be paid on both defaulted interest and defaulted principal.

(iii) Excess Interest. Notwithstanding anything in the Subordinate Resolution to the contrary, if during a Direct Purchase Index Mode the rate of interest on the 2026G Subordinated Bonds exceeds the Maximum Rate for such 2026G Subordinated Bonds, then (A) such 2026G Subordinated Bonds shall bear interest at the Maximum Rate and (B) interest on such 2026G Subordinated Bonds calculated at the rate equal to the difference between (1) the rate of interest for such 2026G Subordinated Bonds as otherwise calculated pursuant to the above provisions and (2) the Maximum Rate (the “Excess Interest”) shall be deferred until such date as the rate of interest borne by such 2026G Subordinated Bonds as otherwise calculated pursuant to the above provisions is below the Maximum Rate, at which time Excess Interest shall be payable with respect to such 2026G Subordinated Bonds. Payments of deferred Excess Interest shall no longer be due and payable upon the earlier to occur of the date on which such 2026G Subordinated Bonds are redeemed or tendered for purchase in accordance with the Twentieth Supplemental Resolution and the redemption price or purchase price, as applicable, is paid in full or the principal of and interest on such 2026G Subordinated Bonds is otherwise paid in full.

(iv) Amortization Period. Notwithstanding anything in the Subordinate Resolution to the contrary, but subject to Section 118.04(c) and Section 118.09(b)(i), (ii) and (iii) thereof, during any Amortization Period, the 2026G Subordinated Bonds shall bear interest at the Bank Rate.

Index Rates. During each Index Rate Period, the 2026G Subordinated Bonds shall bear interest at the Index Rate. The Calculation Agent shall determine the Index Rate for each maturity of the 2026G Subordinated Bonds on each Index Rate Determination Date occurring during any Index Rate Period. The Index Rate for each maturity of the 2026G Subordinated Bonds shall be the sum of (i) the product of the Index multiplied by the Index Percentage, plus (ii) the Index Spread for such maturity of the 2026G Subordinated Bonds. Each Index Rate shall be effective, and interest shall accrue on the 2026G Subordinated Bonds at such Index Rate each day during the applicable Index Rate Effective Period. If the 2026G Subordinated Bonds are initially issued in the Index Mode, the District shall specify the Index, Index Percentage, Index Spreads and Call Protection Date for the Index Rate Period commencing on the date of issuance of the 2026G Subordinated Bonds and the length of the Index Rate Period commencing on the date of issuance of the 2026G Subordinated Bonds in the Sales Certificate. On or before any Conversion Date upon which an Index Rate Period will begin, the District shall specify the length of such Index Rate Period and designate the Index and Call Protection Date to be in effect

during such Index Rate Period and the Remarketing Agent shall determine the Index Percentage and Index Spread that would result in a sale of the 2026G Subordinated Bonds at a price (without regard to accrued interest) equal to principal amount thereof on the Conversion Date for such Index Rate Period. Each Index, Index Percentage and Index Spread shall be in effect through the last day of the applicable Index Rate Period and shall be applied by the Calculation Agent in determining the Index Rate on each Index Rate Determination Date during such Index Rate Period. All percentages resulting from the calculation of the Index Rate shall be rounded, if necessary, to the nearest ten-thousandth of a percentage point with five hundred thousandths of a percentage point rounded upward. All dollar amounts used in or resulting from the calculation of the Index Rate shall be rounded to the nearest cent with one-half cent being rounded upward. The Calculation Agent shall make each Index Rate available by telephone or Electronic Means after 5:00 p.m. on the applicable Index Rate Determination Date to any Notice Party requesting such Index Rate. Upon request of any Notice Party, the Paying Agent shall give notice of such rate by Electronic Means. If the Index Rate is not determined by the Calculation Agent on the applicable Index Rate Determination Date, the rate of interest born on such 2026G Subordinated Bonds bearing interest at an Index Rate shall be the rate in effect on the immediately preceding Index Rate Reset Date until the Calculation Agent next determines the Index Rate as required hereunder.

Optional Tenders of 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode. Subject to Section 120.06, the Beneficial Owners of 2026G Subordinated Bonds in a Daily Mode or a Weekly Mode may elect to have their 2026G Subordinated Bonds (or portions of those 2026G Subordinated Bonds, provided that no 2026G Subordinated Bonds remain Outstanding in other than Authorized Denominations) purchased on any Business Day at a price equal to the Purchase Price, upon delivery of a Tender Notice to the Trustee by the Tender Notice Deadline. Immediately upon receipt of a Tender Notice, the Trustee shall notify the Remarketing Agent and provide the Remarketing Agent with a copy of such Tender Notice.

Mandatory Purchase on Mandatory Purchase Date; Amortization Period During Direct Purchase Index Mode. The 2026G Subordinated Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date. The Trustee shall give notice of such mandatory purchase by mail to the Holders of the 2026G Subordinated Bonds subject to mandatory purchase no less than ten (10) days prior to the Mandatory Purchase Date described in clauses (iii), (iv), (v), (viii) and (x) of the definition of Mandatory Purchase Date and no less than 3 days prior to the Mandatory Purchase Date described in clauses (vi) and (vii) of the definition of Mandatory Purchase Date (provided that in the instance of a Mandatory Purchase Date resulting from clause (iii) of the definition of Bank Purchase Date, no such notice shall be required). No notice shall be given of the Mandatory Purchase Date at the end of each Interest Period for Flexible Rate Bonds. Any notice shall state the Mandatory Purchase Date, the Purchase Price, and that interest on 2026G Subordinated Bonds subject to mandatory purchase shall cease to accrue from and after the Mandatory Purchase Date. The failure to mail such notice with respect to any 2026G Subordinated Bond shall not affect the validity of the mandatory purchase of any other 2026G Subordinated Bond with respect to which notice was so mailed. Any notice mailed will be conclusively presumed to have been given, whether or not actually received by any Holder or Beneficial Owner. The Trustee shall also give a copy of such notice to the Rating Agencies.

The term “Mandatory Purchase Date” means: (i) with respect to a Flexible Rate Bond, the first Business Day following the last day of each Flexible Rate Period with respect to such Flexible Rate Bond, (ii) with respect to 2026G Subordinated Bonds in the Term Rate Mode, the first Business Day following the last day of each Term Rate Period applicable to such 2026G Subordinated Bonds, (iii) with respect to any 2026G Subordinated Bonds, any Conversion Date applicable to such 2026G Subordinated Bond (except for any Conversion Date in respect of a conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode) or the date that otherwise would have been a Conversion Date had one of the conditions precedent to such Conversion Date specified in Section 118.11 not failed to occur (except for any such date in respect of a proposed conversion from the Daily Mode to the Weekly Mode or from the Weekly Mode to the Daily Mode), (iv) with respect to any 2026G Subordinated Bonds, any Substitution Date with respect to a Credit Enhancement or Liquidity Facility, (v) with respect to any 2026G Subordinated Bonds, the fifth Business Day prior to the Expiration Date with respect to a Credit Enhancement or Liquidity Facility supporting such 2026G Subordinated Bonds, (vi) with respect to any 2026G Subordinated Bonds, the date specified by the Trustee following the occurrence of an event under the Reimbursement Agreement or Liquidity Facility, which requires or gives the Credit Provider or Liquidity Provider the option to cause a mandatory tender of the 2026G Subordinated Bonds or terminate the Credit Enhancement or Liquidity Facility upon notice, which date shall be a Business Day not more than five Business Days after the Trustee’s receipt of written notice of such event from the Credit Provider or the Liquidity Provider and directing the Trustee to cause a mandatory tender of the 2026G Subordinated Bonds and in no event later than the Business Day preceding the termination date specified by the Credit Provider or the Liquidity Provider; (vii) with respect to any 2026G Subordinated Bonds, the date specified by the Trustee following receipt of written notice by the Trustee from the Credit Provider that the Credit Enhancement will not be reinstated following a drawing to pay interest on the 2026G Subordinated Bonds (other than interest on 2026G Subordinated Bonds no longer Outstanding after such drawing) and directing the Trustee to cause a mandatory tender of the 2026G Subordinated Bonds which date shall be a Business Day not more than five days after the Trustee’s receipt of such notice, (viii) with respect to 2026G Subordinated Bonds in the Daily Mode or Weekly Mode, any Business Day specified by the District with the consent of the Liquidity Provider, if any, not less than 20 days after the Trustee’s receipt of such notice and in no event later than the day preceding the Expiration Date of the Liquidity Facility, if any, then in effect with respect to such 2026G Subordinated Bonds, (ix) with respect to 2026G Subordinated Bonds in the Index Mode, the first Business Day following the last day of each Index Rate Period applicable to such 2026G Subordinated Bonds, and (x) with respect to 2026G Subordinated Bonds in the Direct Purchase Index Mode, each Bank Purchase Date; provided that, in the event that the Bank (acting in its sole and absolute discretion) for the then existing Direct Purchase Index Rate Period agrees in writing to a new Direct Purchase Index Rate Period, the provisions of this clause (x) shall apply and be interpreted by substituting the Bank Purchase Date for the new Direct Purchase Index Rate Period for the then-current Bank Purchase Date.

Notwithstanding the above paragraphs and anything to the contrary in the Twentieth Supplemental Resolution, in the event the 2026G Subordinated Bonds in the Direct Purchase Index Mode are not purchased or remarketed on a Bank Purchase Date and the conditions precedent to any Amortization Period set forth in the Continuing Covenant Agreement, if any, are satisfied (and if no such conditions precedent are set forth in the Continuing Covenant

Agreement, then on the condition that no Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), then the 2026G Subordinated Bonds shall be subject to special mandatory redemption on the following terms: (i) the 2026G Subordinated Bonds shall bear interest at the Bank Rate, unless an Event of Default under and as defined in the Continuing Covenant Agreement or the Subordinate Master Resolution has occurred and is continuing), in which case the 2026G Subordinated Bonds shall bear interest at the Default Rate, (ii) interest on the 2026G Subordinated Bonds shall be payable on each Amortization Interest Payment Date, and (iii) the principal of the 2026G Subordinated Bonds shall be payable on each Amortization Principal Payment Date as provided in the Continuing Covenant Agreement. Notwithstanding anything herein to the contrary, during the Amortization Period, the 2026G Subordinated Bonds may be subject to redemption or purchase at the sole option of the District at any time without notice as and to the extent provided in the Continuing Covenant Agreement.

Optional Redemption of Flexible Rate Bonds. 2026G Subordinated Bonds in the Flexible Mode are not subject to optional redemption prior to their respective Purchase Dates. 2026G Subordinated Bonds in the Flexible Mode shall be subject to redemption at the option of the District in whole or in part on their respective Purchase Dates at a Redemption Price equal to the principal amount thereof.

Optional Redemption of 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode. 2026G Subordinated Bonds in the Daily Mode or the Weekly Mode are subject to optional redemption by the District, in whole or in part (provided that no 2026G Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any Business Day, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Optional Redemption of 2026G Subordinated Bonds in the Term Rate Mode, Index Mode or Fixed Rate Mode.

2026G Subordinated Bonds in the Term Rate Mode or the Index Mode shall be subject to redemption, in whole or in part (provided that no 2026G Subordinated Bonds shall remain Outstanding in other than Authorized Denominations), on any date on or after the Call Protection Date for each Term Rate Period or Index Rate Period applicable to the 2026G Subordinated Bonds in the Term Rate Mode or Index Mode, at the option of the District at a Redemption Price equal to the principal amount, or portions thereof, of the 2026G Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

2026G Subordinated Bonds in the Term Rate Mode or Fixed Rate Mode with a Term Rate Period or Fixed Rate Period of greater than or equal to ten years are subject to redemption in whole or in part on any date on or after the tenth anniversary of the commencement of the Term Rate Period or Fixed Rate Period (and if in part, in such order of maturity as the District shall specify and within a maturity by lot in any manner which the Trustee deems fair) at a Redemption Price equal to the principal amount, or portions thereof, of the 2026G Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

The District, in connection with a change to a Long-Term Mode, may waive or otherwise alter its rights to direct the redemption of any such 2026G Subordinated Bonds so changed to a Long-Term Mode; provided that notice describing the waiver or alteration shall be submitted to the Trustee, together with a Favorable Opinion of Bond Counsel, addressed to it.

Unless a Credit Provider Failure has occurred and is continuing, if a Credit Enhancement is then in effect and the Redemption Price includes any premium, the right of the District to direct an optional redemption of 2026G Subordinated Bonds in a Long-Term Mode is subject to the condition that the Trustee has received, prior to the date on which notice of redemption is required to be given to Owners, either Available Moneys or written confirmation from the Credit Provider that it can draw under the Credit Enhancement on the proposed redemption date in an aggregate amount sufficient to cover the principal of and premium and interest due on the Redemption Date.

Optional and Mandatory Redemption of 2026G Subordinated Bonds in the Direct Purchase Index Mode.

Subject to any limitations, conditions or requirements set forth in the applicable Continuing Covenant Agreement, 2026G Subordinated Bonds in the Direct Purchase Index Mode are subject to optional redemption by the District, in whole or in part (provided that no 2026G Subordinated Bonds shall remain Outstanding in other than Authorized Denominations) on any date, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

2026G Subordinated Bonds in the Direct Purchase Index Mode are subject to mandatory redemption on the dates, in the amounts and in the manner set forth in the applicable Continuing Covenant Agreement, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the Redemption Date.

Mandatory Sinking Fund Account Redemption of 2026G Subordinated Bonds. The 2026G Subordinated Bonds [maturing on [\_\_\_\_], 20[\_\_\_\_],] shall be subject to redemption prior to maturity from mandatory sinking fund account payments for such 2026G Subordinated Bonds on [\_\_\_\_] of each year on and after [\_\_\_\_], 20[\_\_\_\_], at a Redemption Price equal to the principal amount of such 2026G Subordinated Bonds, or portions thereof, to be redeemed, plus accrued interest, if any, to the Redemption Date, without premium. The following shall be the mandatory sinking fund account payments for the 2026G Subordinated Bonds [maturing on [\_\_\_\_], 20[\_\_\_\_]]. Such mandatory sinking fund account payments shall be due on [\_\_\_\_] of the years set forth in the following table in the respective amounts set forth opposite such years in said table:

Year	Amount	Year	Amount
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\* Payment at Maturity

Notice of Redemption. Notice of redemption shall be mailed by first-class mail by the Trustee, not less than twenty (20) days (ten (10) days in the case of 2026G Subordinated Bonds in the Daily Mode, Weekly Mode, Direct Purchase Index Mode or Flexible Mode) nor more than sixty (60) days prior to the redemption date, to the Holder of any 2026G Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2026G Subordinated Bonds; provided that no notice of redemption shall be required for mandatory redemptions of the 2026G Subordinated Bonds in the Direct Purchase Index Mode. Each notice of redemption shall state the redemption date, the place of redemption and the principal amount of the 2026G Subordinated Bonds to be redeemed, and shall also state that the interest on the 2026G Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2026G Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the redemption date to pay the Redemption Price of the 2026G Subordinated Bonds to be redeemed. Any notice of optional redemption may be rescinded by written notice given to the Trustee by the District no later than two Business Days prior to the date specified for redemption. Notwithstanding the foregoing, notice of redemption shall not be required for 2026G Subordinated Bonds redeemed on a Mandatory Purchase Date.

This 2026G Subordinated Bond is transferable by the registered owner hereof, in person or by the attorney of such owner duly authorized in writing, at the principal office of the Trustee but only in the manner, subject to the limitations and upon payment of the charges provided in the Subordinate Resolution, and upon surrender and cancellation of this 2026G Subordinated Bond. Upon such transfer a new fully registered Bond or Subordinated Bonds without coupons, of authorized denomination or denominations, for the same aggregate principal amount and maturity will be issued to the transferee in exchange herefor.

The District and the Trustee may deem and treat the registered owner hereof as the absolute owner hereof for all purposes, and the District and the Trustee shall not be affected by any notice to the contrary.

To the extent this 2026G Subordinated Bond constitutes a Liquidity Facility Bond, the terms and conditions of the Twentieth Supplemental Resolution with respect to Liquidity Facility Bonds shall control this 2026G Subordinated Bond.

The rights and obligations of the District and of the holders and registered owners of the Subordinated Bonds may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Subordinate Resolution, provided that no such modification or amendment shall (i) extend the fixed maturity of any Subordinated Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon, or reduce the amount of any premium payable upon the redemption thereof, without the consent of the holder of each Subordinated Bond so affected, or (ii) reduce the percentage of Subordinated Bonds required for the affirmative vote or written consent to an amendment or modification, without the consent of the holders of all the Subordinated Bonds then outstanding, or (iii) without its written consent thereto, modify any of the rights or obligations of the Trustee.

It is hereby certified and recited that any and all acts, conditions and things required to exist, to happen and to be performed, precedent to and in the incurring of the indebtedness evidenced by this 2026G Subordinated Bond, and in the issuing of this 2026G Subordinated Bond, do exist, have happened and have been performed in due time, form and manner, as required by the Constitution and statutes of the State of California, and that this 2026G Subordinated Bond, together with all other indebtedness of the District pertaining to the Electric System, is within every debt and other limit prescribed by the Constitution and the statutes of the State of California, and is not in excess of the amount of Subordinated Bonds permitted to be issued under the Subordinate Resolution.

This 2026G Subordinated Bond shall not be entitled to any benefit under the Subordinate Resolution, or become valid or obligatory for any purpose, until the certificate of authentication hereon endorsed shall have been signed by the Trustee. To the extent of any conflict or inconsistency between any provisions contained in this 2026G Subordinated Bond and the Subordinate Resolution, the provisions of the Subordinate Resolution shall control.

IN WITNESS WHEREOF, SACRAMENTO MUNICIPAL UTILITY DISTRICT has caused this 2026G Subordinated Bond to be executed in its name and on its behalf by the facsimile signature of its President of its Board of Directors and by the facsimile signature of its Treasurer and countersigned by the facsimile signature of its Secretary, and the seal of the District to be reproduced hereon, by facsimile and this 2026G Subordinated Bond to be dated as of the date first written above.

SACRAMENTO MUNICIPAL UTILITY  
DISTRICT

By \_\_\_\_\_  
President of the Board of Directors

By \_\_\_\_\_  
Treasurer of the District

(SEAL)

Countersigned:

\_\_\_\_\_  
Secretary of the District

CERTIFICATE OF AUTHENTICATION AND REGISTRATION

This is one of the Subordinated Bonds described in the within-mentioned Subordinate Resolution and registered on the date set forth below.

Dated: \_\_\_\_\_, 2026

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Trustee

By \_\_\_\_\_  
Authorized Officer

## ASSIGNMENT

For value received \_\_\_\_\_ hereby sell, assign and transfer unto \_\_\_\_\_ whose taxpayer identification number is \_\_\_\_\_ the within-mentioned Bond and hereby irrevocably constitute and appoint \_\_\_\_\_ attorney, to transfer the same on the books of the District at the office of the Trustee, with full power of substitution in the premises.

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NOTE: The signature to this Assignment must correspond with the name on the face of the within Registered Bond in every particular, without alteration or enlargement or any change whatsoever.

Dated:

Signature Guaranteed by:

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NOTE: Signature must be guaranteed by an eligible guarantor institution

**EXHIBIT B**

**FORM OF REVOLVING NOTE**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
SUBORDINATED ELECTRIC REVENUE BONDS  
2026 SERIES G**

[Delivery Date] \$ \_\_\_\_\_

The Sacramento Municipal Utility District (the “District”), for value received, hereby promises to pay to the order of [Bank] (the “Bank”), pursuant to that certain \_\_\_\_\_ dated as of \_\_\_\_\_ (the “Agreement”), between the District and the Bank, at the office of the Bank at \_\_\_\_\_, the aggregate unpaid principal amount of all Reimbursement Obligations (as defined in the Agreement) pursuant to the Agreement on the dates and in the amounts provided for in the Agreement.

The District promises to pay interest on the unpaid principal amount of all Reimbursement Obligations owed to the Bank under the Agreement on the dates and at the rate or rates provided for in the Agreement. All payments of principal and interest shall be made in any coin or currency of the United States of America which at the time of payment is legal tender for public and private debts in immediately available funds. All capitalized terms used herein and not otherwise defined herein shall have the meanings specified in the Agreement.

This Revolving Note is a Revolving Note as referred to in Section 122.12 of Resolution No. 01-06-10 of the District adopted June 21, 2001, amending and restating Resolution No. 85-11-1 of the District adopted November 7, 1985, as amended and supplemented, including as supplemented by Resolution No. \_\_\_\_\_ of the District adopted June 18, 2026 (the “Twentieth Supplemental Resolution”) (collectively, the “Subordinate Master Resolution”). This Revolving Note evidences the Reimbursement Obligations owed to the Bank by the District pursuant to the Agreement which have been designated by the District as, and constitute, Parity Subordinated Debt under and as defined in the Subordinate Master Resolution and, as such Parity Subordinated Debt, is entitled to the benefits afforded Parity Subordinated Debt and the holders thereof pursuant to the Subordinate Master Resolution and is secured by a lien on the Net Subordinated Revenues as more fully set forth in and subject to the terms of the Subordinate Master Resolution. As provided in the Agreement, the Reimbursement Obligations and this Revolving Note are subject to prepayment, in whole or in part, in accordance with the terms of the Agreement.

The Bank agrees, by acceptance of this Revolving Note, that it will make a notation on the schedule attached hereto of all Reimbursement Obligations evidenced hereby and all principal payments and prepayments made hereunder and of the date to which interest hereon has been paid, all as provided in the Agreement; *provided, however*, that the failure to make any such notation or any error in such notation shall not limit or otherwise affect the obligation of the District hereunder with respect to payments of principal of and interest on this Revolving Note.

This Revolving Note is authorized by the District to be issued to provide for the payment of the principal of and interest on the unpaid principal amount of all Reimbursement Obligations owed to the Bank under the Agreement on the dates and at the rate or rates provided for in the Agreement. This Revolving Note is issued under and pursuant to and in full compliance with the Subordinate Master Resolution and the Twentieth Supplemental Resolution.

It is hereby certified that all conditions, acts and things essential to the validity of this Revolving Note exist, have happened and have been done and that every requirement of law affecting the issuance hereof has been duly complied with.

IN WITNESS WHEREOF, SMUD, has caused this Revolving Note to be executed by an authorized officer of SMUD and this Revolving Note to be dated as of date set forth above.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE FOR REVOLVING NOTE**  
**DATED \_\_\_\_\_**  
**BY SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**PAYABLE TO [BANK]**

<u>Date</u>	<u>Amount of Drawing or Advance Made</u>	<u>Amount of Principal Paid</u>	<u>Date to Which Interest Paid</u>	<u>Due Date</u>	<u>Notation Made by</u>
-------------	--	-------------------------------------	--	-----------------	-----------------------------

# **DOCUMENT APPROVAL RESOLUTION**

**RESOLUTION NO. \_\_\_\_\_ OF  
THE BOARD OF DIRECTORS OF  
SACRAMENTO MUNICIPAL UTILITY DISTRICT  
AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE  
CONTRACTS OF PURCHASE, OFFICIAL STATEMENTS AND CONTINUING  
DISCLOSURE AGREEMENTS, THE DISTRIBUTION OF OFFICIAL STATEMENTS,  
AND CERTAIN OTHER ACTIONS RELATING TO THE ISSUANCE AND SALE OF  
ONE OR MORE SERIES OR SUBSERIES OF THE DISTRICT'S ELECTRIC  
REVENUE BONDS AND/OR SUBORDINATED ELECTRIC REVENUE BONDS, AND  
CERTAIN OTHER MATTERS RELATING THERETO**

BE IT RESOLVED, by the Board of Directors of the Sacramento Municipal Utility District (the "District"), as follows:

Section 1. Sale of Bonds. One or more series or subseries of the District's Electric Revenue Bonds and/or Subordinated Electric Revenue Bonds (collectively, the "Bonds"), are hereby authorized to be sold to the underwriters thereof in one or more negotiated sales at the prices and otherwise upon the terms and conditions determined on the sale dates thereof by the Chief Executive Officer and General Manager, any Member of the Executive Committee, the Treasurer, the Secretary or the Chief Financial Officer or the designee of any such officer (each an "Authorized Officer"), as specified in one or more Sales Certificates relating to the Bonds (the "Sales Certificates") authorized under the supplemental resolutions authorizing the issuance of the Bonds adopted by the Board of Directors of the District on the date hereof.

Section 2. Contracts of Purchase. The forms of Contracts of Purchase with respect to the Bonds (the "Contracts of Purchase") between the District and the underwriters named therein (the "Underwriters"), in the forms submitted to this meeting are hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver one or more Contracts of Purchase in substantially such forms for the Bonds or any series or subseries thereof on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District's counsel (such approval to be conclusively evidenced by the execution of such Contracts of Purchase).

Section 3. Official Statements. The Official Statements of the District relating to the Bonds (the "Official Statements") in substantially the forms submitted to this meeting are hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Official Statements relating to the Bonds in substantially such forms on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District's counsel and subject to such further changes as may be consistent with the Sales Certificates (such approval to be conclusively evidenced by the execution of such Official Statements). The Underwriters are authorized to distribute the Official Statements in preliminary form to persons who may be interested in the purchase of the Bonds and the Official Statements in final form to purchasers of the Bonds.

Section 4. Continuing Disclosure Agreements. The forms of Continuing Disclosure Agreements relating to the Bonds between the District and U.S. Bank Trust Company, National Association, as dissemination agent (the “Continuing Disclosure Agreements”) in the forms attached to the Official Statements submitted to this meeting are hereby approved. Any Authorized Officer, acting alone, is authorized and directed to execute and deliver the Continuing Disclosure Agreements in substantially such forms on behalf of the District, subject to such additions thereto and changes therein as any Authorized Officer shall approve after consultation with the District’s counsel (such approval to be conclusively evidenced by the execution of such Continuing Disclosure Agreements).

Section 5. Bond Insurance. Any Authorized Officer, acting alone, is hereby authorized to do any and all things and to negotiate, execute, deliver, and perform any and all agreements and documents which they deem necessary or advisable in order to procure bond insurance for all or any portion of the Bonds including without limitation one or more commitments for a bond insurance policy and one or more insurance agreements; provided that such insurance and such agreements and documents are determined by any Authorized Officer to be reasonable under the circumstances and to be consistent with the provisions and intent of this resolution. The power to make such determination is hereby delegated to each Authorized Officer and shall be conclusively evidenced by the execution and delivery of the insurance agreements and insurance commitments. Any actions heretofore taken by any Authorized Officer in furtherance of this Section are hereby ratified, confirmed and approved.

Section 6. Other Related Actions. The Authorized Officers and other officers of the District are hereby authorized and directed to do any and all things and to negotiate, execute, deliver and perform any and all agreements and documents which they deem necessary or advisable in order to consummate the issuance, sale and delivery of the Bonds, to provide for credit enhancement of the Bonds, and to effectuate the purposes of this resolution and the transactions contemplated by this resolution, the supplemental resolutions authorizing the issuance of the Bonds, the Sales Certificates, and the documents approved hereby, and including any subsequent amendments, directions, waivers or consents entered into or given in accordance with such documents, and that any actions heretofore taken and any agreements and documents heretofore executed and delivered by the officers of the District to consummate the issuance, sale and delivery of the Bonds, to provide for credit enhancement of the Bonds, and to effect the purpose of these resolutions and the transactions contemplated thereby are hereby ratified and confirmed.

**PRELIMINARY OFFICIAL STATEMENT -  
SENIOR BONDS**

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2026

NEW ISSUE - FULL BOOK-ENTRY

Ratings: See "RATINGS" herein

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026 Series P Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2026 Series P Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 Series P Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Series P Bonds. See "TAX MATTERS."*



**[\$[PRINCIPAL AMOUNT]\*  
ELECTRIC REVENUE BONDS, 2026 SERIES P  
[[GREEN BONDS]]**

**Dated: Date of Delivery**

**Due: [September 15], as shown on the inside cover**

The Electric Revenue Bonds, 2026 Series P (the "2026 Series P Bonds") will be issued pursuant to the provisions of Resolution No. 6649 of the Sacramento Municipal Utility District ("SMUD"), as amended and supplemented, and will be payable from the Net Revenues of the Electric System of SMUD, as described herein. The 2026 Series P Bonds are being issued to [(i) finance and refinance certain improvements and additions to SMUD's Electric System, including by paying [all] of the outstanding principal amount of SMUD's commercial paper notes at maturity, and (ii) pay certain costs associated with the issuance of the 2026 Series P Bonds]. See "PLAN OF FINANCE."

The 2026 Series P Bonds will mature in the years and amounts as shown on the inside cover. Interest on the 2026 Series P Bonds will accrue at the rates set forth on the inside cover and be payable semiannually on each March 15 and September 15, commencing March 15, 2027.

The 2026 Series P Bonds are subject to redemption prior to maturity as described herein. See "THE 2026 SERIES P BONDS – Redemption Provisions."

[The 2026 Series P Bonds have been designated as "Green Bonds." Kestrel has provided an independent external review and opinion that the 2026 Series P Bonds conform with the four core components of the International Capital Market Association Green Bond Principles, and therefore qualify for Green Bonds designation. See "DESIGNATION OF 2026 SERIES P BONDS AS GREEN BONDS" herein and APPENDIX G – "SECOND PARTY OPINION" hereto for more information.]

The 2026 Series P Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository (the "Securities Depository") for the 2026 Series P Bonds. Individual purchases of interests in the 2026 Series P Bonds may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the 2026 Series P Bonds. Principal and interest are payable directly to the Securities Depository by U.S. Bank Trust Company, National Association, Trustee and Paying Agent. Upon receipt of payments of principal and interest, the Securities Depository will in turn remit such principal and interest to the Securities Depository's Direct Participants (as such term is herein defined) for subsequent disbursement to the purchasers of interests in the 2026 Series P Bonds, as described herein. See APPENDIX C – "BOOK-ENTRY SYSTEM."

*The principal of and interest on the 2026 Series P Bonds, together with the debt service on other Parity Bonds (as defined herein), are payable exclusively from and secured by a pledge of the Net Revenues of the Electric System of SMUD. Neither the credit nor the taxing power of SMUD or the State of California is pledged to the payment of the 2026 Series P Bonds.*

The information presented on this cover page is for general reference only and is qualified in its entirety by reference to the entire Official Statement and the documents summarized and described herein.

The 2026 Series P Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of the validity of the 2026 Series P Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. Certain legal matters will be passed on for the Underwriters by their counsel, Nixon Peabody LLP, San Francisco, California. It is expected that the 2026 Series P Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2026\*.

**[Underwriters]**

\_\_\_\_\_, 2026

\* Preliminary, subject to change.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**Sacramento, California**

**[\$[PRINCIPAL AMOUNT]\***  
**ELECTRIC REVENUE BONDS, 2026 SERIES P**

**MATURITY SCHEDULE\***

<b>Due ([September 15])*</b>	<b>Principal Amount*</b>	<b>Interest Rate</b>	<b>Yield</b>	<b>CUSIP†</b>
	\$			

[Term bonds?]

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\* Preliminary, subject to change.

† CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with SMUD or the Underwriters and are included solely for the convenience of the registered owners of the applicable 2026 Series P Bonds. Neither SMUD nor the Underwriters are responsible for the selection or uses of these CUSIP® numbers, and no representation is made as to their correctness on the applicable 2026 Series P Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the 2026 Series P Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the 2026 Series P Bonds.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Dave Tamayo, President  
Rob Kerth, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Gregg Fishman  
Rosanna Herber  
Heidi Sanborn

**OFFICERS AND EXECUTIVES<sup>1</sup>**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing and Communications Officer  
Jennifer Restivo, Treasurer  
George Vaughn, [Interim] Controller

**SPECIAL SERVICES**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
Trustee and Paying Agent

BAKER TILLY US, LLP, Madison, Wisconsin  
Independent Accountants

PFM FINANCIAL ADVISORS LLC, Philadelphia, Pennsylvania  
Municipal Advisor

[KESTREL, Hood River, Oregon  
Green Bonds External Reviewer]

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<sup>1</sup> Paul Lau has announced his intent to retire in the summer of 2026. See “INTRODUCTION – Independent Governance” in Appendix A to this Official Statement for more information.

No dealer, broker, salesperson or other person has been authorized by SMUD or the Underwriters to give any information or to make any representations with respect to the 2026 Series P Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the 2026 Series P Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from SMUD and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of SMUD since the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The 2026 Series P Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The 2026 Series P Bonds have not been registered or qualified under the securities laws of any state.

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. SMUD does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. SMUD maintains a website and social media accounts. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2026 Series P Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

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**OFFICIAL STATEMENT**  
**Relating to**  
**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**[\$[PRINCIPAL AMOUNT]\***  
**ELECTRIC REVENUE BONDS, 2026 SERIES P**  
**INTRODUCTION**

This Official Statement, including the cover page and Appendices attached hereto, describes the Sacramento Municipal Utility District (“SMUD”), a political subdivision of the State of California (the “State”), and its \$[PRINCIPAL AMOUNT]\* Electric Revenue Bonds, 2026 Series P (the “2026 Series P Bonds”), in connection with the sale by SMUD of the 2026 Series P Bonds. The 2026 Series P Bonds are being issued to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [all] of the outstanding principal amount of SMUD’s commercial paper notes at maturity, and (ii) pay certain costs associated with the issuance of the 2026 Series P Bonds]. See “PLAN OF FINANCE.”

The 2026 Series P Bonds are part of an Electric Revenue Bond authorization of SMUD and are issued pursuant to Resolution No. 6649 (the “Master Resolution”) adopted in 1971, as amended and supplemented, and applicable California law, including Article 6a of Chapter 6 of the Municipal Utility District Act (Public Utilities Code Sections 12850 to 12860) (the “Act”), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Government Code Section 53580 *et seq.*). The issuance of the 2026 Series P Bonds was authorized on June 18, 2026, by the Board of Directors of SMUD by a Sixty-Ninth Supplemental Resolution (the “Sixty-Ninth Supplemental Resolution”) supplemental to the Master Resolution. The Master Resolution and all supplemental resolutions, including the Sixty-Ninth Supplemental Resolution, are collectively referred to herein as the “Resolution.” See APPENDIX D — “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION.”

The 2026 Series P Bonds and other bonds issued on a parity therewith pursuant to the Resolution are collectively referred to herein as the “Bonds.” The Bonds, together with other Parity Bonds (as defined herein), are payable solely from the Net Revenues of the Electric System. See “SECURITY FOR THE BONDS.” As of [March 31, 2026], Bonds in the aggregate principal amount of \$[1,908,940,000] were outstanding under the Resolution.

The issuance of the 2026 Series P Bonds is a component of a plan of finance (the “Plan of Finance”) that includes the issuance of SMUD’s Subordinated Electric Revenue Bonds, 2026 Series G (the “2026 Series G Subordinated Bonds”) to finance and refinance certain improvements and additions to SMUD’s Electric System. The issuance of the 2026 Series P Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance. If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Bonds in the aggregate principal amount of \$[\_\_\_\_\_] are expected to be outstanding under the Resolution. See “PLAN OF FINANCE.”

Although the Resolution establishes an “Electric Revenue Bond Reserve Fund” (the “Reserve Fund”), the Reserve Fund does *not* secure and will *not* be available to pay debt service on the 2026 Series

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\* Preliminary, subject to change.

P Bonds. [The Reserve Fund secures all Bonds issued prior to January 1, 2004 that are currently outstanding (and not otherwise deemed to be paid and discharged under the Resolution) and may secure additional Bonds issued in the future.]

U.S. Bank Trust Company, National Association serves as trustee and paying agent under the Resolution (in such capacities, the “Trustee” and the “Paying Agent” respectively).

From time to time, SMUD issues Subordinated Electric Revenue Bonds (the “Subordinated Bonds”) pursuant to Resolution No. 85-11-1 of SMUD, adopted on November 7, 1985, as amended and supplemented (the “Subordinate Resolution”). As of [March 31, 2026], Subordinated Bonds in the aggregate principal amount of \$[432,020,000] were outstanding. The Subordinated Bonds are payable solely from the Net Subordinated Revenues of the Electric System and are subordinate in right of payment to the prior payment of principal of and interest on the Bonds (including the 2026 Series P Bonds). If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Subordinated Bonds in the aggregate principal amount of \$[\_\_\_\_\_]” are expected to be outstanding under the Subordinate Resolution. See “PLAN OF FINANCE.”

SMUD also issues commercial paper notes (the “Notes”) from time to time. As of [May \_\_], 2026, Notes in the principal amount of \$[\_\_\_\_\_] were outstanding. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD’s obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Bonds (including the 2026 Series P Bonds) and the Subordinated Bonds. Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in March of 2027 and September of 2028. SMUD expects to pay [all] of the outstanding principal amount of the Notes with a portion of the proceeds of the 2026 Series P Bonds. See “PLAN OF FINANCE.”

SMUD has also entered into two revolving credit agreements with commercial banks and issued its taxable and tax-exempt revolving notes thereunder (collectively, the “Revolving Credit Facilities”). As of the date of this Official Statement, no principal amount was outstanding under the Revolving Credit Facilities. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facilities at any one time is limited to \$150,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facilities in the future. SMUD’s payment obligations under the Revolving Credit Facilities are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Bonds (including the 2026 Series P Bonds) and the Subordinated Bonds. The current terms of the Revolving Credit Facilities expire in March 2029 and April 2029.

SMUD is responsible for the acquisition, generation, transmission and distribution of electric power to its service area, which includes most of Sacramento County and small portions of Placer and Yolo counties. For the year ended December 31, 2025, SMUD served a population of approximately 1.6 million with a total annual retail load of approximately 10,510 million kilowatt-hours (“kWh”). SMUD owns and operates an electric system which, as of January 1, 2026, included generating facilities, including local gas-fired plants, owned and operated by SMUD with an aggregate generating capacity of approximately 1,906 megawatts (“MW”), purchased power with an aggregate generating capacity of approximately 1,699 MW and transmission and distribution facilities. SMUD’s power requirements

exceed its generating capacity and thus SMUD has agreements with others for the purchase of a portion of its power requirements. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – POWER SUPPLY AND TRANSMISSION – Power Supply Resources.” Continuing development of SMUD’s business strategy in response to changing environmental and regulatory requirements has had, and is expected to continue to have, a major effect on SMUD’s power supply planning. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – BUSINESS STRATEGY.”

Pursuant to a Continuing Disclosure Agreement, dated the date of issuance of the 2026 Series P Bonds (the “Continuing Disclosure Agreement”) between SMUD and the Trustee, SMUD will covenant for the benefit for the holders of the 2026 Series P Bonds and owners of beneficial interest in the 2026 Series P Bonds to provide certain financial information and operating data and to provide certain notices. See “CONTINUING DISCLOSURE UNDERTAKING” and APPENDIX F – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The information presented in this Introduction is qualified in its entirety by reference to this entire Official Statement and the documents summarized or described herein. This Official Statement, including the Appendices, summarizes the terms of the 2026 Series P Bonds, the Resolution and certain agreements, contracts and other arrangements, some of which currently exist and others of which may exist in the future. The summaries of and references to all documents, statutes, regulations and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, regulation or instrument.

Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Certain Definitions” or in the Resolution.

## **PLAN OF FINANCE**

### **Issuance of 2026 Series P Bonds**

The proceeds of the 2026 Series P Bonds will be used to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [all] of the outstanding principal amount of SMUD’s commercial paper notes at maturity, and (ii) pay certain costs associated with the issuance of the 2026 Series P Bonds. The issuance of the 2026 Series P Bonds is a component of the Plan of Finance, as further described below. The issuance of the 2026 Series P Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance.

### **Issuance of 2026 Series G Subordinated Bonds**

Concurrently with the issuance of the 2026 Series P Bonds, SMUD expects to issue approximately \$\_\_\_\_\_ \* aggregate principal amount of the 2026 Series G Subordinated Bonds to (i) finance and refinance certain improvements and additions to SMUD’s Electric System and (ii) pay certain costs associated with the issuance of the 2026 Series G Subordinated Bonds. The 2026 Series G Subordinated Bonds are expected to be issued in a term rate mode, bearing fixed rates of interest during their respective initial term rate periods.

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\* Preliminary, subject to change.

## **DESIGNATION OF 2026 SERIES P BONDS AS GREEN BONDS**

### **General**

The 2026 Series P Bonds have been designated as “Green Bonds.” The information set forth below concerning (1) Kestrel in its role as a verifier and (2) the determination that the 2026 Series P Bonds are in conformance with the four core components of the ICMA Green Bond Principles has been extracted from materials provided by Kestrel and neither SMUD nor the Underwriters undertake any responsibility for the accuracy or completeness of any such information. Neither SMUD nor the Underwriters make any representation regarding the applicability or suitability of the determination that the 2026 Series P Bonds are in conformance with the four core components of the ICMA Green Bond Principles. The term “Green Bonds” is neither defined in nor related to the Master Resolution or the Sixty-Ninth Supplemental Resolution. The use of such term in this Official Statement is solely for identification purposes and is not intended to provide or imply that the owners of the 2026 Series P Bonds are entitled to any security other than as provided in the Master Resolution and the Sixty-Ninth Supplemental Resolution, as described under the heading “SECURITY FOR THE BONDS.”

No party, including SMUD, has assumed any obligation to ensure that the projects financed or refinanced with the proceeds of the 2026 Series P Bonds comply with any legal or other standards or principles that may relate to “Green Projects” or that the 2026 Series P Bonds comply with any legal or other standards or principles that may be related to “Green Bonds.” No assurance can be given that a clear definition of green will develop over time, or that, if developed, it will include the projects to be financed or refinanced with the proceeds of the 2026 Series P Bonds. Accordingly, no assurance is or can be given to investors that any uses of the 2026 Series P Bonds will meet investor expectations regarding green or other equivalently labeled performance objectives with respect to the projects to be financed or refinanced with proceeds of the 2026 Series P Bonds.

### **Green Bonds Designation**

Per the International Capital Market Association (“ICMA”), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the 2026 Series P Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel’s “Second Party Opinion,” which is attached hereto as APPENDIX G.

### **Independent Second Party Opinion on Green Bonds Designation and Disclaimer**

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in US public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the 2026 Series P Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or

sell the 2026 Series P Bonds and designations do not address the market price or suitability of the 2026 Series P Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by SMUD or that was otherwise made available to Kestrel.]

**ESTIMATED SOURCES AND USES OF FUNDS**

The estimated sources and uses of funds with respect to the 2026 Series P Bonds are as follows:

**Sources of Funds:**

Principal Amount	\$
[Net] Original Issue [Premium/Discount]	
SMUD Contribution	
Total Sources of Funds	\$

**Uses of Funds:**

Payment of Notes	\$
Reimbursable Capital	
Project Costs	
Costs of Issuance (including Underwriters' Discount)	
Total Uses of Funds	\$

**THE 2026 SERIES P BONDS**

The 2026 Series P Bonds will mature in the years and amounts and bear interest at the rates set forth on the inside cover page hereof. Interest on the 2026 Series P Bonds will accrue from the date of delivery of the 2026 Series P Bonds, and will be payable semiannually on each March 15 and September 15, commencing March 15, 2027 (each, an "Interest Payment Date") to the owners thereof as of the first day of the month (whether or not such day is a business day) in which an Interest Payment Date occurs (each, a "Record Date").

The 2026 Series P Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"). DTC will act as securities depository (the "Securities Depository") for the 2026 Series P Bonds. Individual purchases of interests in the 2026 Series P Bonds will be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers of such interests will not receive certificates representing their interests in the 2026 Series P Bonds. Principal and interest are payable directly to the Securities Depository by the Trustee. Upon receipt of payments of principal and interest, the Securities Depository will in turn remit such principal and interest to the Securities Depository's Direct Participants (as such term is herein defined) for subsequent disbursement to the purchasers of interests in the 2026 Series P Bonds. See APPENDIX C – "BOOK-ENTRY SYSTEM."

## Redemption Provisions\*

**Optional Redemption.** On any date on or after \_\_\_\_\_, 20\_\_, the 2026 Series P Bonds maturing on and after [September 15], 20\_\_ are subject to redemption prior to their stated maturities at the option of SMUD, from any source of available funds, as a whole or in part, by lot, at the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption.

[sinking fund redemption?]

**Selection of Bonds for Redemption.** If less than all of a maturity of the 2026 Series P Bonds is to be redeemed, the Trustee shall select the 2026 Series P Bonds of such maturity to be redeemed, from the Outstanding 2026 Series P Bonds of such maturity not previously called for redemption, by lot in any manner the Trustee deems fair. For so long as the book-entry only system is in effect with respect to the 2026 Series P Bonds, DTC shall select the 2026 Series P Bonds to be redeemed in accordance with the procedures of DTC.

**Notice of Redemption.** Notice of redemption for the 2026 Series P Bonds will be given by publication at least once in financial newspapers or journals, selected by the Trustee, of general circulation in San Francisco, California, Chicago, Illinois, and New York, New York, each such publication to be not less than 20 nor more than 60 days before the date fixed for redemption, if at any time the 2026 Series P Bonds are not in book entry form. Notice also will be mailed to the registered owners of any 2026 Series P Bonds designated for redemption, but failure to mail such notice or any defect therein with respect to any particular 2026 Series P Bond will not affect the validity of the proceedings for the redemption of any other 2026 Series P Bonds. For so long as the book-entry-only system is in effect with respect to the 2026 Series P Bonds, the Trustee will mail notice of redemption solely to DTC or its nominee or its successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of a 2026 Series P Bond of any redemption will not affect the sufficiency or validity of the redemption of any 2026 Series P Bond. See APPENDIX C – “BOOK-ENTRY SYSTEM.” SMUD may instruct the Trustee to give conditional notice of optional redemption, which may be conditioned upon the receipt of moneys or any other event. SMUD may rescind any notice of optional redemption of the 2026 Series P Bonds by giving written notice to the Trustee of such rescission no later than two business days prior to the date specified for redemption.

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\* Preliminary, subject to change.

**DEBT SERVICE SCHEDULE**

The following table sets forth the debt service requirements with respect to the 2026 Series P Bonds. See also APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Outstanding Indebtedness – *Debt Service Requirements.*”

<u>Calendar Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
	\$	\$	\$
	\$	\$	\$

**SECURITY FOR THE BONDS**

**General**

The principal of and premium, if any, and interest on the Bonds, together with other Parity Bonds, are payable exclusively from, and are secured by a pledge (effected in the manner and to the extent provided in the Resolution) of, the Net Revenues of the Electric System of SMUD.

Neither the credit nor the taxing power of SMUD is pledged to the payment of the Bonds and the general fund of SMUD is not liable for the payment thereof. The owners of the Bonds cannot compel the exercise of any taxing power of SMUD or the forfeiture of any of its property. The Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of SMUD’s property (including the Electric System) or upon any of its income, receipts or revenues except the Net Revenues of the Electric System to the extent of the pledge thereof contained in the Resolution.

**Allocation of Revenues**

After making an allocation of Revenues to Maintenance and Operation Costs and to Energy Payments not included in Maintenance and Operation Costs, the Treasurer of SMUD is required (subject to the last paragraph of this section) to set aside, on an equal priority with sums set aside for all other Parity Bonds, Net Revenues as follows:

**First:** To the Electric Revenue Bond Interest Fund, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-fifth (1/5) of the aggregate amount of interest becoming due on the Bonds on the next succeeding semiannual interest payment date, until an amount sufficient to meet said interest payment is accumulated.

**Second:** To the Electric Revenue Bond Redemption Fund, to be set aside in the Principal Account and Sinking Fund, respectively, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-tenth (1/10) of the aggregate amount of principal becoming due on serial Bonds and the aggregate minimum sinking fund payments required to be made with respect to term Bonds during the next ensuing 12 months, until an amount sufficient to meet the principal and sinking fund requirements on all Bonds outstanding is accumulated in said accounts, respectively.

**Third:** To the Electric Revenue Bond Reserve Fund, such amounts as any supplemental resolution authorizing the issuance of a series of Bonds may require to build up and maintain said fund.

If interest on Bonds of a series or maturity is payable more frequently than semiannually, the Treasurer of SMUD shall set aside out of Net Revenues in the Interest Fund such amounts as may be required to pay interest on the Bonds of such series or maturity on each interest payment date at least one month prior to such interest payment date. Allocation to the Electric Revenue Bond Redemption Fund and Electric Revenue Bond Reserve Fund shall be made as set forth above.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes.

From time to time, SMUD may deposit in the Rate Stabilization Fund from such remaining Revenues such amounts as SMUD shall determine, provided that deposits in the Rate Stabilization Fund from remaining Revenues in any fiscal year may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. No deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in any certificate submitted in connection with the issuance of additional bonds and withdrawal of the Revenues from the Revenues employed in rendering said certificate would have caused noncompliance with the additional bond provisions or to the extent withdrawals of the Revenues for any fiscal year would have reduced the debt service ratio for such fiscal year to or below 1.40:1.00. See APPENDIX A – “RATES AND CUSTOMER BASE – Rates and Charges” for a description of the balance in the Rate Stabilization Fund.

With respect to Bonds of a series issued on or after October 1, 2003 (including the 2026 Series P Bonds), notwithstanding the foregoing, so long as the Bonds of such series or maturity are outstanding, the supplemental resolution authorizing the issuance of such series shall require the Treasurer, out of Net Revenues received by SMUD, to set aside in the Interest Fund and the Principal Account, respectively, such amounts as may be required so that an amount equal to the amount of principal and/or interest becoming due and payable on the Bonds of such series or maturity on each interest payment date and principal payment date is on deposit in the Interest Fund and the Principal Account, respectively, at such time on or prior to such interest payment date or principal payment date as shall be specified in the supplemental resolution authorizing such Bonds.

### **Rates and Charges**

SMUD has covenanted in the Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by

SMUD which, together with certain items of other income permitted under the Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs and, in addition, to provide an aggregate sum equal to at least 1.20 times the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on the Bonds and all Parity Bonds, in each case during such 12 months.

For purposes of the calculations of payments to be made pursuant to the Resolution, the interest rates on Parity Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds, interest on such Parity Bonds shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds in such fiscal year or period at the rate or rates stated in such Parity Bonds plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

For purposes of the above calculations of principal of and interest on Parity Bonds, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Bonds are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included; and for purposes of the above calculations of interest on Parity Bonds, the interest rates on Parity Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

For purposes of the calculations specified in this section: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that SMUD receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by SMUD with respect to or in connection with such Parity Bonds during such period of time.

See APPENDIX D hereto for the definitions of certain capitalized terms used in this section.

## Limitations on Additional Obligations Payable from Revenues

The Resolution provides that SMUD will not, so long as any Bonds are outstanding, issue any obligations payable in whole or in part from Revenues except the following:

1. Refunding bonds issued solely to refund all or part of the Bonds or Parity Bonds;
2. General obligation bonds or other securities secured by the full faith and credit of SMUD;
3. Additional revenue bonds (including additional Bonds under the Resolution and additional Parity Bonds), payable on a parity with the Bonds, with an equal lien and charge upon the Revenues, but only subject to the following conditions:
  - (a) Such additional revenue bonds shall have been authorized for and the proceeds therefrom required to be applied to additions, betterments, extensions or improvements to the Electric System (and necessary costs of issuance, interest during construction and reserve funds);
  - (b) The proceedings for the issuance of such additional revenue bonds shall require SMUD to fix and collect rates and charges in an amount not less, with respect to such bonds, than the amounts required with respect to Bonds issued under the Resolution;
  - (c) SMUD shall not then be in default under the Resolution or other resolutions authorizing the issuance of Parity Bonds; and
  - (d) The Trustee shall receive a certificate of SMUD to the effect (i) that Net Revenues, after completion of the improvements proposed to be financed by such additional revenue bonds, will be sufficient to pay the principal of and interest (and bond reserve fund requirements) on all Bonds and Parity Bonds then outstanding and on such additional revenue bonds; and (ii) that for a period of 12 consecutive months during the 24 months immediately preceding the issuance of the additional revenue bonds the Net Revenues have been at least equal to 1.25 times maximum annual debt service on all Bonds and Parity Bonds then outstanding and on such additional revenue bonds (after adjusting Net Revenues to include 75 percent of the estimated additional Net Revenues to be derived from an increase in rates and charges or from the acquisition of an existing revenue producing electric system); and
4. Revenue bonds junior and subordinate to the Bonds and Parity Bonds.

For purposes of the above calculations, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Bonds are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included; and for purposes of the above calculations of interest on Parity Bonds, the interest rates on Parity Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds, interest on such Parity Bonds shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds in such fiscal year or period at the rate or rates stated in such Parity Bonds plus any Financial Product Payments payable in

such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

For purposes of the calculations specified in this section: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that SMUD receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by SMUD with respect to or in connection with such Parity Bonds during such period of time.

See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Estimated Capital Requirements” for a description of SMUD’s projected capital requirements. Such capital requirements may be satisfied through the issuance of additional Bonds or Parity Bonds.

See APPENDIX D hereto for the definitions of certain capitalized terms used in this section.

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

SMUD owns and operates an electric system that has provided retail electric service since 1946. SMUD’s current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. For a full description of SMUD, its history, organization, operations, and financial performance, certain developments in the energy markets, certain factors affecting the electric utility industry, and certain regulatory and other matters, see APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT.”

### **ABSENCE OF LITIGATION REGARDING THE 2026 SERIES P BONDS**

SMUD is not aware of any action, suit or proceeding, threatened or pending, to restrain or enjoin the issuance, sale or delivery of the 2026 Series P Bonds, or in any way contesting or affecting the validity of the 2026 Series P Bonds or any of the proceedings of SMUD taken with respect to the 2026 Series P Bonds. SMUD is not aware of any action, suit or proceeding, threatened or pending, questioning the corporate existence of SMUD, or the title of the officers of SMUD to their respective offices, or the power and authority of SMUD to execute and deliver the 2026 Series P Bonds. For a description of certain litigation in which SMUD is involved, see APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – LEGAL PROCEEDINGS.”

### **UNDERWRITING**

[ ] (“[ ]”), as representative of itself, [ ], [ ], [ ], [ ], [ ] and [ ] (each, an “Underwriter” and, collectively, the “Underwriters”) have jointly and severally agreed, subject to certain customary conditions to closing, to purchase the 2026 Series P Bonds from SMUD at an aggregate purchase price of \$\_\_\_\_\_ (being the aggregate principal amount of the 2026 Series P Bonds, [plus/less] [net] original issue [premium/discount] of \$\_\_\_\_\_, and less Underwriters’ discount of \$\_\_\_\_\_). The Underwriters will be obligated to purchase all 2026 Series P Bonds if any 2026 Series P Bonds are purchased. The Underwriters have agreed to make a public offering of the 2026 Series P Bonds at the initial offering prices set forth on the inside cover page hereof. The 2026 Series P Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such

bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for SMUD for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of, or issued for the benefit of, SMUD.

[BofA Securities, Inc., an Underwriter of the 2026 Series P Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2026 Series P Bonds.]

[J.P. Morgan Securities LLC (“JPMS”), an Underwriter of the 2026 Series P Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase authorized denominations of the 2026 Series P Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to the portion of the 2026 Series P Bonds that such firm sells.]

[Morgan Stanley & Co. LLC, an Underwriter of the 2026 Series P Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2026 Series P Bonds.]

[Wells Fargo Corporate & Investment Banking is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.]

[Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the 2026 Series P Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities

offerings, including the 2026 Series P Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2026 Series P Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2026 Series P Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.]

### **MUNICIPAL ADVISOR**

SMUD has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with various matters relating to the delivery of the 2026 Series P Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in underwriting or distribution of securities. The Municipal Advisor will receive compensation that is contingent upon the sale, issuance and delivery of the 2026 Series P Bonds.

### **APPROVAL OF LEGAL PROCEEDINGS**

The validity of the 2026 Series P Bonds and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. The approving opinion of Bond Counsel will be delivered with the 2026 Series P Bonds in substantially the form appearing in APPENDIX E. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the Underwriters by Nixon Peabody LLP, San Francisco, California, counsel to the Underwriters. Counsel to the Underwriters will receive compensation that is contingent upon the sale, issuance and delivery of the 2026 Series P Bonds.

### **FINANCIAL STATEMENTS**

SMUD’s audited, consolidated financial statements for the years ended December 31, 2025 and December 31, 2024 are included in APPENDIX B attached to this Official Statement. These financial statements have been audited by Baker Tilly US, LLP, Madison, Wisconsin (the “Auditor”), for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. SMUD has not requested nor did it obtain permission from the Auditor to include the audited, consolidated financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any procedures to review the financial condition or operations of SMUD subsequent to the date of its report included therein, nor has it reviewed any information contained in this Official Statement.

### **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026 Series P Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2026 Series P Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 Series P Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the

ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Series P Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX E hereto.

To the extent the issue price of any maturity of the 2026 Series P Bonds is less than the amount to be paid at maturity of such 2026 Series P Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026 Series P Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2026 Series P Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2026 Series P Bonds is the first price at which a substantial amount of such maturity of the 2026 Series P Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2026 Series P Bonds accrues daily over the term to maturity of such 2026 Series P Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2026 Series P Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2026 Series P Bonds. Beneficial Owners of the 2026 Series P Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Series P Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2026 Series P Bonds in the original offering to the public at the first price at which a substantial amount of such 2026 Series P Bonds is sold to the public.

2026 Series P Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2026 Series P Bonds. SMUD has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2026 Series P Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2026 Series P Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026 Series P Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2026 Series P Bonds may adversely affect the value of, or the tax status of interest on, the 2026 Series P Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2026 Series P Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2026 Series P Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The nature and extent of these other tax consequences depends upon the particular tax status of the

Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2026 Series P Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2026 Series P Bonds. Prospective purchasers of the 2026 Series P Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2026 Series P Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of SMUD, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. SMUD has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2026 Series P Bonds ends with the issuance of the 2026 Series P Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend SMUD or the Beneficial Owners regarding the tax-exempt status of the 2026 Series P Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which SMUD legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2026 Series P Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2026 Series P Bonds, and may cause SMUD or the Beneficial Owners to incur significant expense.

Payments on the 2026 Series P Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2026 Series P Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2026 Series P Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026 Series P Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## **CONTINUING DISCLOSURE UNDERTAKING**

Pursuant to the Continuing Disclosure Agreement, SMUD will covenant for the benefit of the holders and the “Beneficial Owners” (as defined in the Continuing Disclosure Agreement) of the 2026 Series P Bonds to provide certain financial information and operating data relating to SMUD by not later than 180 days after the end of each of SMUD’s fiscal years (presently, each December 31), commencing with the report for the year ending December 31, 2026 (the “Annual Report”), and to provide notices of the occurrence of certain listed events with respect to the 2026 Series P Bonds. The Annual Report will be filed by or on behalf of SMUD with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) and any notices of such listed events will be filed by or on behalf of SMUD with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report and the notices of listed events are set forth in the form of the Continuing Disclosure Agreement which is included in its entirety in APPENDIX F hereto. SMUD’s covenant will be made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12.

[In a limited number of circumstances, certain of the annual reports, audited financial statements or listed event filings required to be made by SMUD during the last five years under its continuing disclosure undertakings were not connected to all of the CUSIP numbers of the bonds subject to the continuing disclosure undertakings. In a limited number of circumstances during the last five years, SMUD has filed notices of ratings upgrades with respect to certain bonds later than the time required for such filings under its continuing disclosure undertakings for such bonds.]

## **RATINGS**

Fitch Ratings, Inc. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned ratings of “[AA (stable outlook)]” and “[Aa2 (stable outlook)],” respectively, to the 2026 Series P Bonds. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the 2026 Series P Bonds. Explanations of the significance of such ratings may be obtained only from the respective rating agencies. SMUD has furnished to Fitch and Moody’s certain information and materials concerning the 2026 Series P Bonds and itself. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that they will not be revised downward, suspended or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. SMUD has not, other than as described under “CONTINUING DISCLOSURE UNDERTAKING” above, and the Underwriters have not undertaken any responsibility either to bring to the attention of the holders or beneficial owners of the 2026 Series P Bonds any proposed revision, suspension or withdrawal of any rating on the 2026 Series P Bonds or to oppose any such proposed revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the 2026 Series P Bonds.

## **MISCELLANEOUS**

This Official Statement includes descriptions of the terms of the 2026 Series P Bonds, power purchase agreements with certain other parties, pooling and other agreements, the Resolution and certain provisions of the Act. Such descriptions do not purport to be complete, and all such descriptions and references thereto are qualified in their entirety by reference to each such document.

Copies of the Resolution, which forms a contract with the Holders of the 2026 Series P Bonds, will be made available upon request.

This Official Statement has been duly authorized by the Board of Directors of SMUD.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Chief Executive Officer and General Manager

**APPENDIX A**

**INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**APPENDIX B**

**2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT ACCOUNTANTS**

## APPENDIX C

### BOOK-ENTRY SYSTEM

The information in this Appendix regarding DTC has been provided by DTC, and SMUD takes no responsibility for the accuracy or completeness thereof. SMUD cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute to the Beneficial Owners either (a) payments of interest or principal with respect to the 2026 Series P Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2026 Series P Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The Depository Trust Company (“DTC”) will act as securities depository for the 2026 Series P Bonds. The 2026 Series P Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each maturity of the 2026 Series P Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2026 Series P Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Series P Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2026 Series P Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Series P Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the 2026 Series P Bonds, except in the event that use of the book-entry system for the 2026 Series P Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Series P Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2026 Series P Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Series P Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Series P Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2026 Series P Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Series P Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2026 Series P Bonds may wish to ascertain that the nominee holding the 2026 Series P Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of a maturity of the 2026 Series P Bonds is being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2026 Series P Bonds of such maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Series P Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to SMUD as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Series P Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the 2026 Series P Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from SMUD or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the Trustee or SMUD, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the 2026 Series P Bonds at any time by giving reasonable notice to SMUD or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

SMUD may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates for such 2026 Series P Bonds will be printed and delivered to DTC.

**Neither SMUD nor the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the 2026 Series P Bonds; (iii) any notice which is permitted or required to be given to Holders under the Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of 2026 Series P Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.**

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following is a summary of certain provisions of the Resolution. Other provisions of the Resolution are described under the captions “THE 2026 SERIES P BONDS” and “SECURITY FOR THE BONDS.” This summary is not to be considered a full statement of the terms of the Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Resolution.

Between July 1997 and August 2003, SMUD received consents to amend the Resolution from the owners of the requisite percentage of Outstanding Bonds. Pursuant to the authority granted by such consents, SMUD amended the Resolution in October 2003 by adopting the Forty-Eighth Supplemental Resolution and the Forty-Ninth Supplemental Resolution. The following summary of the Resolution reflects such amendments.

#### Certain Definitions

“Assumed Interest Payments” means for any fiscal year or period interest which would accrue during such fiscal year or period on an amount equal to the then unamortized balance of the remaining sum of Assumed Principal Payments at the Assumed Interest Rate.

“Assumed Interest Rate” for any Parity Bond means an interest rate equal to the “Bond Buyer Revenue Bond Index” most recently published in The Bond Buyer prior to the date of issuance of the Parity Bond to which the Assumed Interest Rate is applicable.

“Assumed Principal Payments” means for any fiscal year or period the sum of all amortized portions of each Excluded Principal Payment which fall within such fiscal year or period after the Excluded Principal Payments have been amortized (for purposes of this definition) equally over the years (pro rata in the case of a partial year) in the period commencing on the date of issuance of the Parity Bonds to which such Excluded Principal Payment relates and ending on the date which is 30 years from such date of issuance. Notwithstanding the foregoing, if Parity Bonds determined by SMUD to be an Excluded Principal Payment are refinanced with Parity Bonds determined by SMUD to be another Excluded Principal Payment, (1) Assumed Principal Payments with respect to the refinancing Parity Bonds shall not include any amount of principal which has previously been assumed amortized with respect to the refinanced Parity Bonds and (2) the period over which the refinancing Parity Bonds shall be assumed to be amortized shall be the period commencing on the date of issuance of the refinancing Parity Bonds and ending on the date which is 30 years from the date of issuance of the refinanced Parity Bonds.

“Electric System” means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements.

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Excluded Principal Payments” means each payment of principal on Parity Bonds which the Board of Directors of SMUD determines (on a date not later than the date of issuance of such Parity Bonds) that SMUD intends to refinance at or prior to the maturity date(s) of such Parity Bonds or

otherwise to pay with moneys which are not Revenues. No such determination shall affect the security for such Parity Bonds or the obligation of SMUD to pay such payments from Revenues.

“Financial Products Agreement” means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, entered into by SMUD with a Qualified Provider not for investment purposes but with respect to specific Parity Bonds for the purpose of (1) reducing or otherwise managing SMUD’s risk of interest rate changes or (2) effectively converting SMUD’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

“Financial Product Payments” means payments periodically required to be paid to a counterparty by SMUD pursuant to a Financial Products Agreement.

“Financial Product Receipts” means amounts periodically required to be paid to SMUD by a counterparty pursuant to a Financial Products Agreement.

“Maintenance and Operation Costs” means all actual maintenance and operation costs incurred by SMUD (including purchased power and fuel costs) or charges therefor made in conformity with generally accepted accounting principles, exclusive in all cases of depreciation, or obsolescence charges or reserves therefor, amortization of intangibles or other entries of a similar nature, interest charges and charges for the payment of principal of SMUD debt.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Resolution.

“Parity Bonds” includes the Bonds and all revenue bonds issued on a parity with the Bonds as provided or permitted in the Resolution. No Parity Bonds (other than the Bonds) are currently outstanding.

“Qualified Provider” means any financial institution or insurance company which is a party to a Financial Products Agreement if the unsecured long-term debt obligations of such financial institution or insurance company (or of the parent or a subsidiary of such financial institution or insurance company if such parent or subsidiary unconditionally guarantees the performance of such financial institution or insurance company under such Financial Products Agreement and the Trustee receives an opinion of counsel to the effect that such guarantee is a valid and binding agreement of such parent or subsidiary), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such financial institution or insurance company (or such guarantor parent or subsidiary), are rated in one of the two highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

“Rate Stabilization Fund” means the fund by that name established in the Resolution. From time to time, after provision for debt service, SMUD may deposit in the Rate Stabilization Fund from remaining Revenues such amounts as SMUD shall determine, provided that deposits may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings on deposits in

the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. Notwithstanding the foregoing, no deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in an engineer's certificate submitted in connection with the issuance of additional revenue bonds payable from Revenues and withdrawal of the Revenues to be deposited in the Rate Stabilization Fund from the Revenues employed in rendering said engineer's certificate would have caused noncompliance with the provisions of the Resolution restricting issuance of additional obligations or securities payable from Revenues or to the extent any withdrawal of amounts from remaining Revenues for the Rate Stabilization Fund for any fiscal year would have reduced the debt service ratio referred to in this Appendix under the caption "Reserve Fund for Certain Bonds" to or below 1.40.

"Revenues" means all charges received for, and all other income and receipts derived by SMUD from the operation of the Electric System, or arising from the Electric System (consisting primarily of income derived from the sale or use of electric energy generated, transmitted or distributed by facilities of the Electric System, but also including receipts from the sale of property pertaining to the Electric System or incidental to the operation of the Electric System or from services performed by SMUD in connection with the Electric System and revenues derived from certain wholesale, but not retail, sales of water), but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

"Subsidy" means any subsidy, reimbursement or other payment from the federal government of the United States of America under the American Recovery and Reinvestment Act of 2009 (or any similar legislation or regulation of the federal government of the United States of America or any other governmental entity or any extension of any of such legislation or regulation).

### **Reserve Fund for Certain Bonds**

The Electric Revenue Bond Reserve Fund (the "Reserve Fund") is created under the Resolution. The Reserve Fund secures all Bonds issued prior to January 1, 2004 that are currently outstanding (and not otherwise deemed to be paid and discharged under the Resolution) and may secure additional Bonds issued in the future. However, the Reserve Fund does not secure and will not be available to pay debt service on the 2026 Series P Bonds.

After the close of each fiscal year, SMUD shall determine the ratio (herein called the "debt service ratio") of (1) the Net Revenues during said fiscal year to (2) the maximum annual debt service during the period of three fiscal years next following said fiscal year on all Bonds and Parity Bonds then outstanding. For this purpose, the term "maximum annual debt service" shall mean the sum of (i) the interest falling due on serial bonds and term bonds, (ii) the principal amount of serial bonds falling due by their terms, and (iii) the amount of minimum sinking fund payments required, as computed for the year in which such sum shall be a maximum. Interest during construction which has been funded and provided for shall not be included in "[minimum] annual debt service" for the purpose of the above calculation.

So long as the debt service ratio shall exceed 1.40, the amount required to be maintained in the Reserve Fund shall be an amount such that the amount in the combined reserve funds of all Parity Bonds then outstanding will at no time be less than the current annual interest requirements on all then outstanding Parity Bonds, except only bonds (if any) for which payment has been provided in advance. If the debt service ratio in any fiscal year shall fall below 1.40, the Treasurer shall set aside in the Reserve Fund or in any other reserve fund or funds established for any one or more issues of the Parity Bonds (on or before the first day of each month of the next succeeding fiscal year) from the first available Net Revenues an amount not less than 15% of the sum of the current monthly interest requirements of all Parity Bonds then outstanding until the next year in which the debt service ratio shall exceed 1.40 or until

the aggregate amount in the combined reserve funds established for all of the Parity Bonds (including the Reserve Fund) is equal to the maximum annual debt service on all of the Parity Bonds then outstanding, whichever shall first occur.

For purposes of the above calculation, the interest rates of Bonds which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Bonds bear a rate or rates of interest for a known period or periods of time, such interest rate or rates for such period or periods, and thereafter, for the portion of the calculation period not covered by such known period or periods, the interest rate shall be the greater of the numerical maximum rate that such Bonds may vary or be adjusted to and the numerical maximum rate (if any) that the interest rate for such Bonds may be fixed to, in both cases as set forth in the supplemental resolution authorizing such Bonds, or if such rate or rates have been increased in accordance with such supplemental resolution at such increased rate or rates.

Any amount in the Reserve Fund at any time in excess of the balance required to be then maintained therein shall be released to SMUD for any SMUD use.

SMUD shall not be required, notwithstanding anything herein contained, to maintain in the combined reserve funds appertaining to all Parity Bonds of SMUD, an aggregate amount in excess of the maximum annual debt service requirements in any subsequent fiscal year on all of the then outstanding Parity Bonds.

Any moneys at any time in any of said reserve funds shall be held by the Treasurer in trust for the benefit of the holder or holders from time to time of the Bonds and the coupons appertaining thereto entitled to be paid therewith, and SMUD shall not have any beneficial right or interest in any such moneys.

Notwithstanding the foregoing, a Supplemental Resolution adopted after the Forty-Eighth Supplemental Resolution may provide that a Series of Bonds issued pursuant to such Supplemental Resolution shall not be secured by the Reserve Fund. In such event, (i) payments of the principal of and interest on such Bonds shall be excluded from all calculations made in respect of the amount to be maintained in the Reserve Fund and (ii) amounts on deposit in the Reserve Fund shall not be applied to the payment of the principal of or interest on such Bonds, even if no other moneys are available therefor.

**The 2026 Series P Bonds are not secured by the Reserve Fund.**

In lieu of maintaining and depositing moneys in the Reserve Fund, SMUD may maintain and deposit in the Reserve Fund, for the sole benefit of the holders of Parity Bonds, a letter of credit (1) which is issued by a bank with a credit rating at the time of deposit of such letter of credit into the Reserve Fund within one of the top two rating categories (without regard to any refinement or graduation of such rating category by numerical modifier or otherwise) of Moody's Investors Service ("Moody's") and Standard's & Poor's Rating Group, a division of The McGraw Hill Companies, Inc. ("S&P"), (2) the repayment obligation with respect to which is not secured by a lien on assets of SMUD senior to any lien which secures the Bondholders and (3) which has a term of at least 364 days from the date of issuance thereof. If the credit rating of the bank issuing such letter of credit falls below such top two rating categories, SMUD shall within twelve months of such downgrading either (a) substitute a new letter of credit satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or an irrevocable surety bond policy satisfying the requirements of the immediately succeeding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). At least 120 days prior to the expiration date of a letter of credit on deposit in the Reserve Fund, SMUD shall either (a) substitute a new letter of credit satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or an irrevocable surety bond policy satisfying the requirements of the immediately succeeding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). Any such letter of credit shall permit SMUD to draw amounts thereunder for deposit in the Reserve Fund which, together with any moneys on deposit in, or surety bond policy available to fund, the Reserve Fund, are not less than the balance required to then be maintained in the Reserve Fund (the "Reserve Fund Requirement") and which may be applied to any purpose for which moneys in the Reserve Fund may be applied. SMUD shall make a drawing on such letter of credit and deposit the moneys obtained from drawing in the Reserve Fund (a) whenever moneys are required for the purposes for which Reserve Fund moneys may be applied, and (b) prior to any expiration or termination thereof; provided, however, that no such drawing need be made if other moneys or an irrevocable surety bond are available in the Reserve Fund in the amount of the Reserve Fund Requirement.

In lieu of maintaining and depositing moneys in the Reserve Fund, SMUD also may maintain and deposit in the Reserve Fund, for the sole benefit of the holders of the Bonds, an irrevocable surety bond policy (1) which is issued by a bond insurance company with a claims-paying ability rating at the time of deposit of such surety bond policy into the Reserve Fund within one of the top two rating categories (without regard to any refinement or graduation of such rating category by numerical modifier or otherwise) from Moody's and S&P, (2) the repayment obligation with respect to which is not secured by a lien on assets of SMUD senior to any lien which secures the Bondholders and (3) has a term of at least 364 days from the date of issuance thereof. If the credit rating of the bond insurance company issuing such surety bond policy falls below such top two rating categories, SMUD shall, within twelve months of such downgrading, either (a) substitute a new surety bond policy satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or a letter of credit satisfying the requirements of the immediately preceding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). At least 120 days prior to the expiration date of a surety bond policy on deposit in the Reserve Fund, SMUD shall either (a) substitute a new surety bond policy satisfying the requirements of this paragraph, (b) fund the Reserve Fund through the deposit of cash or a letter of credit satisfying the requirements of the immediately preceding paragraph or (c) fund the Reserve Fund through a combination of (a) and (b). Any such surety bond policy shall permit SMUD to obtain amounts thereunder for deposit in the Reserve Fund which, together with any moneys on deposit in, or letter of credit available to fund, the Reserve Fund, are not less than the Reserve Fund Requirement and which may be applied to any purpose for which moneys in the Reserve Fund may be applied. SMUD shall make a drawing on such surety bond policy and deposit the proceeds derived from such drawing in the Reserve Fund (a) whenever moneys are required for the purposes for which Reserve Fund moneys may be applied, and (b) prior to

any expiration or termination thereof; provided, however, that no such drawing need be made if other moneys or a letter of credit are available in the Reserve Fund in the amount of the Reserve Fund Requirement.

Notwithstanding anything to the contrary in the prior two paragraphs, if at any time that there is on deposit in the Reserve Fund a combination of cash, a letter of credit and/or a surety bond as contemplated above, SMUD shall draw first on such cash to the extent required and available, then on (1) such surety bond and letter of credit on a pro rata basis (if both a surety bond and letter of credit are available) to the extent required and available, or (2) such surety bond or letter of credit (if either a surety bond or letter of credit, but not both, is available) to the extent required and available.

For purposes of calculating the “debt service ratio” and, unless otherwise specified in a Supplemental Resolution providing for the issuance of a series of Parity Bonds, the amount required to be maintained in the Reserve Fund as described above: (1) any calculation of principal of and interest on Parity Bonds for any period of time shall be reduced by the amount of any Subsidy that SMUD receives or expects to receive during such period of time relating to or in connection with such Parity Bonds; and (2) to the extent the calculation of principal of and interest on Parity Bonds is reduced by the Subsidy as provided in clause (1) of this paragraph, any calculation of Net Revenues for any period of time shall be reduced by the amount of any Subsidy received or expected to be received by SMUD with respect to or in connection with such Parity Bonds during such period of time.

#### **Additional Covenants**

The Resolution contains the following additional covenants, among others:

1. That the Electric System will be maintained in good repair, working order and condition at all times, and will be continuously operated in an efficient and economical manner.
2. That no electric energy shall be supplied free by SMUD, and a reasonable wholesale charge will be made for water distributed at any cost to SMUD and such charge will be deemed Revenues; but SMUD may supply without charge water furnished to it without distribution cost, and any moneys received from any retail sales of water will not be deemed Revenues.
3. That all taxes and governmental charges and other lawful claims which might become a lien on the Electric System or the Revenues or impair the security of the Bonds will be paid and discharged when due.
4. That SMUD will comply with all lawful orders of any governmental agency or authority having jurisdiction in the premises (except while the validity or application thereof is being contested in good faith) and with all necessary permits and licenses issued by the NRC.
5. That no lease or agreement will be entered into, or sale or other disposition of essential property made, that would impair the operation of the Electric System or the rights of Bondholders with respect to the Revenues; provided, however, that notwithstanding the foregoing or any other provision of the Master Resolution, SMUD may sell or otherwise dispose of its accounts receivable and customer loan balances due to SMUD provided that SMUD delivers to the Trustee:
  - (a) a Certificate of SMUD to the effect that the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances is a result of the sale or other disposition of such accounts receivable or loan balances upon fair and reasonable terms no

less favorable to SMUD than the terms of a comparable arm's-length transaction treated as a sale and not a loan under generally accepted accounting principles; and

(b) a written statement or report of an independent certified public accountant to the effect that, based on the audited financial statements of SMUD for the most recent fiscal year for which audited financial statements are available and after giving effect to such transaction by reducing Revenues for such fiscal year by the difference between the face amount of such accounts receivable or loan balances and the amount derived by SMUD from the sale or other disposition of such accounts receivable or loan balances, the debt service ratio computed pursuant to the Master Resolution would not have been reduced to less than 1.40:1.0.

6. That proper records and accounts will be maintained of all transactions relating to the Electric System and the Revenues (open to inspection by the Trustee and the holders of not less than 10 percent in principal amount of the Bonds), to be audited annually by an independent certified public accountant within 90 days after close of the fiscal year, and copies of such financial statements supplied to Bondholders on request.

7. That insurance adequate in amounts and as to risks covered will be maintained against such risks as are usually insurable in connection with similar electric systems, and in addition public liability and property damage insurance in amounts not less than \$1,000,000 per accident and adequate fidelity bonds on all officers and employees of SMUD handling or responsible for SMUD funds, subject in each case to the condition that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – INSURANCE” attached to this Official Statement for a description of SMUD’s insurance.

8. That the net proceeds realized by SMUD in the event all or any part of the Electric System is taken by eminent domain proceedings will be applied to the redemption or retirement of all Bonds and Parity Bonds if sufficient therefor, and, if not, then pro rata to the redemption or retirement of Bonds and Parity Bonds or to new facilities if the additional Revenues to be derived therefrom will sufficiently offset the loss of Revenues resulting from such eminent domain so that the ability of SMUD to meet its obligations will not be substantially impaired.

9. That SMUD will at all times use its best efforts to maintain the powers, functions and duties now reposed in it pursuant to law.

10. That SMUD will establish and at all times maintain and collect rates and charges for the sale or use of its electric energy sufficient to permit SMUD to purchase power or issue and sell Bonds or Parity Bonds to finance additions, betterments, extensions and improvements to the Electric System as may be reasonably necessary to satisfy its then projected electric demand upon its Electric System, and that unless the Board determines that SMUD will be able to satisfy such demand through the purchase of electric energy, SMUD will proceed with all reasonable diligence to issue and sell such Bonds or Parity Bonds.

11. That SMUD will not create, or permit the creation of, any mortgage or lien upon the Electric System or any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not create, or permit the creation of, any pledge, lien, charge or encumbrance upon the Revenues except only as provided in the Master Resolution; provided that, notwithstanding the foregoing or any other provision of the Master Resolution, SMUD may create a pledge, lien, charge or encumbrance upon its accounts receivable and customer loan balances due to SMUD (which pledge, lien, charge or encumbrance shall be prior to any pledge, lien, charge or

encumbrance created or made pursuant to the Master Resolution, including without limitation the pledge of Revenues made pursuant to the Master Resolution) to secure indebtedness with a term of one year or less provided that the principal amount of such indebtedness does not exceed 50% of the aggregate face amount of the accounts receivable and customer loan balances due to SMUD as shown on SMUD's most recent audited financial statements.

### **Amendment of the Resolution**

The Resolution and the rights and obligations of SMUD and of the holders of the Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the holders of 60 percent in aggregate principal amount of the Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the holder of each Bond so affected, or (ii) reduce the aforesaid percentage of Bonds required for consent to an amendment or modification, without the consent of the holders of all the Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a series of Bonds, subject to the provisions contained in the Resolution with respect thereto.

### **Events of Default and Remedies of Bondholders**

The Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Bond when due and payable;
- (b) Failure to pay any installment of interest on any Bond when due and payable, if such default continues for a period of 30 days;
- (c) Default by SMUD in the observance of any of the covenants, agreements or conditions on its part in the Resolution or in the Bonds, if such default continues for a period of 60 days after written notice thereof (specifying such default and requiring the same to be remedied) has been given to SMUD by the Trustee, or to SMUD and the Trustee by the holders of not less than 25 percent in aggregate principal amount of the Bonds at the time outstanding; and
- (d) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

In the event of default, the Trustee or the holders of not less than a majority in aggregate principal amount of the outstanding Bonds may, upon written notice to SMUD, declare the principal of all outstanding Bonds, and the interest accrued thereon, to be due and payable immediately. The Trustee is appointed as trustee to represent Bondholders and may take such action as may seem appropriate to it, and, upon the written request of the holders of 25 percent in aggregate principal amount of the outstanding Bonds, and upon being furnished with indemnity satisfactory to it, will take such action on behalf of Bondholders as is specified in such written request. Each Bondholder is entitled to proceed to protect and enforce the rights vested in such holder by the Resolution by such appropriate judicial proceedings as such holder deems most effectual.

The rights of Bondholders are limited and restricted to the use and application of Revenues as provided in the Resolution and do not extend to the levy of any attachment or execution upon or forfeiture of any of the properties of SMUD or to any moneys derived by SMUD from the levy or collection of taxes.

In addition to the limitations on remedies contained in the Resolution, the rights and remedies provided by the Bonds and the Resolution, as well as the enforcement by SMUD of contracts with customers of the Electric System, may be limited by and are subject to bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights.

### **Refunding of 2026 Series P Bonds**

If Refunding Bonds are issued for the purpose of refunding 2026 Series P Bonds, then SMUD is authorized to apply proceeds of the sale of such Refunding Bonds to the payment of the purchase price of direct noncallable obligations of the United States of America ("Treasury Obligations") to be held by the Trustee to insure the payment or retirement at or before maturity of all or a portion of the outstanding 2026 Series P Bonds. Upon deposit with the Trustee, in trust, of money or Treasury Obligations (including, but not limited to, direct obligations of the United States of America issued in book-entry form on the books of the Department of the Treasury of the United States of America), or any combination thereof, sufficient, together with the interest to accrue on any such Treasury Obligations, to pay or redeem all or a portion of 2026 Series P Bonds then outstanding at or before their maturity date, all liability of SMUD in respect of such 2026 Series P Bonds shall cease, determine and be completely discharged, and the holders thereof shall thereafter be entitled only to payment by SMUD out of the money and Treasury Obligations deposited with the Trustee for their payment. If the liability of SMUD shall cease and determine with respect to all or a portion of the 2026 Series P Bonds, then said 2026 Series P Bonds shall not be considered to be outstanding Bonds for any purpose of the Resolution.

### **Discharge of Resolution**

The Resolution may be discharged by depositing with the Trustee in trust, moneys or Federal Securities or general obligation bonds of the State of California, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Bonds at or before their respective maturity dates.

### **Investment of Funds**

Moneys in any fund established by the Resolution may be invested in bonds, notes, certificates of indebtedness, bills, bankers acceptances or other securities in which funds of SMUD may be legally invested as provided by the law in effect at the time of such investment. Currently this investment authority includes, among other things, the Local Agency Investment Fund which is administered by the Treasurer of the State of California for the investment of funds belonging to local agencies in the State of California.

**APPENDIX E**

**PROPOSED FORM OF LEGAL OPINION FOR 2026 SERIES P BONDS**

[To be updated]

[Closing Date]

Sacramento Municipal Utility District  
Sacramento, California

Sacramento Municipal Utility District  
Electric Revenue Bonds, 2026 Series P  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Municipal Utility District (“SMUD”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento Municipal Utility District Electric Revenue Bonds, 2026 Series P (the “2026 Series P Bonds”), issued pursuant to Resolution No. 6649 of the Board of Directors of SMUD, adopted January 7, 1971 (the “Master Resolution”), as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. 26-06-[], adopted June 18, 2026 (the “Sixty-Ninth Supplemental Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the 2026 Series P Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the 2026 Series P Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the 2026 Series P Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than SMUD and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the 2026 Series P Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the 2026 Series P Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated \_\_\_\_\_, 2026, or other offering material relating to the 2026 Series P Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2026 Series P Bonds constitute the valid and binding limited obligations of SMUD.
2. The Resolution, including the Sixty-Ninth Supplemental Resolution, has been duly adopted by, and constitutes the valid and binding obligation of, SMUD. The Resolution creates a valid pledge, to secure the payment of the principal of and interest on the 2026 Series P Bonds, of the Net Revenues, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
3. Interest on the 2026 Series P Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the 2026 Series P Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the 2026 Series P Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Series P Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX F

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Sacramento Municipal Utility District (the “Issuer”) and U.S. Bank Trust Company, National Association, in its capacity as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$\_\_\_\_\_ aggregate principal amount of Sacramento Municipal Utility District Electric Revenue Bonds, 2026 Series P (the “2026 Series P Bonds”). The 2026 Series P Bonds are being issued pursuant to the Issuer’s Resolution No. 6649, adopted on January 7, 1971, as amended and supplemented by supplemental resolutions, including Resolution No. 26-06-[\_\_\_], adopted on June 18, 2026 (the “Resolution”). Pursuant to Section [149.11] of the Resolution, the Issuer and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the 2026 Series P Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2026 Series P Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Treasurer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section 5(a)(16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriters” shall mean any of the original underwriters of the 2026 Series P Bonds required to comply with the Rule in connection with offering of the 2026 Series P Bonds.

“Repository” shall mean the MSRB through EMMA or any other entity or system designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

### **SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the Issuer’s fiscal year (presently December 31), commencing with the report for the 2026 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for the Issuer, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5 hereof.

(b) Not later than fifteen (15) Business Days prior to the dates specified in subsection (a) for providing the Annual Report to each Repository, the Issuer shall provide its respective Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from the Issuer, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report of the Issuer has been provided to each Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository and the MSRB (if the MSRB is not a Repository) in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each Repository and then-applicable rules and procedures for filing the Annual Report with each Repository, if any; and

(2) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

### **SECTION 4. Content of Annual Reports.**

(a) The Issuer’s Annual Report shall contain or include by reference the following:

(1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and where not in conflict with the Financial Accounting Standards Board (“FASB”) pronouncements or accounting principles prescribed by FASB. If the Issuer’s audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the

Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) An update of the following types of information contained in Appendix A to the official statement, dated \_\_\_\_\_, 2026 and related to the 2026 Series P Bonds:

(i) The table entitled “Power Supply Resources.”

(ii) The table entitled “Projected Requirements and Resources to Meet Load Requirements.”

(iii) The table entitled “Average Class Rates” (to the extent such table relates to rates and revenues of the Issuer).

(iv) The table entitled “Selected Operating Data.”

(v) The table entitled “Unconsolidated Financial Data.”

(vi) The table entitled “Estimated Capital Requirements.”

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or public entities related thereto, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### **SECTION 5. Reporting of Listed Events.**

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2026 Series P Bonds not later than ten (10) business days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on any applicable debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancement reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2026 Series P Bonds or other material events adversely affecting the tax status of the 2026 Series P Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material, and tender offers;

- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the 2026 Series P Bonds, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;
- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the Trustee, if material;
- (15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) For the purpose of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event is required to be reported pursuant to this Section 5.

(d) If the Issuer has determined that such event is required to be reported pursuant to this Section 5, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (e).

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB (if the MSRB is not a Repository) and each Repository.

**SECTION 6. Termination of Reporting Obligation.** The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2026 Series P Bonds. If such termination occurs prior to the final maturity of the 2026 Series P Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

## **SECTION 7. Dissemination Agent; Filings.**

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association.

(b) Unless and until one or more different or additional Repositories are designated or authorized by the Securities and Exchange Commission, all filings with a Repository which are required by this Disclosure Agreement shall be filed with the MSRB through EMMA and shall be in an electronic format and accompanied by such identifying information as prescribed by the MSRB in accordance with the Rule.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2026 Series P Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2026 Series P Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of 60% of the 2026 Series P Bonds, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2026 Series P Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in its next respective Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles from those described in Section 4(a)(1), on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of

occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee shall, at the request of any Participating Underwriters or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction from and against any costs, liability, expenses and fees of the Trustee, including, without limitation fees and expenses of its attorneys, or any Holder or Beneficial Owner of the 2026 Series P Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and no implied duties for obligation shall be read into this Disclosure Agreement against the Dissemination Agent. The Dissemination Agent has no power to enforce nonperformance on the part of the Issuer. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees provided to the Issuer and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2026 Series P Bonds.

**SECTION 12. Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Sacramento Municipal Utility District 6201 S Street, MS B405 Sacramento, California 95817 Attention: Treasurer Telephone: (916) 732-6509 Fax: (916) 732-5835
----------------	---

To the Dissemination Agent: U.S. Bank Trust Company, National Association  
Global Corporate Trust  
One California Street, Suite 1000  
San Francisco, California 94111  
Telephone: (415) 677-3699  
Fax: (415) 677-3769

To the Trustee: U.S. Bank Trust Company, National Association  
Global Corporate Trust  
One California Street, Suite 1000  
San Francisco, California 94111  
Telephone: (415) 677-3699  
Fax: (415) 677-3769

The Issuer, the Dissemination Agent and the Trustee may, by giving written notice hereunder to the other person listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, a party may give notice by any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee and Dissemination Agent information appropriate to receiving such form of electronic transmission.

**SECTION 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2026 Series P Bonds, and shall create no rights in any other person or entity.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: \_\_\_\_\_, 2026.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

ACKNOWLEDGED:

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Municipal Utility District

Name of Bond Issue: Electric Revenue Bonds, 2026 Series P

Name of Borrower: Sacramento Municipal Utility District

Date of Issuance: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that the Sacramento Municipal Utility District (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by Section [149.11] of Resolution No. 26-06-[ ] adopted June 18, 2026, by the Issuer. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of Sacramento Municipal Utility District

\_\_\_\_\_

cc: Sacramento Municipal Utility District

**APPENDIX G**  
**SECOND PARTY OPINION**

**PRELIMINARY OFFICIAL STATEMENT -  
SUBORDINATED BONDS**

PRELIMINARY OFFICIAL STATEMENT DATED \_\_\_\_\_, 2026

NEW ISSUE- FULL BOOK-ENTRY

Ratings: See “RATINGS” herein

*In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026 Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. In the further opinion of Bond Counsel, interest on the 2026 Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Subordinated Bonds. See “TAX MATTERS.”*



**[\$[PRINCIPAL AMOUNT]\*  
Subordinated Electric Revenue Bonds  
2026 Series G  
[(Green Bonds)]**

**Dated:** Date of Delivery

**Due:** See “SUMMARY OF THE OFFERING” herein

The Subordinated Electric Revenue Bonds, 2026 Series G (the “2026 Subordinated Bonds”) will be issued pursuant to Resolution No. 85-11-1 of the Sacramento Municipal Utility District (“SMUD”), adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001, as supplemented and amended, and will be payable from the Net Subordinated Revenues of the Electric System of SMUD, as described herein. The 2026 Subordinated Bonds are being issued to [(i) finance and refinance certain improvements and additions to SMUD’s Electric System and (ii) pay certain costs associated with the issuance of the 2026 Subordinated Bonds]. See “PLAN OF FINANCE.”

The 2026 Subordinated Bonds will initially be issued in the Term Rate Mode and will mature on the dates, bear interest initially at the initial Term Rates, for the initial Term Rate Periods ending on the dates and be subject to mandatory purchase on the initial scheduled Mandatory Purchase Dates as described in the “SUMMARY OF THE OFFERING” following this cover page. The 2026 Subordinated Bonds may, under certain circumstances, be converted to a Daily Mode, Weekly Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, and may be converted from one Term Rate Period to another Term Rate Period. The 2026 Subordinated Bonds are subject to mandatory tender in the event of any such conversion. See “THE 2026 SUBORDINATED BONDS – Conversion Between Modes” and “– Mandatory Purchase on the Mandatory Purchase Date”. *This Official Statement provides information as of its date concerning the 2026 Subordinated Bonds while bearing interest in the Term Rate Mode in the initial Term Rate Period. Owners and prospective purchasers of the 2026 Subordinated Bonds should not rely on this Official Statement for information concerning the 2026 Subordinated Bonds in connection with any conversion of the 2026 Subordinated Bonds to an Interest Rate Mode other than the Term Rate Mode or to a new Term Rate Period, but should look solely to the offering document to be used in connection with any such conversion.*

The 2026 Subordinated Bonds are also subject to mandatory tender, and optional and mandatory redemption prior to maturity as set forth herein. See “THE 2026 SUBORDINATED BONDS – Mandatory Purchase on the Mandatory Purchase Date,” “– Optional Redemption” and “– Mandatory Sinking Fund Redemption” herein.

While in the Term Rate Mode, interest on the 2026 Subordinated Bonds shall be payable semiannually on each February 15 and August 15, commencing on February 15, 2027, on any Mandatory Purchase Date therefor and on the maturity date thereof.

[The 2026 Subordinated Bonds have been designated as “Green Bonds.” Kestrel has provided an independent external review and opinion that the 2026 Subordinated Bonds conform with the four core components of the International Capital Market Association Green Bond Principles, and therefore qualify for Green Bonds designation. See “DESIGNATION OF 2026 SUBORDINATED BONDS AS GREEN BONDS” herein and APPENDIX H – “SECOND PARTY OPINION” hereto for more information.]

The 2026 Subordinated Bonds in the Term Rate Mode are being issued in denominations of \$5,000 and any integral multiple thereof as fully registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company (“DTC”). DTC will act as securities depository for the 2026 Subordinated Bonds, and individual purchases of the 2026 Subordinated Bonds will be made in book-entry form only. Principal or Redemption Price or Purchase Price of, and interest on the 2026 Subordinated Bonds will be payable by U.S. Bank Trust Company, National Association, as trustee (the “Trustee”) to DTC, which is obligated in turn to remit such principal or Redemption Price or Purchase Price, and interest to its DTC Participants for subsequent disbursement to the beneficial owners of the 2026 Subordinated Bonds, as described herein.

**The principal of and interest on the 2026 Subordinated Bonds, together with the debt service on other Subordinated Bonds and Parity Subordinated Debt (as defined herein), are payable exclusively from and secured by a pledge of the Net Subordinated Revenues of the Electric System of SMUD. Neither the credit nor the taxing power of SMUD or the State of California is pledged to the payment of the 2026 Subordinated Bonds. Payment of the principal of and interest on the Subordinated Bonds, including the 2026 Subordinated Bonds, is subordinated to the payment of principal and interest on SMUD’s Electric Revenue Bonds and other Parity Bonds (as defined herein).**

The information presented on this cover page is for general reference only and is qualified in its entirety by reference to the entire Official Statement and the documents summarized and described herein.

The 2026 Subordinated Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of the validity of the 2026 Subordinated Bonds and certain other legal matters by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. Certain legal matters will be passed on for the Underwriters by their counsel, Nixon Peabody LLP, San Francisco, California. It is expected that the 2026 Subordinated Bonds will be available for delivery through the facilities of DTC on or about \_\_\_\_\_, 2026\*.

**[Underwriters]**

\_\_\_\_\_, 2026

\* Preliminary, subject to change.

## SUMMARY OF THE OFFERING

\$(PRINCIPAL AMOUNT)\*

### Subordinated Electric Revenue Bonds 2026 Series G [(Green Bonds)]

Maturity Date:	[August 15], 20[ ]*
Initial Interest Rate Mode:	Term Rate Mode
End of Initial Term Rate Period:	[ ], 20[ ]*
Initial Scheduled Mandatory Purchase Date:	[ ], 20[ ]*
Call Protection Date for Initial Term Rate Period:	_____
Initial Interest Rate:	%
Price:	%
Yield for Initial Term Rate Period:	%
CUSIP‡:	

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\* Preliminary, subject to change.

‡ CUSIP® is a registered trademark of the American Bankers Association. CUSIP® data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers have been assigned by an independent company not affiliated with SMUD or the Underwriters and are included solely for the convenience of the registered owners of the 2026 Subordinated Bonds. Neither SMUD nor the Underwriters are responsible for the selection or uses of these CUSIP® numbers, and no representation is made as to their correctness on the 2026 Subordinated Bonds or as included herein. The CUSIP® number for a specific maturity is subject to being changed after the execution and delivery of the 2026 Subordinated Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of the 2026 Subordinated Bonds.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Dave Tamayo, President  
Rob Kerth, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Gregg Fishman  
Rosanna Herber  
Heidi Sanborn

**OFFICERS AND EXECUTIVES<sup>1</sup>**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing and Communications Officer  
Jennifer Restivo, Treasurer  
George Vaughn, [Interim] Controller

**SPECIAL SERVICES**

ORRICK, HERRINGTON & SUTCLIFFE LLP  
Bond Counsel

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION  
Trustee and Paying Agent

BAKER TILLY US, LLP, Madison, Wisconsin  
Independent Accountants

PFM FINANCIAL ADVISORS LLC, Philadelphia, Pennsylvania  
Municipal Advisor

[KESTREL, Hood River, Oregon  
Green Bonds External Reviewer]

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<sup>1</sup> Paul Lau has announced his intent to retire in the summer of 2026. See “INTRODUCTION – Independent Governance” in Appendix A to this Official Statement for more information.

No dealer, broker, salesperson or other person has been authorized by SMUD or the Underwriters to give any information or to make any representations with respect to the 2026 Subordinated Bonds other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell nor the solicitation of an offer to buy, nor shall there be any sale of the 2026 Subordinated Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from SMUD and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation of, the Underwriters. The information and expressions of opinion stated herein are subject to change without notice. The delivery of this Official Statement shall not, under any circumstances, create any implication that there has been no change in the affairs of SMUD since the date hereof. The Underwriters have provided the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with and as part of their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

The 2026 Subordinated Bonds have not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from the registration requirements contained in such Act. The 2026 Subordinated Bonds have not been registered or qualified under the securities laws of any state.

#### **CAUTIONARY STATEMENTS REGARDING FORWARD-LOOKING STATEMENTS IN THIS OFFICIAL STATEMENT**

Certain statements included or incorporated by reference in this Official Statement constitute “forward-looking statements.” Such statements generally are identifiable by the terminology used, such as “plan,” “expect,” “estimate,” “budget” or other similar words.

The achievement of certain results or other expectations contained in such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements described to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. SMUD does not plan to issue any updates or revisions to those forward-looking statements if or when its expectations or events, conditions or circumstances on which such statements are based occur.

This Official Statement, including any supplement or amendment hereto, is intended to be deposited with the Municipal Securities Rulemaking Board through the Electronic Municipal Market Access website. SMUD maintains a website. However, the information presented therein is not part of this Official Statement and should not be relied upon in making investment decisions with respect to the 2026 Subordinated Bonds. The references to internet websites in this Official Statement are shown for reference and convenience only; unless explicitly stated to the contrary, the information contained within the websites is not incorporated herein by reference and does not constitute part of this Official Statement.

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## OFFICIAL STATEMENT

Relating to

### SACRAMENTO MUNICIPAL UTILITY DISTRICT

**\$(PRINCIPAL AMOUNT)\***  
**Subordinated Electric Revenue Bonds**  
**2026 Series G**  
**[(Green Bonds)]**

### INTRODUCTION

This Official Statement, including the cover page and Appendices attached hereto, describes the Sacramento Municipal Utility District (“SMUD”), a political subdivision of the State of California (the “State”), its \$(PRINCIPAL AMOUNT)\* Subordinated Electric Revenue Bonds, 2026 Series G (the “2026 Subordinated Bonds”), in connection with the sale by SMUD of the 2026 Subordinated Bonds. The 2026 Subordinated Bonds are being issued to [(i) finance and refinance certain improvements and additions to SMUD’s Electric System and (ii) pay certain costs associated with the issuance of the 2026 Subordinated Bonds]. See “PLAN OF FINANCE.”

The 2026 Subordinated Bonds are being issued pursuant to Resolution No. 85-11-1 of SMUD, adopted November 7, 1985, as amended and restated by Resolution No. 01-06-10 (the “Subordinate Master Resolution”), as supplemented and amended, and pursuant to applicable California law, including the Municipal Utility District Act (Public Utilities Code Sections 12850 to 12860) (the “Act”), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*) and Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Government Code Section 53580 *et seq.*). The issuance of the 2026 Subordinated Bonds was authorized on June 18, 2026, by a resolution of the Board of Directors of SMUD (the “2026 Supplemental Resolution”). The Subordinate Master Resolution and all supplemental resolutions, including the 2026 Supplemental Resolution, are collectively referred to herein as the Subordinate Resolution. See APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION.”

U.S. Bank Trust Company, National Association serves as trustee and paying agent under the Subordinate Resolution (in such capacities, the “Trustee” and the “Paying Agent” respectively).

The 2026 Subordinated Bonds and other bonds issued on a parity therewith pursuant to the Subordinate Resolution are collectively referred to herein as the “Subordinated Bonds.” As of [March 31, 2026], Subordinated Bonds in the aggregate principal amount of \$[432,020,000] were outstanding under the Subordinate Resolution.

The payment of the principal of and interest on the Subordinated Bonds, including the 2026 Subordinated Bonds, is subordinate to the payment of the principal of and interest on SMUD’s Electric Revenue Bonds (the “Senior Bonds”) and other Parity Bonds (as defined herein). As of [March 31, 2026], Senior Bonds in the aggregate principal amount of \$[1,908,940,000] were outstanding. Senior Bonds are issued pursuant to Resolution No. 6649 (the “Senior Bond Resolution”) adopted in 1971, as amended and supplemented. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION.”

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\* Preliminary, subject to change.

The issuance of the 2026 Subordinated Bonds is a component of a plan of finance (the “Plan of Finance”) that includes the issuance of SMUD’s Electric Revenue Bonds, 2026 Series P (the “2026 Series P Bonds”) to finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [all] of the outstanding principal amount of SMUD’s commercial paper notes at maturity. The issuance of the 2026 Subordinated Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance. If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Senior Bonds in the aggregate principal amount of \$[\_\_\_\_\_] and Subordinated Bonds in the aggregate principal amount of \$[\_\_\_\_\_] are expected to be outstanding. See “PLAN OF FINANCE.”

SMUD also issues commercial paper notes (the “Notes”) from time to time. As of [May \_\_, 2026], Notes in the principal amount of \$[\_\_\_\_\_] were outstanding. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD’s obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds (including the 2026 Subordinated Bonds). Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in March of 2027 and September of 2028. SMUD expects to pay [all] of the outstanding principal amount of the Notes with a portion of the proceeds of the 2026 Series P Bonds. See “PLAN OF FINANCE.”

SMUD has also entered into two revolving credit agreements with commercial banks and issued its taxable and tax-exempt revolving notes thereunder (collectively, the “Revolving Credit Facilities”). As of the date of this Official Statement, no principal amount was outstanding under the Revolving Credit Facilities. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facilities at any one time is limited to \$150,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facilities in the future. SMUD’s payment obligations under the Revolving Credit Facilities are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds (including the 2026 Subordinated Bonds). The current terms of the Revolving Credit Facilities expire in March 2029 and April 2029.

SMUD is responsible for the acquisition, generation, transmission and distribution of electric power to its service area, which includes most of Sacramento County and small portions of Placer and Yolo counties. For the year ended December 31, 2025, SMUD served a population of approximately 1.6 million with a total annual retail load of approximately 10,510 million kilowatt-hours (“kWh”). SMUD owns and operates an electric system which, as of January 1, 2026, included generating facilities, including local gas-fired plants, owned and operated by SMUD with an aggregate generating capacity of approximately 1,906 megawatts (“MW”), purchased power with an aggregate generating capacity of approximately 1,699 MW and transmission and distribution facilities. SMUD’s power requirements exceed its generating capacity and thus SMUD has agreements with others for the purchase of a portion of its power requirements. See APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – POWER SUPPLY AND TRANSMISSION – Power Supply Resources.” Continuing development of SMUD’s business strategy in response to changing environmental and regulatory requirements has had, and is expected to continue to have, a major effect on SMUD’s power supply planning. See APPENDIX

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\* Preliminary, subject to change.

## A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – BUSINESS STRATEGY.”

Pursuant to a Continuing Disclosure Agreement, dated the date of issuance of the 2026 Subordinated Bonds (the “Continuing Disclosure Agreement”) between SMUD and the Trustee, SMUD will covenant for the benefit of the holders of the 2026 Subordinated Bonds and owners of beneficial interest in the 2026 Subordinated Bonds to provide certain financial information and operating data and to provide certain notices. See “CONTINUING DISCLOSURE UNDERTAKING” and APPENDIX G – “FORM OF CONTINUING DISCLOSURE AGREEMENT.”

The information presented in this Introduction is qualified in its entirety by reference to this entire Official Statement and the documents summarized or described herein. This Official Statement, including the Appendices, summarizes the terms of the 2026 Subordinated Bonds, the Subordinate Resolution and certain agreements, contracts and other arrangements, some of which currently exist and others of which may exist in the future. The summaries of and references to all documents, statutes, regulations and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, regulation or instrument.

Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in APPENDIX D – “SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION – Certain Definitions” or in the Subordinate Resolution.

### **PLAN OF FINANCE**

#### **Issuance of 2026 Subordinated Bonds**

SMUD intends to use the proceeds of the 2026 Subordinated Bonds to (i) finance and refinance certain improvements and additions to SMUD’s Electric System, and (ii) pay certain costs associated with the issuance of the 2026 Subordinated Bonds.

The issuance of the 2026 Subordinated Bonds is a component of the Plan of Finance, as further described below. The issuance of the 2026 Subordinated Bonds is not contingent upon the implementation of the other components of the Plan of Finance, and SMUD is not obligated to implement any of the components of the Plan of Finance.

#### **Issuance of 2026 Series P Bonds**

Concurrently with the issuance of the 2026 Subordinated Bonds, SMUD expects to issue \$\_\_\_\_\_ \* aggregate principal amount of the 2026 Series P Bonds. The proceeds of the 2026 Series P Bonds are expected to be used to finance and refinance certain improvements and additions to SMUD’s Electric System, including by paying [all] of the outstanding principal amount of SMUD’s commercial paper notes at maturity, and pay certain costs associated with the issuance of the 2026 Series P Bonds.

### **[DESIGNATION OF 2026 SUBORDINATED BONDS AS GREEN BONDS**

#### **General**

The 2026 Subordinated Bonds have been designated as “Green Bonds.” The information set forth below concerning (1) Kestrel in its role as a verifier and (2) the determination that the 2026 Subordinated

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\* Preliminary, subject to change.

Bonds are in conformance with the four core components of the ICMA Green Bond Principles has been extracted from materials provided by Kestrel and neither SMUD nor the Underwriters undertake any responsibility for the accuracy or completeness of any such information. Neither SMUD nor the Underwriters make any representation regarding the applicability or suitability of the determination that the 2026 Subordinated Bonds are in conformance with the four core components of the ICMA Green Bond Principles. The term “Green Bonds” is neither defined in nor related to the Subordinate Master Resolution or the 2026 Supplemental Resolution. The use of such term in this Official Statement is solely for identification purposes and is not intended to provide or imply that the owners of the 2026 Subordinated Bonds are entitled to any security other than as provided in the Subordinate Master Resolution and the 2026 Supplemental Resolution, as described under the heading “SECURITY FOR THE SUBORDINATED BONDS.”

No party, including SMUD, has assumed any obligation to ensure that the projects financed or refinanced with the proceeds of the 2026 Subordinated Bonds comply with any legal or other standards or principles that may relate to “Green Projects” or that the 2026 Subordinated Bonds comply with any legal or other standards or principles that may be related to “Green Bonds.” No assurance can be given that a clear definition of green will develop over time, or that, if developed, it will include the projects to be financed or refinanced with the proceeds of the 2026 Subordinated Bonds. Accordingly, no assurance is or can be given to investors that any uses of the 2026 Subordinated Bonds will meet investor expectations regarding green or other equivalently labeled performance objectives with respect to the projects to be financed or refinanced with proceeds of the 2026 Subordinated Bonds.

### **Green Bonds Designation**

Per the International Capital Market Association (“ICMA”), Green Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance, in part or in full, new and/or existing eligible Green Projects and which are aligned with the four core components of the Green Bond Principles. The four core components are: 1. Use of Proceeds; 2. Process for Project Evaluation and Selection; 3. Management of Proceeds; and 4. Reporting.

Kestrel has determined that the 2026 Subordinated Bonds are in conformance with the four core components of the ICMA Green Bond Principles, as described in Kestrel’s “Second Party Opinion,” which is attached hereto as APPENDIX H.

### **Independent Second Party Opinion on Green Bonds Designation and Disclaimer**

For over 23 years, Kestrel has been consulting in sustainable finance. Kestrel is an Approved Verifier accredited by the Climate Bonds Initiative and the market leader for Second Party Opinions in US public finance. Kestrel reviews corporate and public finance transactions worldwide for alignment with ICMA Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines and the Climate Bonds Initiative Standards and Criteria. Municipal bonds are benchmarked with Kestrel Sustainability Intelligence™.

The Second Party Opinion issued by Kestrel does not and is not intended to make any representation or give any assurance with respect to any other matter relating to the 2026 Subordinated Bonds. Second Party Opinions provided by Kestrel are not a recommendation to any person to purchase, hold, or sell the 2026 Subordinated Bonds and designations do not address the market price or suitability of the 2026 Subordinated Bonds for a particular investor and do not and are not in any way intended to address the likelihood of timely payment of interest or principal when due.

In issuing the Second Party Opinion, Kestrel has assumed and relied upon the accuracy and completeness of the information made publicly available by SMUD or that was otherwise made available to Kestrel.]

### ESTIMATED SOURCES AND USES OF FUNDS

The estimated sources and uses of funds with respect to the 2026 Subordinated Bonds are as follows:

Sources of Funds:	
Principal Amount	\$
Original Issue [Premium/Discount]	
SMUD Contribution	
Total Sources of Funds	\$
Uses of Funds:	
Reimbursable Capital	\$
Project Costs	
Costs of Issuance (including Underwriters' Discount)	
Total Uses of Funds	\$

### THE 2026 SUBORDINATED BONDS

The following is a summary of certain provisions of the 2026 Subordinated Bonds. Reference is made to the 2026 Subordinated Bonds for the complete text thereof and to the Subordinate Resolution for a more detailed description of such provisions. The discussion herein is qualified by such reference. *This Official Statement provides information as of its date with respect to 2026 Subordinated Bonds bearing interest in the Term Rate Mode for the initial Term Rate Period only. Owners and prospective purchasers of the 2026 Subordinated Bonds should not rely on this Official Statement for information concerning the 2026 Subordinated Bonds in connection with any conversion of the 2026 Subordinated Bonds to a different Interest Rate Mode or to a new Term Rate Period, but should look solely to the offering document to be used in connection with any such conversion.*

#### General

The 2026 Subordinated Bonds are being issued in the principal amount shown on the cover of this Official Statement. The 2026 Subordinated Bonds will be issued under a book-entry only system, and will be registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”), which will act as bond depository for the 2026 Subordinated Bonds. Principal or Redemption Price of, and interest on the 2026 Subordinated Bonds or the Purchase Price thereof are payable by the Trustee to DTC, which is obligated in turn to remit such principal, Redemption Price, and interest or Purchase Price to its DTC Participants for subsequent disbursement to the beneficial owners of the 2026 Subordinated Bonds. See APPENDIX C – “BOOK-ENTRY SYSTEM”.

The 2026 Subordinated Bonds will be dated the date of initial delivery. The 2026 Subordinated Bonds will initially be issued in the Term Rate Mode and will mature on the dates, bear interest initially at the initial Term Rates, for the initial Term Rate Periods ending on the dates and be subject to mandatory purchase on the initial scheduled Mandatory Purchase Dates as described in the “SUMMARY OF THE OFFERING” following the cover page of this Official Statement. The 2026 Subordinated Bonds will be issued initially only as fully registered 2026 Subordinated Bonds in the denominations of \$5,000 or any integral multiple thereof (the “Authorized Denominations”) while in the Term Rate Mode.

At the option of SMUD and upon certain conditions provided in the Subordinate Resolution, the 2026 Subordinated Bonds may be converted to the Daily Mode, Weekly Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, or may be converted from one Term Rate Period to another Term Rate Period. The 2026 Subordinated Bonds are subject to mandatory tender in the event of any such conversion. See “Conversion Between Modes” and “Mandatory Purchase on the Mandatory Purchase Date” herein.

While the 2026 Subordinated Bonds may, under certain circumstances, be converted to a Daily Mode, Weekly Mode, Flexible Mode, Index Mode, Direct Purchase Index Mode or Fixed Rate Mode, or from one Term Rate Period to another Term Rate Period, this Official Statement describes the 2026 Subordinated Bonds only during the period in which they bear interest in the Term Rate Mode in the initial Term Rate Period. The 2026 Subordinated Bonds are subject to mandatory tender in the event of any such conversion. See “Conversion Between Modes” and “Mandatory Purchase on the Mandatory Purchase Date” herein.

While in the Term Rate Mode, interest on the 2026 Subordinated Bonds shall be payable semiannually on each February 15 and August 15, commencing on February 15, 2027, on any Mandatory Purchase Date therefor and on the Maturity Date thereof. Interest on the 2026 Subordinated Bonds shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

The Record Date for the payment of interest while a 2026 Subordinated Bond is in the Term Rate Mode is the fifteenth (15th) day (whether or not a Business Day) next preceding each Interest Payment Date.

Subject to the provisions discussed in APPENDIX C – “BOOK-ENTRY SYSTEM,” principal or Redemption Price will be payable upon surrender of the 2026 Subordinated Bonds at the principal corporate trust office of the Trustee. Interest on the 2026 Subordinated Bonds will be paid by wire transfer within the continental United States of immediately available funds from the Trustee to the registered owner, determined as of the close of business on the applicable Record Date, at its address as shown on the registration books maintained by the Trustee.

### **Conversion Between Modes**

While the 2026 Subordinated Bonds are in the Term Rate Mode, conversions to any other Interest Rate Mode or from one Term Rate Period to another Term Rate Period may take place on (i) any day that the 2026 Subordinated Bonds are subject to optional redemption if the conversion did not occur, or (ii) the day immediately following the last day of the then-current Term Rate Period, in each case upon not less than 10 days’ prior written notice from the Trustee to the Holders of the 2026 Subordinated Bonds. However, the Trustee need not provide notice to Holders for a Conversion Date occurring on the Business Day following the last day of a Term Rate Period.

Upon such conversion, the 2026 Subordinated Bonds will be subject to mandatory purchase on the Mandatory Purchase Date as described herein under “Mandatory Purchase on the Mandatory Purchase Date.” Each conversion of the 2026 Subordinated Bonds from one Interest Rate Mode to another Interest Rate Mode or from one Term Rate Period to a new Term Rate Period shall be subject to the conditions set forth in the Subordinate Resolution, including delivery of a Favorable Opinion of Bond Counsel. In addition, SMUD may rescind any election to convert to another Interest Rate Mode or from one Term Rate Period to another Term Rate Period up to 10:00 a.m., New York City time, on the Business Day preceding the proposed conversion date. In the event that the conditions for a proposed conversion to a new Interest Rate Mode or from one Term Rate Period to another Term Rate Period are not met or SMUD rescinds the direction to convert, (i) such new Interest Rate Mode or new Term Rate Period shall not take effect on the proposed conversion date, notwithstanding any prior notice to the registered owners of such conversion,

(ii) the 2026 Subordinated Bonds shall remain in the prior Interest Rate Mode or Term Rate Period, and (iii) the 2026 Subordinated Bonds shall be subject to mandatory purchase on the Mandatory Purchase Date as described in the Subordinate Resolution if notice has been sent to the registered owners stating that the 2026 Subordinated Bonds would be subject to mandatory purchase on such date. In no event shall the failure of the 2026 Subordinated Bonds to be converted to another Interest Rate Mode or to a new Term Rate Period be deemed to be a default or an Event of Default.

### **Mandatory Purchase on the Mandatory Purchase Date**

While in the Term Rate Mode, the 2026 Subordinated Bonds are subject to mandatory purchase at the Purchase Price (as defined below) on (i) the first Business Day following the last day of the Term Rate Period applicable to the 2026 Subordinated Bonds and (ii) any Conversion Date applicable to the 2026 Subordinated Bonds or the date that otherwise would have been a Conversion Date for the 2026 Subordinated Bonds had one of the conditions precedent to such Conversion Date not failed to occur (each a “Mandatory Purchase Date”).

“Purchase Price” means an amount equal to the principal amount of any 2026 Subordinated Bonds purchased on the applicable Mandatory Purchase Date, plus accrued interest to but excluding such Mandatory Purchase Date; provided, however, that (i) if the applicable Mandatory Purchase Date for any 2026 Subordinated Bond is an Interest Payment Date for such 2026 Subordinated Bond, then the Purchase Price thereof shall be the principal amount thereof, and interest on such 2026 Subordinated Bond shall be paid to the Holder of such 2026 Subordinated Bond in the normal course and (ii) in the case of a purchase on a Conversion Date or proposed Conversion Date which is preceded by a Term Rate Period and which occurs prior to the day originally established as the last day of such preceding Term Rate Period, the Purchase Price thereof shall be the Redemption Price which would have been applicable to such 2026 Subordinated Bond if the preceding Term Rate Period had continued to the day originally established as its last day, plus accrued interest, if any.

Notice of mandatory tender shall be given by the Trustee in writing to the Holders of such 2026 Subordinated Bonds subject to mandatory purchase no less than 10 days prior to the applicable Mandatory Purchase Date.

### **Source of Funds for Purchase of 2026 Subordinated Bonds**

The Trustee shall purchase 2026 Subordinated Bonds subject to mandatory tender for purchase on each Mandatory Purchase Date pursuant to the Subordinate Resolution (“Tendered Bonds”) from the tendering owners at the applicable Purchase Price by wire transfer in immediately available funds. Funds for the payment of such Purchase Price shall be derived solely from the following sources in the order of priority indicated and the Trustee shall not be obligated to provide funds from any other source:

(i) immediately available funds on deposit in the Remarketing Proceeds Account established for the 2026 Subordinated Bonds under the Subordinate Resolution; and

(ii) moneys of SMUD on deposit in the District Purchase Account established for the 2026 Subordinated Bonds under the Subordinate Resolution.

On each Mandatory Purchase Date for the 2026 Subordinated Bonds, if the Trustee has not received an amount of remarketing proceeds sufficient to pay the Purchase Price of the 2026 Subordinated Bonds by 12:00 noon, New York City time, on such Purchase Date, the Trustee shall request funds from SMUD in an amount equal to the Purchase Price of all 2026 Subordinated Bonds which have not been successfully remarketed.

Under the Subordinate Resolution, SMUD is obligated to deposit amounts into the District Purchase Account established for the 2026 Subordinated Bonds sufficient to pay the Purchase Price of the 2026 Subordinated Bonds to the extent that amounts on deposit in the Remarketing Proceeds Account established for the 2026 Subordinated Bonds are insufficient therefor. The failure of SMUD to deposit amounts into the District Purchase Account established for the 2026 Subordinated Bonds when SMUD is obligated to deposit such amounts under the Subordinate Resolution will constitute an Event of Default under the Subordinate Resolution.

**Inadequate Funds for Tenders**

If moneys sufficient to pay the Purchase Price of all Tendered Bonds of the 2026 Subordinated Bonds to be purchased on any Mandatory Purchase Date are not available (1) no purchase shall be consummated of Tendered Bonds of the 2026 Subordinated Bonds on such Mandatory Purchase Date; (2) all Tendered Bonds of the 2026 Subordinated Bonds shall be returned to the Holders thereof; and (3) all remarketing proceeds with respect to the 2026 Subordinated Bonds will be returned to the applicable remarketing agent for return to the Persons providing such moneys. All Tendered Bonds of the 2026 Subordinated Bonds will bear interest at a rate of interest of [8.0]% per annum during the period of time from and including the applicable Mandatory Purchase Date to (but not including) the date that all such Tendered Bonds are successfully remarketed, redeemed, purchased or paid (the “Delayed Remarketing Period”).

During this period of time, SMUD may (1) direct the conversion of Tendered Bonds of the 2026 Subordinated Bonds without complying with the applicable notice requirements for such conversion, and (2) upon five Business Days’ notice, redeem such Tendered Bonds as a whole or in part on any Business Day at a redemption price equal to the principal amount thereof, together with accrued interest thereon to the date fixed for redemption, without premium. During the Delayed Remarketing Period, interest on Tendered Bonds of the 2026 Subordinated Bonds will be paid to the Holders thereof (i) on the first Business Day of each calendar month and (ii) on the last day of such Delayed Remarketing Period.

**Optional Redemption**

The 2026 Subordinated Bonds in the Term Rate Mode are subject to redemption at the option of SMUD in whole or in part (provided that no 2026 Subordinated Bonds shall remain Outstanding except in Authorized Denominations) on any date on or after the applicable Call Protection Date for the applicable Term Rate Period at a Redemption Price equal to the principal amount, or portions thereof, of the 2026 Subordinated Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

**Mandatory Sinking Fund Redemption\***

The 2026 Subordinated Bonds are subject to mandatory redemption in part, by lot, on [August 15] in the years shown in the following table, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such 2026 Subordinated Bonds for such date:

Years* ([August 15])	Sinking Fund Installment*	Years* ([August 15])	Sinking Fund Installment*
	\$		\$

\* Preliminary, subject to change.

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† Stated Maturity

### **Selection of Bonds to be Redeemed; Notice of Redemption**

Whenever provision is made for the redemption of less than all of the 2026 Subordinated Bonds, the Trustee shall select the 2026 Subordinated Bonds to be redeemed, from the outstanding 2026 Subordinated Bonds not previously called for redemption, by lot in any manner which the Trustee deems fair.

Notice of redemption shall be mailed by first-class mail by the Trustee, not less than 20 nor more than 60 days prior to the redemption date, to the Holder of any 2026 Subordinated Bond called for redemption, but neither failure to receive such notice nor any defect in any notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the 2026 Subordinated Bonds. Each notice of redemption shall state the redemption date, the place of redemption, the principal amount to be redeemed, and shall also state that the interest on the 2026 Subordinated Bonds in such notice designated for redemption shall cease to accrue from and after such redemption date and that on said date there will become due and payable on each of said 2026 Subordinated Bonds the principal amount thereof to be redeemed, interest accrued thereon to the redemption date and the premium, if any, thereon (such premium to be specified). Each notice of optional redemption shall also state that redemption is conditioned upon receipt by the Trustee of sufficient funds on the applicable redemption date to pay the applicable redemption price of the 2026 Subordinated Bonds to be redeemed.

Any notice of optional redemption may be rescinded by written notice given to the Trustee by SMUD no later than two Business Days prior to the date specified for redemption.

Notwithstanding the foregoing, notice of redemption shall not be required for 2026 Subordinated Bonds redeemed on a Mandatory Purchase Date.

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**DEBT SERVICE SCHEDULE**

The following table sets forth the debt service requirements with respect to the 2026 Subordinated Bonds assuming no early redemptions. See also APPENDIX A – “INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS – Outstanding Indebtedness – *Debt Service Requirements.*”

<b>Calendar Year</b>	<b>2026 Subordinated Bonds Principal</b>	<b>2026 Subordinated Bonds Interest<sup>(1)</sup></b>	<b>Total</b>

<sup>(1)</sup> Based on an assumed interest rate of \_\_\_% per annum following the initial scheduled Mandatory Purchase Date.

## **SECURITY FOR THE SUBORDINATED BONDS**

### **Limited Obligations; Pledge of Revenues**

The Subordinated Bonds, including the 2026 Subordinated Bonds, are revenue bonds and are not secured by the taxing power of SMUD. The principal of and premium, if any, and interest on the Subordinated Bonds (including the 2026 Subordinated Bonds), together with other Parity Subordinated Debt, are payable exclusively from the Net Subordinated Revenues of the Electric System of SMUD. The Subordinated Bonds and all other Parity Subordinated Debt are secured by a pledge of Revenues, subject to the condition that out of Revenues:

First: There shall be applied all sums required for maintenance and operation costs of the Electric System and all Energy Payments not included in maintenance and operation costs.

Second: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Senior Bonds and all other Parity Bonds, together with any sinking fund or reserve fund payments on the Senior Bonds and all other Parity Bonds.

Third: There shall be applied all sums required for the payment of the principal of (including any premium thereon) and interest on the Subordinated Bonds and all other Parity Subordinated Debt, together with any sinking fund or reserve fund payments on the Subordinated Bonds and all other Parity Subordinated Debt.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes.

From time to time, SMUD may deposit in the Rate Stabilization Fund from such remaining Revenues such amounts as SMUD shall determine, provided that deposits in the Rate Stabilization Fund from remaining Revenues in any fiscal year may be made until (but not after) the date 120 days after the end of such fiscal year. SMUD may withdraw amounts from the Rate Stabilization Fund only for inclusion in Revenues for any fiscal year, such withdrawals to be made until (but not after) 120 days after the end of such fiscal year. All interest or other earnings upon deposits in the Rate Stabilization Fund shall be withdrawn therefrom and accounted for as Revenues. No deposit of Revenues to the Rate Stabilization Fund may be made to the extent such Revenues were included in any certificate submitted in connection with the issuance of additional bonds and withdrawal of the Revenues from the Revenues employed in rendering said certificate would have caused noncompliance with the additional bond provisions. See APPENDIX A – “RATES AND CUSTOMER BASE – Rates and Charges” for a description of the balance in the Rate Stabilization Fund.

Neither the credit nor the taxing power of SMUD is pledged to the payment of the Subordinated Bonds and the general fund of SMUD is not liable for the payment thereof. The owners of the Subordinated Bonds cannot compel the exercise of any taxing power of SMUD or the forfeiture of any of its property. The Subordinated Bonds are not a legal or equitable pledge, charge, lien or encumbrance upon any of SMUD’s property (including the Electric System) or upon any of its income, receipts or revenues except the Net Subordinated Revenues of the Electric System to the extent of the pledge thereof contained in the Subordinate Resolution.

### **Subordinate Pledge**

The Subordinated Bonds are subordinate in right of payment to the Senior Bonds and other Parity Bonds. As of [March 31, 2026], Senior Bonds in the aggregate principal amount of \$[1,908,940,000] were

outstanding. If the Plan of Finance is implemented in whole, then upon completion of the Plan of Finance, Senior Bonds in the aggregate principal amount of \$[\_\_\_\_\_] \* are expected to be outstanding. The Senior Bonds are issued pursuant to the Senior Bond Resolution. See APPENDIX E – “SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION” for a description of certain provisions of the Senior Bond Resolution.

### **No Reserve Fund**

No reserve fund will be established or funded for the benefit of the 2026 Subordinated Bonds.

### **Rates and Charges**

SMUD has covenanted in the Subordinate Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Subordinate Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for (1) all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs, (2) all payments with respect to Parity Bonds, and (3) the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on the Subordinated Bonds and all Parity Subordinated Debt, in each case during such 12 months.

For purposes of the calculations of payments to be made pursuant to the Subordinate Resolution, the interest rates on Parity Bonds and Parity Subordinated Debt which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds and Parity Subordinated Debt bear a rate or rates of interest for a known period or periods of time, such rate or rates of interest for such period or periods and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate.

For purposes of the above calculations of principal of and interest on Parity Bonds or Parity Subordinated Debt, if a Financial Products Agreement has been entered into by SMUD with respect to any Parity Bonds or Parity Subordinated Debt, interest on such Parity Bonds or Parity Subordinated Debt shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds or Parity Subordinated Debt in such fiscal year or period at the rate or rates stated in such Parity Bonds or Parity Subordinated Debt plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

For purposes of the above calculations of principal of and interest on Parity Bonds and Parity Subordinated Debt, Excluded Principal Payments shall be disregarded (but interest on the Parity Bonds and Parity Subordinated Debt to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Bonds and Parity Subordinated Debt are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

See Appendix D hereto for the definitions of certain capitalized terms used in this section.

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\* Preliminary, subject to change.

## **Limitations on Additional Obligations Payable From Net Subordinated Revenues**

The Subordinate Resolution provides that SMUD will not, so long as any Subordinated Bonds are outstanding, issue any obligations payable in whole or in part from Net Subordinated Revenues except the following:

(a) Refunding Subordinated Bonds issued to refund all or part of the Parity Bonds or Subordinated Bonds;

(b) Additional Parity Subordinated Debt (including additional Subordinated Bonds under the Subordinate Resolution and additional Parity Subordinated Debt), with an equal lien and charge upon the Net Subordinated Revenues, but only subject to the following conditions:

(1) SMUD shall not then be in default under the Senior Bond Resolution, the Subordinate Resolution or other resolutions authorizing the issuance of Parity Bonds or Parity Subordinated Debt payable out of Revenues; and

(2) SMUD shall certify to the Trustee (i) that Net Revenues, after completion of any improvements proposed to be financed by such additional Parity Subordinated Debt, will be sufficient to pay the principal of and interest (and bond reserve fund requirements, if any) on all Parity Bonds and Parity Subordinated Debt then outstanding and on such additional Parity Subordinated Debt; and (ii) that Net Revenues, for a period of 12 consecutive months during the 24 months immediately preceding the date upon which such Parity Subordinated Debt shall become outstanding, shall have been at least equal to 1.10 times the sum of (i) the annual interest on Parity Bonds and Parity Subordinated Debt, (ii) the principal amount of Parity Bonds and Parity Subordinated Debt falling due, and (iii) the amount of minimum sinking fund payments falling due on Parity Bonds and Parity Subordinated Debt, all as computed for the year in which such sum shall then be a maximum, including both the then outstanding Parity Bonds and Parity Subordinated Debt and the Parity Subordinated Debt then proposed to be issued.

The calculation described above shall be made by taking the following into consideration:

(A) if rates and charges in effect on the date upon which such Parity Subordinated Debt will become outstanding will be greater than those in effect during the entire twelve months elected for the foregoing computation, then the Net Revenues for said period of twelve months may be augmented by the estimated increase in Net Revenues computed to accrue to the Electric System in the first twelve months during which such rates and charges shall be in effect;

(B) if such Parity Subordinated Debt or any portion thereof shall be issued for the purpose of acquiring an existing revenue-producing electric system, the estimated pro forma net revenues of such existing system (calculated on the basis of assumed SMUD ownership and operation during such period but otherwise on the basis of actual gross revenues of such existing system at the rates actually charged therefor) for the preceding twelve months may be added to the actual Net Revenues of the Electric System for the twelve months elected for said computation and treated as if actually received by the Electric System during those twelve months;

(C) for purposes of the above calculations of principal of and interest on Parity Subordinated Debt, Excluded Principal Payments shall be disregarded (but interest on the Parity Subordinated Debt to which such Excluded Principal Payments relate shall be included until but not after the stated due date when principal payments on such Parity Subordinated Debt are scheduled by their terms to commence) and Assumed Principal Payments and Assumed Interest Payments shall be included;

(D) for purposes of the above calculations, the interest rates on Parity Bonds and Parity Subordinated Debt which bear a variable rate of interest or a rate subject to periodic adjustment or to being fixed at some date after issuance shall be, if such Parity Bonds and Parity Subordinated Debt bear a rate or rates of interest for a known period or periods of time, such interest rate or rates for such period or periods, and thereafter, for the portion of the calculation period not covered by such known period or periods, the Assumed Interest Rate; and

(E) For purposes of the above calculations of principal of and interest on Parity Bonds and Parity Subordinated Debt, if a Financial Products Agreement has been or is being entered into by SMUD with respect to any Parity Bonds or Parity Subordinated Debt, interest on such Parity Bonds or Parity Subordinated Debt shall be included in the calculation of such principal and interest by including for each fiscal year or period an amount equal to the amount of interest payable on such Parity Bonds or Parity Subordinated Debt in such fiscal year or period at the rate or rates stated in such Parity Bonds or Parity Subordinated Debt plus any Financial Product Payments payable in such fiscal year or period minus any Financial Product Receipts receivable in such fiscal year or period; provided that in no event shall any calculation made pursuant to this clause result in a number less than zero being included in the calculation of such principal and interest.

(c) Revenue bonds which are junior and subordinate to the payment of the principal, premium, interest and reserve fund requirements for the Subordinated Bonds and all Parity Subordinated Debt and which subordinated revenue bonds are payable as to principal, premium, and interest, and also reserve fund requirements, if any, only out of Net Subordinated Revenues after the prior payment of all amounts required to be paid under the Subordinate Resolution from Net Subordinated Revenues for principal, premium, interest and reserve fund requirements for the Subordinated Bonds and all Parity Subordinated Debt, as the same become due and payable.

### **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

SMUD owns and operates an electric system that has provided retail electric service since 1946. SMUD's current service area is approximately 900 square miles, and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. For a full description of SMUD, its history, organization, operations, and financial performance, certain developments in the energy markets, certain factors affecting the electric utility industry, and certain regulatory and other matters, see APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT."

### **ABSENCE OF LITIGATION REGARDING THE 2026 SUBORDINATED BONDS**

SMUD is not aware of any action, suit or proceeding, threatened or pending, to restrain or enjoin the issuance, sale or delivery of the 2026 Subordinated Bonds, or in any way contesting or affecting the validity of the 2026 Subordinated Bonds or any of the proceedings of SMUD taken with respect to the 2026 Subordinated Bonds. SMUD is not aware of any action, suit or proceeding, threatened or pending, questioning the corporate existence of SMUD, or the title of the officers of SMUD to their respective offices, or the power and authority of SMUD to execute and deliver the 2026 Subordinated Bonds. For a description of certain litigation in which SMUD is involved, see APPENDIX A – "INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT – LEGAL PROCEEDINGS."

### **UNDERWRITING**

[ ] ("[" ]"), as representative of itself, [ ], [ ], [ ], [ ], [ ] and [ ] (each, an "Underwriter" and, collectively, the "Underwriters") have jointly and severally agreed, subject to certain customary conditions to closing, to purchase the 2026 Subordinated Bonds from

SMUD at a purchase price of \$ \_\_\_\_\_ (being the aggregate principal amount of the 2026 Subordinated Bonds, [plus/less] original issue [premium/discount] of \$ \_\_\_\_\_, and less Underwriters' discount of \$ \_\_\_\_\_). The Underwriters will be obligated to purchase all 2026 Subordinated Bonds if any 2026 Subordinated Bonds are purchased. The Underwriters have agreed to make a public offering of the 2026 Subordinated Bonds at the initial offering price set forth on the cover page hereof. The 2026 Subordinated Bonds may be offered and sold to certain dealers (including underwriters and other dealers depositing such bonds into investment trusts) at prices lower than such public offering price, and such public offering price may be changed, from time to time, by the Underwriters.

The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, principal investment, hedging, financing and brokerage activities. Certain of the Underwriters and their respective affiliates have, from time to time, performed, and may in the future perform, various investment banking services for SMUD for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (which may include bank loans and/or credit default swaps) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investment and securities activities may involve securities and instruments of, or issued for the benefit of, SMUD.

[BofA Securities, Inc., an Underwriter of the 2026 Subordinated Bonds, has entered into a distribution agreement with its affiliate Merrill Lynch, Pierce, Fenner & Smith Incorporated (“MLPF&S”). As part of this arrangement, BofA Securities, Inc. may distribute securities to MLPF&S, which may in turn distribute such securities to investors through the financial advisor network of MLPF&S. As part of this arrangement, BofA Securities, Inc. may compensate MLPF&S as a dealer for their selling efforts with respect to the 2026 Subordinated Bonds.]

[J.P. Morgan Securities LLC (“JPMS”), an Underwriter of the 2026 Subordinated Bonds, has entered into negotiated dealer agreements (each, a “Dealer Agreement”) with each of Charles Schwab & Co., Inc. (“CS&Co.”) and LPL Financial LLC (“LPL”) for the retail distribution of certain securities offerings at the original issue prices. Pursuant to each Dealer Agreement, each of CS&Co. and LPL may purchase authorized denominations of the 2026 Subordinated Bonds from JPMS at the original issue price less a negotiated portion of the selling concession applicable to the portion of the 2026 Subordinated Bonds that such firm sells.]

[Morgan Stanley & Co. LLC, an Underwriter of the 2026 Subordinated Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the 2026 Subordinated Bonds.]

[Wells Fargo Corporate & Investment Banking is the trade name for certain securities-related capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Bank, National Association, which conducts its municipal securities sales, trading and underwriting operations through the Wells Fargo Bank, NA Municipal Finance Group, a separately identifiable department of Wells Fargo Bank, National Association, registered with the Securities and Exchange Commission as a municipal securities dealer pursuant to Section 15B(a) of the Securities Exchange Act of 1934.]

[Wells Fargo Bank, National Association, acting through its Municipal Finance Group (“WFBNA”), one of the underwriters of the 2026 Subordinated Bonds, has entered into an agreement (the “WFA Distribution Agreement”) with its affiliate, Wells Fargo Clearing Services, LLC (which uses the trade name “Wells Fargo Advisors”) (“WFA”), for the distribution of certain municipal securities offerings, including the 2026 Subordinated Bonds. Pursuant to the WFA Distribution Agreement, WFBNA will share a portion of its underwriting compensation with respect to the 2026 Subordinated Bonds with WFA. WFBNA has also entered into an agreement (the “WFSLLC Distribution Agreement”) with its affiliate Wells Fargo Securities, LLC (“WFSLLC”), for the distribution of municipal securities offerings, including the 2026 Subordinated Bonds. Pursuant to the WFSLLC Distribution Agreement, WFBNA pays a portion of WFSLLC’s expenses based on its municipal securities transactions. WFBNA, WFSLLC, and WFA are each wholly-owned subsidiaries of Wells Fargo & Company.]

### **MUNICIPAL ADVISOR**

SMUD has retained PFM Financial Advisors LLC, as Municipal Advisor in connection with various matters relating to the delivery of the 2026 Subordinated Bonds. The Municipal Advisor assumes no responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement. The Municipal Advisor is an independent advisory firm and is not engaged in underwriting or distribution of securities. The Municipal Advisor will receive compensation that is contingent upon the sale, issuance and delivery of the 2026 Subordinated Bonds.

### **APPROVAL OF LEGAL PROCEEDINGS**

The validity of the 2026 Subordinated Bonds and certain other legal matters are subject to the approval of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD. The approving opinion of Bond Counsel will be delivered with the 2026 Subordinated Bonds in substantially the form appearing in APPENDIX F. Bond Counsel undertakes no responsibility for the accuracy, completeness or fairness of this Official Statement. Certain legal matters will be passed on for the Underwriters by Nixon Peabody LLP, San Francisco, California, counsel to the Underwriters.

### **FINANCIAL STATEMENTS**

SMUD’s audited, consolidated financial statements for the years ended December 31, 2025 and December 31, 2024 are included in APPENDIX B attached to this Official Statement. These financial statements have been audited by Baker Tilly US, LLP, Madison, Wisconsin (the “Auditor”), for the periods indicated and to the extent set forth in their report thereon and should be read in their entirety. SMUD has not requested nor did it obtain permission from the Auditor to include the audited, consolidated financial statements as an appendix to this Official Statement. Accordingly, the Auditor has not performed any procedures to review the financial condition or operations of SMUD subsequent to the date of its report included therein, nor has it reviewed any information contained in this Official Statement.

### **TAX MATTERS**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to SMUD (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the 2026 Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from State of California personal income taxes. Bond Counsel is of the further opinion that interest on the 2026 Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel observes that interest on the 2026 Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel

expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Subordinated Bonds. A complete copy of the proposed form of opinion of Bond Counsel is set forth in APPENDIX F hereto.

To the extent the issue price of any maturity of the 2026 Subordinated Bonds is less than the amount to be paid at maturity of such 2026 Subordinated Bonds (excluding amounts stated to be interest and payable at least annually over the term of such 2026 Subordinated Bonds), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each Beneficial Owner thereof, is treated as interest on the 2026 Subordinated Bonds which is excluded from gross income for federal income tax purposes and exempt from State of California personal income taxes. For this purpose, the issue price of a particular maturity of the 2026 Subordinated Bonds is the first price at which a substantial amount of such maturity of the 2026 Subordinated Bonds is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the 2026 Subordinated Bonds accrues daily over the term to maturity of such 2026 Subordinated Bonds on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such 2026 Subordinated Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such 2026 Subordinated Bonds. Beneficial Owners of the 2026 Subordinated Bonds should consult their own tax advisors with respect to the tax consequences of ownership of 2026 Subordinated Bonds with original issue discount, including the treatment of Beneficial Owners who do not purchase such 2026 Subordinated Bonds in the original offering to the public at the first price at which a substantial amount of such 2026 Subordinated Bonds is sold to the public.

2026 Subordinated Bonds purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Bonds”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Bonds, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and a Beneficial Owner’s basis in a Premium Bond, will be reduced by the amount of amortizable bond premium properly allocable to such Beneficial Owner. Beneficial Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the 2026 Subordinated Bonds. SMUD has made certain representations and covenanted to comply with certain restrictions, conditions and requirements designed to ensure that interest on the 2026 Subordinated Bonds will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the 2026 Subordinated Bonds being included in gross income for federal income tax purposes, possibly from the date of original issuance of the 2026 Subordinated Bonds. The opinion of Bond Counsel assumes the accuracy of these representations and compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken), or events occurring (or not occurring), or any other matters coming to Bond Counsel’s attention after the date of issuance of the 2026 Subordinated Bonds may adversely affect the value of, or the tax status of interest on, the 2026 Subordinated Bonds. Accordingly, the opinion of Bond Counsel is not intended to, and may not, be relied upon in connection with any such actions, events or matters.

Although Bond Counsel is of the opinion that interest on the 2026 Subordinated Bonds is excluded from gross income for federal income tax purposes and is exempt from State of California personal income taxes, the ownership or disposition of, or the accrual or receipt of amounts treated as interest on, the 2026 Subordinated Bonds may otherwise affect a Beneficial Owner’s federal, state or local tax liability. The

nature and extent of these other tax consequences depends upon the particular tax status of the Beneficial Owner or the Beneficial Owner's other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Current and future federal or state legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the 2026 Subordinated Bonds to be subject, directly or indirectly, in whole or in part, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals or clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the 2026 Subordinated Bonds. Prospective purchasers of the 2026 Subordinated Bonds should consult their own tax advisors regarding the potential impact of any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the 2026 Subordinated Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of SMUD, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. SMUD has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the 2026 Subordinated Bonds ends with the issuance of the 2026 Subordinated Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend SMUD or the Beneficial Owners regarding the tax-exempt status of the 2026 Subordinated Bonds in the event of an audit examination by the IRS. Under current procedures, Beneficial Owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which SMUD legitimately disagrees may not be practicable. Any action of the IRS, including but not limited to selection of the 2026 Subordinated Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the 2026 Subordinated Bonds, and may cause SMUD or the Beneficial Owners to incur significant expense.

Payments on the 2026 Subordinated Bonds generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate Beneficial Owner of 2026 Subordinated Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the 2026 Subordinated Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the 2026 Subordinated Bonds. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against a Beneficial Owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain Beneficial Owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

## CONTINUING DISCLOSURE UNDERTAKING

Pursuant to the Continuing Disclosure Agreement, SMUD will covenant for the benefit of the holders and the “Beneficial Owners” (as defined in the Continuing Disclosure Agreement) of the 2026 Subordinated Bonds to provide certain financial information and operating data relating to SMUD by not later than 180 days after the end of each of SMUD’s fiscal years (presently, each December 31), commencing with the report for the year ending December 31, 2026 (the “Annual Report”), and to provide notices of the occurrence of certain listed events with respect to the 2026 Subordinated Bonds. The Annual Report will be filed by or on behalf of SMUD with the Municipal Securities Rulemaking Board (the “MSRB”) through its Electronic Municipal Market Access system (“EMMA”) and any notices of such listed events will be filed by or on behalf of SMUD with the MSRB through EMMA. The specific nature of the information to be contained in the Annual Report and the notices of listed events are set forth in the form of the Continuing Disclosure Agreement which is included in its entirety in APPENDIX G hereto. SMUD’s covenant will be made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12.

[In a limited number of circumstances, certain of the annual reports, audited financial statements or listed event filings required to be made by SMUD during the last five years under its continuing disclosure undertakings were not connected to all of the CUSIP numbers of the bonds subject to the continuing disclosure undertakings. In a limited number of circumstances during the last five years, SMUD has filed notices of ratings upgrades with respect to certain bonds later than the time required for such filings under its continuing disclosure undertakings for such bonds.]

## RATINGS

Fitch Ratings, Inc. (“Fitch”) and Moody’s Investors Service, Inc. (“Moody’s”) have assigned ratings of “[AA (stable outlook)]” and “[Aa3 (stable outlook)],” respectively, to the 2026 Subordinated Bonds. Such ratings reflect only the views of such organizations and are not a recommendation to buy, sell or hold the 2026 Subordinated Bonds. Explanations of the significance of such ratings may be obtained only from the respective rating agencies. SMUD has furnished to Fitch and Moody’s certain information and materials concerning the 2026 Subordinated Bonds and itself. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that such ratings will continue for any given period or that they will not be revised downward, suspended or withdrawn entirely by the respective rating agencies, if in the judgment of such rating agency, circumstances so warrant. SMUD has not, other than as described under “CONTINUING DISCLOSURE UNDERTAKING” above, and the Underwriters have not undertaken any responsibility either to bring to the attention of the holders or beneficial owners of the 2026 Subordinated Bonds any proposed revision, suspension or withdrawal of any rating on the 2026 Subordinated Bonds or to oppose any such proposed revision, suspension or withdrawal. Any such downward revision, suspension or withdrawal of such ratings may have an adverse effect on the market price or marketability of the 2026 Subordinated Bonds.

**MISCELLANEOUS**

This Official Statement includes descriptions of the terms of the 2026 Subordinated Bonds, power purchase agreements with certain other parties, pooling and other agreements, the Subordinate Resolution and certain provisions of the Act. Such descriptions do not purport to be complete, and all such descriptions and references thereto are qualified in their entirety by reference to each such document.

Copies of the Subordinate Resolution, which forms a contract with the Holders of the 2026 Subordinated Bonds, will be made available upon request.

This Official Statement has been duly authorized by the Board of Directors of SMUD.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Chief Executive Officer and General Manager

**APPENDIX A**

**INFORMATION REGARDING SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**APPENDIX B**

**2025 AND 2024 CONSOLIDATED FINANCIAL STATEMENTS  
AND REPORT OF INDEPENDENT ACCOUNTANTS**

## APPENDIX C

### BOOK-ENTRY SYSTEM

The information in this Appendix regarding DTC has been provided by DTC, and SMUD takes no responsibility for the accuracy or completeness thereof. SMUD cannot and does not give any assurances that DTC, DTC Participants or Indirect Participants will distribute the Beneficial Owners either (a) payments of interest or principal with respect to the 2026 Subordinated Bonds or (b) certificates representing ownership interest in or other confirmation of ownership interest in the 2026 Subordinated Bonds, or that they will so do on a timely basis or that DTC, DTC Participants or DTC Indirect Participants will act in the manner described in this Official Statement.

The Depository Trust Company (“DTC”) will act as securities depository for the 2026 Subordinated Bonds. The 2026 Subordinated Bonds will be issued as fully registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for the 2026 Subordinated Bonds, in the aggregate principal amount thereof, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others, such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of the 2026 Subordinated Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the 2026 Subordinated Bonds on DTC’s records. The ownership interest of each actual purchaser of each 2026 Subordinated Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the 2026 Subordinated Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their beneficial ownership interests in the 2026 Subordinated Bonds, except in the event that use of the book-entry system for the 2026 Subordinated Bonds is discontinued.

To facilitate subsequent transfers, all 2026 Subordinated Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of the 2026 Subordinated Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the 2026 Subordinated Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such 2026 Subordinated Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the 2026 Subordinated Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the 2026 Subordinated Bonds, such as redemptions, tenders, defaults, and proposed amendments to the bond documents. For example, Beneficial Owners of the 2026 Subordinated Bonds may wish to ascertain that the nominee holding the 2026 Subordinated Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners.

Redemption notices shall be sent to DTC. If less than all of the 2026 Subordinated Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the 2026 Subordinated Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the 2026 Subordinated Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to SMUD as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 2026 Subordinated Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, premium, redemption proceeds and interest payments on the 2026 Subordinated Bonds will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from SMUD or the Trustee, on a payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participants and not of DTC, its nominee, the Trustee or SMUD, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, premium, redemption proceeds and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Trustee. Disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of the Direct and Indirect Participants.

A Beneficial Owner shall give notice to elect to have its 2026 Subordinated Bonds purchased or tendered, through its Participant, to the Underwriters, and shall effect delivery of such 2026 Subordinated Bonds by causing the Direct Participant to transfer the Participant's interest in the 2026 Subordinated Bonds, on DTC's records, to the Underwriters. The requirement of physical delivery of 2026 Subordinated Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the 2026 Subordinated Bonds are transferred by Direct Participants on DTC's records

and followed by a book-entry credit of tendered 2026 Subordinated Bonds to the applicable Underwriter's DTC account.

DTC may discontinue providing its services as depository with respect to the 2026 Subordinated Bonds at any time by giving reasonable notice to SMUD or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

SMUD may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates for such 2026 Subordinated Bonds will be printed and delivered to DTC.

**Neither SMUD or the Trustee will have any responsibility or obligation to Participants, to Indirect Participants or to any Beneficial Owner with respect to (i) the accuracy of any records maintained by DTC, any Participant, or any Indirect Participant; (ii) the payment by DTC or any Participant or Indirect Participant of any amount with respect to the principal of or premium, if any, or interest on the 2026 Subordinated Bonds; (iii) any notice which is permitted or required to be given to Holders under the Resolution; (iv) the selection by DTC, any Participant or any Indirect Participant of any person to receive payment in the event of a partial redemption of 2026 Subordinated Bonds; (v) any consent given or other action taken by DTC as Bondholder; or (vi) any other procedures or obligations of DTC, Participants or Indirect Participants under the book-entry system.**

## APPENDIX D

### SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION

The following is a summary of certain provisions of the Subordinate Resolution. Other provisions of the Subordinate Resolution are described under the caption “SECURITY FOR THE SUBORDINATED BONDS.” This summary is not to be considered a full statement of the terms of the Subordinate Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Subordinate Resolution.

#### Certain Definitions

“Assumed Interest Payments” means, for any fiscal year or period, interest which would accrue during such fiscal year or period on an amount equal to the then unamortized balance of the remaining sum of Assumed Principal Payments and at the interest rate on the date of such calculation on the Parity Subordinated Debt to which such Assumed Principal Payments relate.

“Assumed Interest Rate” for any Parity Bond or Parity Subordinated Debt means, for any fiscal year or period, the interest rate thereon on the date of such calculation.

“Assumed Principal Payments” means for any fiscal year or period the sum of the following amounts falling within such fiscal year or period: each Excluded Principal Payment amortized equally over the years (pro rata in the case of a partial year) in the period commencing on the stated due date for such Excluded Principal Payment and ending on the date 30 years from the date of issuance of the Parity Subordinated Debt to which such Excluded Principal Payment relates.

“Bond Debt Service” means all amounts required to be paid under the Subordinate Resolution from Net Revenues for principal, interest and reserve fund requirements on the Senior Bonds and all Parity Bonds then outstanding, as the same become due and payable.

“Defeasance Securities” shall mean and include any of the following securities, if and to the extent the same are at the time legal for investment of SMUD’s funds:

(i) any bonds or other obligations which as to principal and interest constitute direct obligations of, or are unconditionally guaranteed by, the United States of America, including obligations of any of the federal agencies set forth in clause (iii) below to the extent unconditionally guaranteed by the United States of America;

(ii) any bonds or other obligations of any state of the United States of America or of any agency, instrumentality or local governmental unit of any such state (a) which are not callable prior to maturity or as to which irrevocable instructions have been given to the trustee of such bonds or other obligations by the obligor to give due notice of redemption and to call such bonds for redemption on the date or dates specified in such instructions, (b) which are secured as to principal and interest and redemption premium, if any, by a fund consisting only of cash or bonds or other obligations of the character described in the clause (i) above which fund may be applied only to the payment of such principal of and interest and redemption premium, if any, on such bonds or other obligations on the maturity date or dates thereof or the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate, and (c) as to which the principal of and interest on the bonds and obligations of the character described in the clause (i) above which have been deposited in such fund along with any cash on deposit in such

fund are sufficient to pay principal of and interest and redemption premium, if any, on the bonds or other obligations described in this clause (ii) on the maturity date or dates thereof or on the redemption date or dates specified in the irrevocable instructions referred to in subclause (a) of this clause (ii), as appropriate;

(iii) bonds, debentures, or other evidences of indebtedness issued or guaranteed by any agency or corporation which has been or may thereafter be created pursuant to an Act of Congress as an agency or instrumentality of the United States of America; and

(iv) with respect to the defeasance of any particular series of Bonds, any other securities specified in the Supplemental Resolution providing for their issuance.

“Electric System” and “Enterprise” means the entire electric system of SMUD, together with all additions, betterments, extensions and improvements to said system or any part thereof. The entire electric system of SMUD shall be deemed to be and to constitute a single unified and integrated system for the furnishing of electric energy to consumers of SMUD and a single enterprise. The terms “Electric System” and “Enterprise” shall have the same meaning and may be used interchangeably.

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity and under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Excluded Principal Payments” shall mean each payment of principal of Parity Subordinated Debt which the Board of Directors of SMUD determines (on a date not later than the date of issuance of such Parity Subordinated Debt) that SMUD intends to pay with moneys which are not Revenues. No such determination shall affect the security for such Parity Subordinated Debt or the obligation of SMUD to pay such payments from Revenues.

“Financial Products Agreement” means an interest rate swap, cap, collar, option, floor, forward or other hedging agreement, arrangement or security, however denominated, entered into by SMUD with a Qualified Provider not for investment purposes but with respect to specific Parity Bonds, Subordinated Bonds or Parity Subordinated Debt for the purpose of (1) reducing or otherwise managing SMUD’s risk of interest rate changes or (2) effectively converting SMUD’s interest rate exposure, in whole or in part, from a fixed rate exposure to a variable rate exposure, or from a variable rate exposure to a fixed rate exposure.

“Financial Product Payments” means payments periodically required to be paid to a counterparty by SMUD pursuant to a Financial Products Agreement. For the purpose of complying with any coverage test under the Subordinate Resolution, SMUD (or its consultant) may assume, with respect to any prospective Financial Product Payments that may adjust or vary pursuant to the terms of the related Financial Products Agreement, that the index or benchmark upon which the prospective Financial Product Payments are based shall be fixed for the prospective calculation period at the lesser of (a) the index or benchmark in effect as of the date of calculation, or (b) average rate of such index or benchmark over the most recent twelve calendar months preceding the date of calculation. If a twelve-month average index or benchmark as described in clause (b) is not calculable due to insufficient historic data or other reasons, SMUD (or its consultant) shall use the index or benchmark in effect as of the date of calculation.

“Financial Product Receipts” means amounts periodically required to be paid to SMUD by a counterparty pursuant to a Financial Products Agreement. For the purpose of complying with any coverage

test under the Subordinate Resolution, SMUD (or its consultant) may assume, with respect to any prospective Financial Product Receipts that may adjust or vary pursuant to the terms of the related Financial Products Agreement, that the index or benchmark upon which the prospective Financial Product Receipts are based shall be fixed for the prospective calculation period at the lesser of (a) the index or benchmark in effect as of the date of calculation, or (b) average rate of such index or benchmark over the most recent twelve calendar months preceding the date of calculation. If a twelve-month average index or benchmark as described in clause (b) is not calculable due to insufficient historic data or other reasons, SMUD (or its consultant) shall use the index or benchmark in effect as of the date of calculation.

“Maintenance and Operation Costs” means, when used with respect to the Electric System, all actual maintenance and operation costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable, but only if said charges are made in conformity with generally accepted accounting principles, and exclusive in all cases of depreciation or obsolescence charges or reserves therefor, amortization of intangibles or other bookkeeping entries of a similar nature, and also exclusive of all interest charges and charges for the payment of principal, or amortization, of bonded or other indebtedness of SMUD.

Such maintenance and operation costs of the Electric System include, generally, purchased power (including power purchased from any special district included within the boundaries of SMUD), and such part of the cost of fuel of any type or character (including nuclear fuel), taxes, salaries and wages, fees for services, materials and supplies, rents, office supplies and all other costs as are charged directly or apportioned to the operation and maintenance of the generation, transmission and distribution system, customer accounts, sales and administrative functions, or to the general operation of SMUD. Said term does not include costs, or charges made therefor, for capital additions, replacements, betterments, extensions or improvements to or retirements from the Electric System, which under generally accepted accounting principles are properly chargeable to the capital account or the reserve for depreciation, and does not include losses from the sale, abandonment, reclassification, revaluation or other disposition of any properties of SMUD nor such property items, including taxes and fuel, which are capitalized pursuant to the then existing accounting practice of SMUD.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Subordinate Resolution.

“Net Subordinated Revenues” means Net Revenues less Bond Debt Service.

“Parity Bonds” includes the Senior Bonds and all revenue bonds issued on a parity with the Senior Bonds as provided or permitted in the Senior Bond Resolution. No Parity Bonds (other than the Senior Bonds) are currently outstanding.

“Parity Subordinated Debt” means the Subordinated Bonds and all revenue bonds of SMUD having an equal lien and charge upon Net Subordinated Revenues and therefore payable on a parity with the Subordinated Bonds and junior to the Parity Bonds.

“Qualified Provider” means any counterparty to a Financial Products Agreement if the unsecured long-term debt obligations of such counterparty (or of the parent or a subsidiary of such counterparty if such parent or subsidiary unconditionally guarantees the performance of such counterparty under such Financial Products Agreement and the Trustee receives an opinion of counsel to the effect that such

guarantee is a valid and binding agreement of such parent or subsidiary), or obligations secured or supported by a letter of credit, contract, guarantee, agreement, insurance policy or surety bond issued by such counterparty (or such guarantor parent or subsidiary), are rated in one of the three highest rating categories of a national rating agency (without regard to any gradation or such rating category) at the time of the execution and delivery of the Financial Products Agreement.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any other source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775), or the Upper American River Project (as defined in Resolution No. 4938), but does not include revenues or income derived from the retail distribution of water through any distribution facility thereafter acquired by SMUD.

The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Subordinate Resolution or the Senior Bond Resolution.

### **Additional Covenants**

The Subordinate Resolution contains the following additional covenants, among others:

- (a) That the Electric System will be maintained in good repair, working order and condition at all times, and will be continuously operated in an efficient and economical manner.
- (b) That SMUD will comply with all lawful orders of any governmental agency or authority having jurisdiction in the premises (except while the validity or application thereof is being contested in good faith).
- (c) That proper records and accounts will be maintained of all transactions relating to the Electric System and the Revenues (open to inspection by the Trustee and the Holders of not less than 10 percent in principal amount of the Subordinated Bonds), to be audited annually by an independent certified public accountant within 90 days after close of the fiscal year, and copies of such financial statements supplied to Bondholders on request.

### **Tax Covenants**

SMUD agrees in the Subordinate Resolution not to take any action which would result in interest on the 2026 Subordinated Bonds not being excluded from gross income for federal income tax purposes. SMUD also agrees to establish a separate Rebate Fund for the 2026 Subordinated Bonds and to deposit therein such amounts as are necessary to make the required rebate payments to the United States Government under the Internal Revenue Code of 1986. Such deposits will be made from any Revenues legally available to SMUD after payment of maintenance and operation costs and Energy Payments, principal of and interest on the Parity Bonds, principal of and interest on the Subordinated Bonds, and any

other obligations secured by the Revenues. Amounts in the Rebate Fund, and any earnings thereon, shall be paid to the United States Government as provided in the Tax Certificate.

### **Amendment of the Subordinate Resolution**

The Subordinate Resolution and the rights and obligations of SMUD and of the Holders of the Subordinated Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of 60% in aggregate principal amount of the Subordinated Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Subordinated Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Subordinated Bond so affected, or (ii) reduce the aforesaid percentage of Subordinated Bonds required for consent to an amendment or modification, without the consent of the Holders of all the Subordinated Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Subordinate Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Subordinate Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a Series of Subordinated Bonds, subject to the provisions contained in the Subordinate Resolution with respect thereto.

### **Events of Default and Remedies of Bondholders**

*Events of Default.* The Subordinate Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Subordinated Bond when due and payable;
- (b) failure to pay any installment of interest on any Subordinated Bond when due and payable, if such default continues for a period of 30 days;
- (c) if the principal of any Parity Bonds shall be declared to be due and payable on account of the occurrence of a default under or breach of the terms thereof or the Senior Bond Resolution or a similar instrument; and
- (d) if, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

then and in each and every case during the continuance of such event of default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the Subordinated Bonds at the time outstanding shall be entitled, upon notice in writing to SMUD, to declare the principal of all of the Subordinated Bonds then outstanding, and the interest accrued thereon, to be due and payable immediately, and upon any such declaration the same shall become and shall be immediately due and payable, anything in the Subordinate Resolution or in the Subordinated Bonds contained to the contrary notwithstanding.

*Trustee to Represent Subordinated Bondholders.* The Trustee is appointed as trustee to represent the Subordinated Bondholders in the matter of exercising and prosecuting on their behalf such rights and remedies as may be available to such Holders under the provisions of the Subordinated Bonds and the Subordinate Resolution, as well as under the Act or other provisions of applicable law. Upon any default or other occasion giving rise to a right of the Trustee to represent the Subordinated Bondholders, the Trustee

may take such action as may seem appropriate to it, and, upon the request in writing of the Holders of twenty-five percent (25%) in aggregate principal amount of the Subordinated Bonds then outstanding, which request shall specify such default or occasion and the action to be taken by the Trustee, and upon being furnished with indemnity satisfactory to it, the Trustee shall take such action on behalf of the Bondholders as may have been requested.

*Remedies.* In case one or more of the events of default shall happen, then and in every such case the Holder of any Subordinated Bond at the time outstanding shall be entitled to proceed to protect and enforce the rights vested in such Holder by the Subordinate Resolution by such appropriate judicial proceeding as such Holder shall deem most effectual to protect and enforce any such right, either by suit in equity or by action at law, whether for the specific performance of any covenant or agreement contained in the Subordinate Resolution, or in aid of the exercise of any powers granted in the Subordinate Resolution, or to enforce any other legal or equitable right vested in the Holders of Subordinated Bonds by the Subordinate Resolution or by law

*Distribution of Assets.* Upon any distribution of assets of SMUD upon any dissolution, winding up, liquidation or reorganization of SMUD, whether in bankruptcy, insolvency, reorganization or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of SMUD or upon any acceleration of maturity of the Subordinated Bonds by declaration or otherwise,

(a) the holders of all Parity Bonds shall first be entitled to receive payment in full of the principal thereof (and premium, if any) and interest due thereon, or provision shall be made for such payment in cash, before the Holders of the Subordinated Bonds are entitled to receive any payment on account of the principal of (or premium, if any) or interest on the indebtedness evidenced by the Subordinated Bonds;

(b) any payment by, or distribution of assets of, SMUD of any kind or character, whether in cash, property or securities, to which the Holders of the Subordinated Bonds or the Trustee would be entitled except for the provisions of the Subordinate Resolution shall be paid or delivered by the person making such payment or distribution, whether a trustee in bankruptcy, a receiver or liquidating trustee or otherwise, directly to the holders of Parity Bonds or their representative or representatives or to the trustee or trustees under the Senior Bond Resolution or any similar instrument under which any instruments evidencing any of such Parity Bonds may have been issued, ratably according to the aggregate amounts remaining unpaid on account of the Parity Bonds held or represented by each, to the extent necessary to make payment in full of all Parity Bonds remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Parity Bonds; and

(c) in the event that, notwithstanding the foregoing, any payment by, or distribution of assets of, SMUD of any kind or character, whether in cash, property or securities shall be received by the Trustee or the Holders of the Subordinated Bonds before all Parity Bonds are paid in full, such payment or distribution shall be held in Trust for the benefit of, and shall be paid over to the holders of such Parity Bonds or their representative or representatives or to the trustee or trustees under the Subordinate Resolution or any similar instrument under which any instruments evidencing any of such Parity Bonds may have been issued, ratably as aforesaid, for application to the payment of all Parity Bonds remaining unpaid until all such Parity Bonds shall have been paid in full, after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of such Parity Bonds.

### **Discharge of Subordinate Resolution**

The Subordinate Resolution may be discharged by depositing with the Trustee in trust, moneys or Defeasance Securities, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Subordinated Bonds at or before their respective maturity dates.

## APPENDIX E

### SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION

The following is a summary of certain provisions of the Senior Bond Resolution. This summary is not to be considered a full statement of the terms of the Senior Bond Resolution and accordingly is qualified by reference thereto and is subject to the full text thereof. Capitalized terms not otherwise defined in this Official Statement shall have the meanings ascribed thereto in the Senior Bond Resolution.

Between July 1997 and August 2003, SMUD received consents to amend the Senior Bond Resolution from the owners of the requisite percentage of Outstanding Senior Bonds. Pursuant to the authority granted by such consents, SMUD amended the Senior Bond Resolution in October 2003 by adopting the Forty-Eighth Supplemental Resolution and the Forty-Ninth Supplemental Resolution. The following summary of the Senior Bond Resolution reflects such amendments.

#### **Certain Definitions**

“Energy Payments” means, when used with respect to the Electric System, all actual costs incurred, or charges made therefor, by SMUD in any particular fiscal year or period to which said term is applicable for purchased power (including power purchased from any special district included within the boundaries of SMUD), electric and thermal energy and capacity under contracts providing for payments by SMUD for electric or thermal energy or capacity whether or not such energy or capacity is delivered or capable of being delivered or otherwise made available to or received by or for the account of SMUD.

“Net Revenues” for any fiscal period means the sum of (a) the Revenues for such fiscal period plus (b) the amounts, if any, withdrawn by SMUD from the Rate Stabilization Fund for treatment as Revenues for such fiscal period, less the sum of (c) all Maintenance and Operation Costs for such fiscal period, (d) all Energy Payments for such fiscal period not included in Maintenance and Operation Costs for such fiscal period, and (e) the amounts, if any, withdrawn by SMUD from Revenues for such fiscal period for deposit in the Rate Stabilization Fund pursuant to the Senior Bond Resolution.

“Parity Bonds” includes the Senior Bonds and all revenue bonds issued on a parity with the Senior Bonds as provided or permitted in the Senior Bond Resolution. No Parity Bonds (other than the Senior Bonds) are currently outstanding.

“Revenues” means all charges received for, and all other income and receipts derived by SMUD from, the operation of the Electric System, or arising from the Electric System, including income derived from the sale or use of electric energy generated, transmitted or distributed by any facilities of the Electric System, together with any receipts derived from the sale of any property pertaining to the Electric System or incidental to the operation of the Electric System or from any services performed by SMUD in connection with or incidental to the Electric System, or from any other source whatsoever directly or indirectly derived from the Electric System, but exclusive in every case of any moneys derived from the levy or collection of taxes upon any taxable property in SMUD.

The term “Revenues” also includes any income or revenues derived from the wholesale sale of water developed by the White Rock Project (as defined in Resolution No. 4775), or the Upper American River Project (as defined in Resolution No. 4938), but does not include revenues or income derived from the retail distribution of water through any distribution facility thereafter acquired by SMUD. The term “Revenues” also includes all interest, profits or other income derived from the investment of any moneys in any fund or account established under the Senior Bond Resolution.

## **Allocation of Revenues**

After making an allocation of Revenues to Maintenance and Operation Costs and to Energy Payments not included in Maintenance and Operation Costs, the Treasurer of SMUD is required (subject to the last paragraph of this section) to set aside, on an equal priority with sums set aside for all other Parity Bonds, Net Revenues as follows:

First: To the Electric Revenue Bond Interest Fund, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-fifth (1/5) of the aggregate amount of interest becoming due on the Senior Bonds on the next succeeding semiannual interest payment date, until an amount sufficient to meet said interest payment is accumulated.

Second: To the Electric Revenue Bond Redemption Fund, to be set aside in the Principal Account and Sinking Fund, respectively, in approximately equal monthly installments on or before the first day of each month, an amount equal to at least one-tenth (1/10) of the aggregate amount of principal becoming due on serial Senior Bonds and the aggregate minimum sinking fund payments required to be made with respect to term Senior Bonds during the next ensuing 12 months, until an amount sufficient to meet the principal and sinking fund requirements on all Senior Bonds outstanding is accumulated in said accounts, respectively.

Third: To the Electric Revenue Bond Reserve Fund, such amounts as any supplemental resolution authorizing the issuance of a series of Senior Bonds may require to build up and maintain said fund.

If interest on Senior Bonds of a series or maturity is payable more frequently than semiannually, the Treasurer of SMUD shall set aside out of Net Revenues in the Interest Fund such amounts as may be required to pay interest on the Senior Bonds of such series or maturity on each interest payment date at least one month prior to such interest payment date. Allocation to the Electric Revenue Bond Redemption Fund and Electric Revenue Bond Reserve Fund shall be made as set forth above.

All remaining Revenues, after making the foregoing allocations, will be available to SMUD for all lawful SMUD purposes. Such remaining Revenues will be used for the purpose of, among other things, making any required deposits to the Rebate Fund. See "Tax Covenants."

## **Reserve Fund**

The Electric Revenue Bond Reserve Fund is a parity reserve fund for the equal benefit of all Parity Bonds outstanding. Moneys in such fund (except any excess over the required balance which may be withdrawn and used for any SMUD use) shall be used solely for the purpose of making good any deficiency in any fund established for the payment of interest, principal or sinking fund payments pursuant to the Senior Bond Resolution or any resolution authorizing the issuance of any Parity Bonds.

The Electric Revenue Bond Reserve Fund is required to be maintained in an amount such that the amount in the combined reserve funds of all Parity Bonds then outstanding will at no time be less than the current annual interest requirements on all then outstanding Parity Bonds (except bonds for which payment has been provided in advance). If SMUD's debt service ratio in any fiscal year (the ratio of Net Revenues

during said fiscal year to maximum annual debt service during the period of three fiscal years next following said fiscal year on all Parity Bonds then outstanding) shall fall below 1.40, there shall be set aside in the reserve funds from the first available Net Revenues not less than 15 percent of the total current monthly interest requirements of all Parity Bonds until the debt service ratio again exceeds 1.40, or until the aggregate amount on deposit in the reserve funds is equal to the maximum annual debt service on all Parity Bonds, whichever occurs first. The combined reserve funds cannot be required to exceed the maximum annual debt service on all outstanding Parity Bonds.

### **Rates and Charges**

SMUD has covenanted in the Senior Bond Resolution to establish and at all times maintain and collect rates and charges for the sale or use of electric energy generated, transmitted, distributed or furnished by SMUD which, together with certain items of other income permitted under the Senior Bond Resolution, will yield Revenues at least sufficient, with respect to the ensuing 12 months, to pay and provide for all sums required for Maintenance and Operation Costs and Energy Payments not included in Maintenance and Operation Costs and, in addition, to provide an aggregate sum equal to at least 1.20 times the total amount required for the payment of principal and interest, together with any sinking fund or reserve fund payments, on all Parity Bonds, in each case during such 12 months.

SMUD has full power to establish rates and charges for all SMUD services, and the levels of such rates are not subject to review or regulation by any other governmental agency, either federal or state.

### **Limitations on Additional Obligations Payable from Revenues**

The Senior Bond Resolution provides that SMUD will not, so long as any Senior Bonds are outstanding, issue any obligations payable in whole or in part from Revenues except the following:

- (a) Senior Bonds of any series authorized pursuant to the Senior Bond Resolution;
- (b) Refunding bonds issued solely to refund all or part of the Parity Bonds;
- (c) General obligation bonds or other securities secured by the full faith and credit of SMUD;
- (d) Additional revenue bonds (including additional Parity Bonds), payable on a parity with the Senior Bonds, with an equal lien and charge upon the Revenues, but only subject to the following conditions:
  - (1) Such additional revenue bonds shall have been authorized;
  - (2) The proceedings for the issuance of such additional revenue bonds shall require SMUD to fix and collect rates and charges in an amount not less, with respect to such bonds, than the amounts required with respect to Senior Bonds issued under the Senior Bond Resolution;
  - (3) SMUD shall not then be in default under the Senior Bond Resolution or other resolutions authorizing the issuance of Parity Bonds; and

(4) A certificate of SMUD, certifying--

(1) that the Net Revenues, after the completion of the additions, betterments, extensions or improvements proposed to be financed from the proceeds of such additional revenue bonds, will be sufficient to pay the principal of and interest (and bond reserve fund requirements, if any) on all Parity Bonds then outstanding and on such additional revenue bonds then proposed to be issued, and

(2) that the Net Revenues, for a period of twelve consecutive months during the twenty-four months immediately preceding the date upon which such additional revenue bonds will become outstanding, have been at least equal to 1.25 times the sum of

- (i) the annual interest,
- (ii) the principal amount of serial bonds falling due, and
- (iii) the amount of minimum sinking fund payments required for the payment of term bonds,

as computed for the year in which such sum shall then be a maximum, including both the then outstanding Parity Bonds and the additional revenue bonds then proposed to be issued, provided that--

(A) if rates and charges in effect on the date upon which such additional revenue bonds will become outstanding will be greater than those in effect during the entire twelve months elected for the foregoing computation, then the Net Revenues for said period of twelve months may be augmented by 75% of the estimated increase in Net Revenues computed to accrue to the Electric System in the first twelve months during which such rates and charges shall be in effect; and

(B) if such additional revenue bonds or any thereof shall be issued for the purpose of acquiring an existing revenue-producing electric system, 75% of the estimated pro forma net revenues of such existing system (calculated on the basis of assumed SMUD ownership and operation during such period but otherwise on the basis of actual gross revenues of such existing system at the rates actually charged therefor) for the preceding twelve months may be added to the actual Net Revenues of the Electric System for the twelve months elected for said computation and treated as if actually received by the Electric System during those twelve months; and

(e) Revenue bonds junior and subordinate to the Parity Bonds.

### **Additional Covenants**

The Senior Bond Resolution contains the following additional covenants, among others:

(a) SMUD will cause the Electric System to be maintained in good repair, working order and condition at all times, and will continuously operate the Electric System in an efficient and economical manner, and so that all lawful orders of any governmental agency or authority having jurisdiction in the premises shall be complied with, but SMUD shall not be required to comply with any such orders so long as the validity or application thereof shall be contested in good faith.

SMUD further covenants and agrees that it will at all times, while any of the Bonds are outstanding, maintain and comply with all necessary permits and licenses issued by the Atomic Energy Commission.

(b) None of the electric energy owned, controlled or supplied by SMUD shall be furnished or supplied free, but on the contrary shall always be sold or furnished so as to produce Revenues.

If SMUD shall sell water developed or made available by the Electric System, a reasonable charge therefor shall be made and the revenue received by SMUD therefrom shall be Revenues and accounted for as such, except that SMUD may furnish water developed or impounded by the Electric System for any purpose (other than the use of such water for hydroelectric purposes) without charge as SMUD in its discretion deems advisable if such water is so furnished without any distribution cost to SMUD. SMUD may sell any water for consumption for domestic or other purposes (exclusive of the use thereof for hydroelectric purposes), but SMUD shall charge itself a reasonable wholesale rate for any water sold by SMUD. SMUD also may sell water at wholesale to any other person, for distribution by such other person for domestic or other purposes (except use for hydroelectric purposes), and SMUD shall likewise charge a reasonable wholesale rate to any such other person. In each case, all such wholesale rates shall be included in Revenues. The revenue received by SMUD from any retail sale of water distributed by SMUD shall not be deemed Revenues, but shall be available to SMUD for any SMUD purpose.

(c) That all taxes and governmental charges and other lawful claims which might become a lien on the Electric System or the Revenues or impair the security of the Senior Bonds will be paid and discharged when due.

(d) SMUD will not sell or otherwise dispose of any property essential to the proper operation of the Electric System or to the maintenance of the Revenues. SMUD will not enter into any lease or agreement which impairs or impedes the operation of the Electric System or which otherwise impairs or impedes the rights of the Bondholders with respect to Revenues. Nothing contained in the Senior Bond Resolution shall prevent SMUD from entering into sale and leaseback agreements pursuant to which SMUD may acquire the use of property subject to the terms of such sale and leaseback agreements.

(e) That insurance adequate in amounts and as to risks covered will be maintained against such risks as are usually insurable in connection with similar electric systems, and in addition public liability and property damage insurance in amounts not less than \$1,000,000 per accident and adequate fidelity bonds on all officers and employees of SMUD handling or responsible for SMUD funds, subject in each case to the condition that such insurance is obtainable at reasonable rates and upon reasonable terms and conditions. See "Insurance" for a description of SMUD's insurance.

(f) That the net proceeds realized by SMUD in the event all or any part of the Electric System is taken by eminent domain proceedings will be applied to the redemption or retirement of all Parity Bonds if sufficient therefor, and, if not, then pro rata to the redemption or retirement of Parity Bonds or to new facilities if the additional Revenues to be derived therefrom will sufficiently offset the loss of Revenues resulting from such eminent domain so that the ability of SMUD to meet its obligations will not be substantially impaired.

(g) That SMUD will at all times use its best efforts to maintain the powers, functions and duties now reposed in it pursuant to law.

(h) That SMUD will establish and at all times maintain and collect rates and charges for the sale or use of its electric energy sufficient to permit SMUD to purchase power or issue and sell Parity Bonds to finance additions, betterments, extensions and improvements to the Electric System as may be reasonably necessary to satisfy its then projected electric demand upon its Electric System, and that unless the Board determines that SMUD will be able to satisfy such demand through the purchase of electric energy, SMUD will proceed with all reasonable diligence to issue and sell such Parity Bonds.

## **Tax Covenants**

SMUD agrees in the Senior Bond Resolution not to take any action which would result in interest on the Senior Bonds not being excluded from gross income for federal income tax purposes. SMUD also agrees to establish a separate Rebate Fund for the Senior Bonds and to deposit therein such amounts as are necessary to make the required rebate payments to the United States Government under the Internal Revenue Code of 1986. Such deposits will be made from any Revenues legally available to SMUD after payment of maintenance and operation costs and Energy Payments, principal of and interest on the Parity Bonds and any other obligations secured by the Revenues. Amounts in the Rebate Fund, and any earnings thereon, shall be paid to the United States Government as provided in the Tax Certificate.

## **Amendment of the Senior Bond Resolution**

The Senior Bond Resolution and the rights and obligations of SMUD and of the Holders of the Senior Bonds may be modified or amended at any time pursuant to the affirmative vote at a meeting of Bondholders, or with the written consent without a meeting, of the Holders of 60 percent in aggregate principal amount of the Senior Bonds then outstanding, provided that no such modification or amendment shall (i) extend the fixed maturity of any Senior Bond, or reduce the principal amount thereof, or reduce the rate or extend the time of payment of interest thereon or reduce any premium payable upon the redemption thereof, without the consent of the Holder of each Senior Bond so affected, or (ii) reduce the aforesaid percentage of Senior Bonds required for consent to an amendment or modification, without the consent of the Holders of all the Senior Bonds then outstanding. Modifications or amendments may be made, without the consent of any Bondholders, to add covenants of SMUD or to surrender rights reserved by SMUD in the Senior Bond Resolution, to cure ambiguities or defective or inconsistent provisions or in regard to questions arising under the Senior Bond Resolution without adversely affecting the interests of the Bondholders, or to provide for the issuance of a Series of Senior Bonds, subject to the provisions contained in the Senior Bond Resolution with respect thereto.

## **Events of Default and Remedies of Bondholders**

The Senior Bond Resolution declares each of the following to be an event of default:

- (a) Failure to pay the principal of and premium on any Senior Bond when due and payable;
- (b) Failure to pay any installment of interest on any Senior Bond when due and payable, if such default continues for a period of 30 days;
- (c) Default by SMUD in the observance of any of the covenants, agreements or conditions on its part in the Senior Bond Resolution or in the Senior Bonds, if such default continues for a period of 60 days after written notice thereof (specifying such default and requiring the same to be remedied) has been given to SMUD by the Trustee, or to SMUD and the Trustee by the Holders of not less than 25 percent in aggregate principal amount of the Senior Bonds at the time outstanding; and
- (d) If, under the provisions of any law for the relief or aid of debtors, any court of competent jurisdiction shall assume custody or control of SMUD or of the whole or any substantial part of its property, and such custody or control shall not be terminated or stayed within 60 days.

In the event of default, the Trustee or the Holders of not less than a majority in aggregate principal amount of the outstanding Senior Bonds may, upon written notice to SMUD, declare the principal of all outstanding Senior Bonds, and the interest accrued thereon, to be due and payable immediately. The Trustee is appointed as trustee to represent Bondholders and may take such action as may seem appropriate to it,

and, upon the written request of the Holders of 25 percent in aggregate principal amount of the outstanding Senior Bonds, and upon being furnished with indemnity satisfactory to it, will take such action on behalf of Bondholders as is specified in such written request. Each Bondholder is entitled to proceed to protect and enforce the rights vested in such Holder by the Senior Bond Resolution by such appropriate judicial proceedings as such Holder deems most effectual.

The rights of Bondholders are limited and restricted to the use and application of Revenues as provided in the Senior Bond Resolution and do not extend to the levy of any attachment or execution upon or forfeiture of any of the properties of SMUD or to any moneys derived by SMUD from the levy or collection of taxes.

In addition to the limitations on remedies contained in the Senior Bond Resolution, the rights and remedies provided by the Senior Bonds and the Senior Bond Resolution, as well as the enforcement by SMUD of contracts with customers of the Electric System, may be limited by and are subject to bankruptcy, insolvency, reorganization and other laws affecting the enforcement of creditors' rights.

### **Discharge of Senior Bond Resolution**

The Senior Bond Resolution may be discharged by depositing with the Trustee in trust, moneys or Federal Securities or general obligation bonds of the State of California, in such amount as the Trustee shall determine will, together with the interest to accrue thereon, be fully sufficient to pay and discharge the indebtedness on all Senior Bonds at or before their respective maturity dates.

**APPENDIX F**

**PROPOSED FORM OF LEGAL OPINION FOR 2026 SUBORDINATED BONDS**

[To be updated]

[Closing Date]

Sacramento Municipal Utility District  
Sacramento, California

Sacramento Municipal Utility District  
Subordinated Electric Revenue Bonds, 2026 Series G  
(Final Opinion)

Ladies and Gentlemen:

We have acted as bond counsel to the Sacramento Municipal Utility District (“SMUD”) in connection with the issuance of \$ \_\_\_\_\_ aggregate principal amount of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2026 Series G (the “2026 Subordinated Bonds”), issued pursuant to Resolution No. 85-11-1 of the Board of Directors of SMUD, adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001 (the “Subordinate Master Resolution”), as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. 26-06-[ ], adopted June 18, 2026 (the “Twentieth Supplemental Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

In such connection, we have reviewed the Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after original delivery of the 2026 Subordinated Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after original delivery of the 2026 Subordinated Bonds on the date hereof. Accordingly, this letter speaks only as of its date and is not intended to, and may not, be relied upon or otherwise used in connection with any such actions, events or matters. Our engagement with respect to the 2026 Subordinated Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than SMUD and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution and the Tax Certificate, including (without limitation) covenants and agreements compliance with which is necessary to assure that future actions,

omissions or events will not cause interest on the 2026 Subordinated Bonds to be included in gross income for federal income tax purposes.

We call attention to the fact that the rights and obligations under the 2026 Subordinated Bonds, the Resolution and the Tax Certificate and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinion with respect to the state or quality of title to or interest in any of the property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Our services did not include financial or other non-legal advice. Finally, we undertake no responsibility for the accuracy, completeness or fairness of the Official Statement, dated June \_\_, 2026, or other offering material relating to the 2026 Subordinated Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The 2026 Subordinated Bonds constitute the valid and binding limited obligations of SMUD.
2. The Resolution, including the Twentieth Supplemental Resolution, has been duly adopted by, and constitutes the valid and binding obligation of, SMUD. The Resolution creates a valid pledge, to secure the payment of the principal of and interest on the 2026 Subordinated Bonds, of the Net Subordinated Revenues, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution.
3. Interest on the 2026 Subordinated Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from State of California personal income taxes. Interest on the 2026 Subordinated Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the 2026 Subordinated Bonds included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the 2026 Subordinated Bonds.

Faithfully yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

per

## APPENDIX G

### FORM OF CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (the “Disclosure Agreement”) is executed and delivered by the Sacramento Municipal Utility District (the “Issuer”) and U.S. Bank Trust Company, National Association in its capacity as Dissemination Agent (the “Dissemination Agent”) in connection with the issuance of \$\_\_\_\_ aggregate principal amount of the Issuer’s Subordinated Electric Revenue Bonds, 2026 Series G (the “2026 Subordinated Bonds”). The 2026 Subordinated Bonds are being issued pursuant to the Issuer’s Resolution No. 85-11-1, adopted on November 7, 1985, as amended and restated by Resolution No. 01-06-10 (the “Subordinate Master Resolution”), as supplemented by supplemental resolutions, including Resolution No. 26-06-[ ], adopted on June 18, 2026 (the “Twentieth Supplemental Resolution”). The Subordinate Master Resolution and all supplemental resolutions, including the Twentieth Supplemental Resolution, are collectively referred to herein as the “Subordinate Resolution.” Pursuant to Section 122.11 of the Twentieth Supplemental Resolution, the Issuer and the Dissemination Agent covenant and agree as follows:

**SECTION 1. Purpose of the Disclosure Agreement.** This Disclosure Agreement is being executed and delivered by the Issuer and the Dissemination Agent for the benefit of the Holders and Beneficial Owners of the 2026 Subordinated Bonds and in order to assist the Participating Underwriters in complying with S.E.C. Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Subordinate Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section 2, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

“Beneficial Owner” shall mean any person which has or shares the power, directly or indirectly, to make investment decisions concerning ownership of any 2026 Subordinated Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“Disclosure Representative” shall mean the Treasurer of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate in writing to the Trustee from time to time.

“Dissemination Agent” shall mean U.S. Bank Trust Company, National Association, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by the Issuer and which has filed with the Trustee a written acceptance of such designation.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access system.

“Financial Obligation” shall mean, for purposes of the Listed Events set out in Section 5(a)(15) and Section 5(a)(16), a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “Financial Obligation” shall not include municipal securities (as defined in the Securities Exchange Act of 1934, as amended) as to which a final official statement (as defined in the Rule) has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Participating Underwriter” shall mean any of the original underwriters of the 2026 Subordinated Bonds required to comply with the Rule in connection with offering of the 2026 Subordinated Bonds.

“Repository” shall mean the MSRB through EMMA or any other entity or system designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“State” shall mean the State of California.

### **SECTION 3. Provision of Annual Reports.**

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than one hundred eighty (180) days after the end of the Issuer’s fiscal year (presently December 31), commencing with the report for the 2026 Fiscal Year, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may include by reference other information as provided in Section 4 of this Disclosure Agreement; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the fiscal year changes for the Issuer, the Issuer shall give notice of such change in the same manner as for a Listed Event under Section 5 hereof.

(b) Not later than fifteen (15) Business Days prior to the dates specified in subsection (a) for providing the Annual Report to each Repository, the Issuer shall provide its respective Annual Report to the Dissemination Agent. If by such date, the Dissemination Agent has not received a copy of the Annual Report from the Issuer, the Dissemination Agent shall contact the Issuer to determine if the Issuer is in compliance with the first sentence of this subsection (b).

(c) If the Dissemination Agent is unable to verify that an Annual Report of the Issuer has been provided to each Repository by the date required in subsection (a), the Dissemination Agent shall send a notice to each Repository and the MSRB (if the MSRB is not a Repository) in substantially the form attached as Exhibit A.

(d) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each Repository and then-applicable rules and procedures for filing the Annual Report with each Repository, if any; and

(2) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing each Repository to which it was provided.

#### **SECTION 4. Content of Annual Reports.**

(a) The Issuer's Annual Report shall contain or include by reference the following:

(1) The audited financial statements of the Issuer for the prior fiscal year, prepared in accordance with generally accepted accounting principles as promulgated to apply to governmental entities from time to time by the Governmental Accounting Standards Board and where not in conflict with the Financial Accounting Standards Board ("FASB") pronouncements or accounting principles prescribed by FASB. If the Issuer's audited financial statements are not available by the time the Annual Report is required to be filed pursuant to Section 3(a), the Annual Report shall contain unaudited financial statements, and the audited financial statements shall be filed in the same manner as the Annual Report when they become available.

(2) An update of the following types of information contained in Appendix A to the official statement, dated \_\_\_\_\_, 2026 and related to the 2026 Subordinated Bonds:

(i) The table entitled "Power Supply Resources."

(ii) The table entitled "Projected Requirements and Resources to Meet Load Requirements."

(iii) The table entitled "Average Class Rates" (to the extent such table relates to rates and revenues of the Issuer).

(iv) The table entitled "Selected Operating Data."

(v) The table entitled "Unconsolidated Financial Data."

(vi) The table entitled "Estimated Capital Requirements."

(b) Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues of the Issuer or public entities related thereto, which have been submitted to each Repository or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

#### **SECTION 5. Reporting of Listed Events.**

(a) Pursuant to the provisions of this Section 5, the Issuer shall give, or cause to be given, notice of the occurrence of any of the following events with respect to the 2026 Subordinated Bonds not later than ten (10) business days after the occurrence of the event:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on any applicable debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancement reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the 2026 Subordinated Bonds or other material events adversely affecting the tax status of the 2026 Subordinated Bonds;

(7) modifications to rights of Bondholders, if material;

(8) bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution or sale of property securing repayment of the 2026 Subordinated Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

(13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) appointment of a successor or additional trustee or the change of name of the Trustee, if material;

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect Bondholders, if material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

(b) For the purpose of the event identified in Section 5(a)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

(c) Whenever the Issuer obtains knowledge of the occurrence of a Listed Event, the Issuer shall as soon as possible determine if such event is required to be reported pursuant to this Section 5.

(d) If the Issuer has determined that such event is required to be reported pursuant to this Section 5, the Issuer shall promptly notify the Dissemination Agent in writing. Such notice shall instruct the Dissemination Agent to report the occurrence pursuant to subsection (g).

(e) If the Dissemination Agent has been instructed by the Issuer to report the occurrence of a Listed Event, the Dissemination Agent shall file a notice of such occurrence with the MSRB (if the MSRB is not a Repository) and each Repository.

**SECTION 6. Termination of Reporting Obligation.** The obligations of the Issuer and the Dissemination Agent under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the 2026 Subordinated Bonds. If such termination occurs prior to the final maturity of the 2026 Subordinated Bonds, the Issuer shall give notice of such termination in the same manner as for a Listed Event under Section 5.

**SECTION 7. Dissemination Agent; Filings.**

(a) The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report prepared by the Issuer pursuant to this Disclosure Agreement. If at any time there is not any other designated Dissemination Agent, the Issuer shall be the Dissemination Agent. The initial Dissemination Agent shall be U.S. Bank Trust Company, National Association.

(b) Unless and until one or more different or additional Repositories are designated or authorized by the Securities and Exchange Commission, all filings with a Repository which are required by this Disclosure Agreement shall be filed with the MSRB through EMMA and shall be in an electronic format and accompanied by such identifying information as prescribed by the MSRB in accordance with the Rule.

**SECTION 8. Amendment; Waiver.** Notwithstanding any other provision of this Disclosure Agreement, the Issuer and the Dissemination Agent may amend this Disclosure Agreement, and any provision of this Disclosure Agreement may be waived, provided that the following conditions are satisfied:

(a) If the amendment or waiver relates to the provisions of Sections 3(a), 4, or 5(a), it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the 2026 Subordinated Bonds, or the type of business conducted;

(b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized bond counsel, have complied with the requirements of the Rule at the time of the original issuance of the 2026 Subordinated Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (1) is approved by the Holders of 60% of the 2026 Subordinated Bonds, or (2) does not, in the opinion of nationally recognized bond counsel, materially impair the interests of the Holders or Beneficial Owners of the 2026 Subordinated Bonds.

In the event of any amendment or waiver of a provision of this Disclosure Agreement, the Issuer shall describe such amendment in its next respective Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles from those described in Section 4(a)(1), on the presentation) of financial information or operating data being presented by the Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Listed Event under Section 5, and (2) the Annual Report for the year

in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**SECTION 9. Additional Information.** Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

**SECTION 10. Default.** In the event of a failure of the Issuer or the Trustee to comply with any provision of this Disclosure Agreement, the Trustee shall, at the request of any Participating Underwriter or the Holders of at least 25% aggregate principal amount of Outstanding Bonds and upon being indemnified to its satisfaction from and against any costs, liability, expenses and fees of the Trustee, including, without limitation, fees and expenses of its attorneys, or any Holder or Beneficial Owner of the 2026 Subordinated Bonds may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an Event of Default under the Subordinate Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of the Issuer or the Dissemination Agent to comply with this Disclosure Agreement shall be an action to compel performance.

**SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent.** The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement and no implied duties for obligation shall be read into this Disclosure Agreement against the Dissemination Agent. The Dissemination Agent has no power to enforce nonperformance on the part of the Issuer. The Dissemination Agent shall be paid compensation by the Issuer for its services provided hereunder in accordance with its schedule of fees provided to the Issuer and all expenses, legal fees and costs of the Dissemination Agent made or incurred by the Dissemination Agent in the performance of its duties hereunder. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the 2026 Subordinated Bonds.

**SECTION 12. Notices.** Any notices or communications to or among any of the parties to this Disclosure Agreement may be given as follows:

To the Issuer:	Sacramento Municipal Utility District 6201 S Street, MS B405 Sacramento, California 95817 Attention: Treasurer Telephone: (916) 732-5605 Fax: (916) 732-5835
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To the Dissemination Agent: U.S. Bank Trust Company, National Association  
Global Corporate Trust  
One California Street, Suite 1000  
San Francisco, California 94111  
Telephone: (415) 677-3699  
Fax: (415) 677-3769

To the Trustee: U.S. Bank Trust Company, National Association  
Global Corporate Trust  
One California Street, Suite 1000  
San Francisco, California 94111  
Telephone: (415) 677-3699  
Fax: (415) 677-3769

The Issuer, the Dissemination Agent and the Trustee may, by giving written notice hereunder to the other person listed above, designate a different address or telephone number(s) to which subsequent notices or communications should be sent. Unless specifically otherwise required by the context of this Disclosure Agreement, a party may give notice by any form of electronic transmission capable of producing a written record. Each such party shall file with the Trustee and Dissemination Agent information appropriate to receiving such form of electronic transmission.

**SECTION 13. Beneficiaries.** This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriters and Holders and Beneficial Owners from time to time of the 2026 Subordinated Bonds, and shall create no rights in any other person or entity.

**SECTION 14. Counterparts.** This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Dated: \_\_\_\_\_, 2026.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By \_\_\_\_\_  
Treasurer

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
as Dissemination Agent

By \_\_\_\_\_  
Authorized Officer

ACKNOWLEDGED:

U.S. BANK TRUST COMPANY, NATIONAL ASSOCIATION, as Trustee

By: \_\_\_\_\_  
Authorized Officer

**EXHIBIT A**

**NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT**

Name of Issuer: Sacramento Municipal Utility District  
Name of Bond Issue: Subordinated Electric Revenue Bonds, 2026 Series G  
Name of Borrower: Sacramento Municipal Utility District  
Date of Issuance: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that the Sacramento Municipal Utility District (the “Issuer”) has not provided an Annual Report with respect to the above-named Bonds as required by Section 122.11 of Resolution No. 26-06-[\_\_\_], adopted June 18, 2026, by the Issuer. [The Issuer anticipates that the Annual Report will be filed by \_\_\_\_\_.]

Dated: \_\_\_\_\_

U.S. BANK TRUST COMPANY, NATIONAL  
ASSOCIATION,  
on behalf of Sacramento Municipal Utility District

\_\_\_\_\_

cc: Sacramento Municipal Utility District

**APPENDIX H**  
**SECOND PARTY OPINION**

## **APPENDIX A - SMUD'S INFORMATION**

**APPENDIX A**

**INFORMATION REGARDING  
SACRAMENTO MUNICIPAL UTILITY DISTRICT**

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**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
*Sacramento, California*

**BOARD OF DIRECTORS**

Dave Tamayo, President  
Rob Kerth, Vice President  
Brandon Rose  
Nancy Bui-Thompson  
Gregg Fishman  
Rosanna Herber  
Heidi Sanborn

**OFFICERS AND EXECUTIVES<sup>1</sup>**

Paul Lau, Chief Executive Officer and General Manager  
Frankie McDermott, Chief Operating Officer  
Scott Martin, Chief Financial Officer  
Brandy Bolden, Chief Customer Officer  
Suresh Kotha, Chief Information Officer  
Jose Bodipo-Memba, Chief Diversity Officer  
Laura Lewis, Chief Legal and Government Affairs Officer and General Counsel  
Lora Anguay, Chief Zero Carbon Officer  
Farres Everly, Chief Marketing and Communications Officer  
Jennifer Restivo, Treasurer  
George Vaughn, Interim Controller

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<sup>1</sup> Paul Lau has announced his intent to retire in the summer of 2026. See “INTRODUCTION – Independent Governance” in this Appendix A for more information.

## INTRODUCTION

### General

The Sacramento Municipal Utility District (“SMUD”) owns and operates an electric system that has provided retail electric service since 1946. SMUD’s current service area is approximately 900 square miles and includes the principal parts of Sacramento County and small portions of Placer and Yolo counties. See “THE SERVICE AREA AND ELECTRIC SYSTEM – The Service Area.”

### Independent Governance

SMUD is an independently run community-owned organization. SMUD is not required by law to transfer any portion of its collections from customers to any local government.

SMUD is governed by a Board of Directors (the “Board”), which consists of seven directors elected by ward for staggered four-year terms. The Board determines policy and appoints the Chief Executive Officer and General Manager, who is responsible for SMUD’s overall management and day-to-day operations. The Chief Executive Officer and General Manager is responsible for the hiring and removal of all employees, other than the Chief Legal and Government Affairs Officer and General Counsel, the Internal Auditor and the Special Assistant to the Board, who are hired and may be removed only by the Board. The employment status of nearly all SMUD employees is governed by a civil service system administered by the Chief Executive Officer and General Manager.

The Board elects its President and Vice President annually to take office in January. The current members of the Board are as follows:

<u>Name</u>	<u>Occupation</u>	<u>Ward</u>	<u>Term Expires</u>
Brandon Rose.....	Air Pollution Specialist, California Environmental Protection Agency	Ward 1	December 31, 2028
Nancy Bui-Thompson.....	Chief Information Officer, WellSpace Health	Ward 2	December 31, 2028
Gregg Fishman .....	Sr. Community Relations Officer, Sacramento Regional Transit District	Ward 3	December 31, 2026
Rosanna Herber .....	Retired Community Engagement Manager	Ward 4	December 31, 2026
Rob Kerth, Vice President .....	Business Owner	Ward 5	December 31, 2028
Dave Tamayo, President.....	Retired Environmental Specialist	Ward 6	December 31, 2026
Heidi Sanborn .....	Executive Director, National Stewardship Action Council	Ward 7	December 31, 2026

SMUD’s senior management consists of the following executives:

***Chief Executive Officer and General Manager (“CEO & GM”).*** Paul Lau reports to the SMUD Board of Directors. As CEO & GM, he leads the sixth largest community-owned electric utility in the nation, serving approximately 1.6 million residents and managing a \$2.3 billion budget. Paul serves on several national and local boards, including as Board Chair of the Smart Electric Power Alliance, Commissioner of the Balancing Authority of Northern California (“BANC”), and a Board member of the Large Public Power Council, American Public Power Association, California Municipal Utilities Association, Business Council for Sustainable Energy, Electric Power Research Institute, Cal EPIC, the

Greater Sacramento Economic Council and Valley Vision. Paul has announced his intention to retire in the summer of 2026 and a nationwide search for his replacement is underway.

**Chief Financial Officer (“CFO”).** Scott Martin is responsible for setting financial and organization-wide strategies at SMUD and ensuring strong financial health and credit ratings. He has leadership oversight of corporate accounting, treasury operations, risk management, budgeting and planning, organizational strategy, pricing, load forecasting, and prioritization. In addition, Scott is responsible for looking holistically at all strategies across the company and driving alignment between spending, pricing, zero carbon investments, and business unit’s needs.

**Chief Customer Officer.** Brandy Bolden provides leadership and direction for delivering exceptional customer experiences, frictionless zero carbon adoption and complete customer support. She is responsible for customer care and revenue management, business intelligence, strategic account management, customer experience and segmentation strategy, channel management, special assistance initiatives, commercial development, business attraction and retention and oversees Community Energy Services, which supports community choice aggregators.

**Chief Diversity Officer.** Jose Bodipo-Memba is responsible for company-wide programs and services such as people services and strategies, workforce development, diversity, equity, inclusion and belonging, regional workforce development, regional economic development, enterprise change, organizational effectiveness, facilities, security and emergency preparedness and SMUD’s Sustainable Communities programs. A key focus of the Chief Diversity Officer is advocating for an inclusive culture based on trust and respect, creating a sense of belonging and connection among employees and ensuring equity in both internal and external programs and services.

**Chief Information Officer.** Suresh Kotha is responsible for delivering state-of-the-art technology solutions to our community and employees that are secure, reliable and right-sized, enabling SMUD’s 2030 Clean Energy Vision. He oversees information technology functions including artificial intelligence, automation and customer self-service technologies, the customer and grid technology center, cybersecurity, enterprise systems, strategy & governance, and infrastructure platform services.

**Chief Legal and Government Affairs Officer and General Counsel.** Laura Lewis reports to the Board and to the CEO & GM and oversees SMUD’s legal office, government affairs, reliability compliance, procurement, fleet, warehouse and energy trading functions. Laura is responsible for management and coordination of all legislative and regulatory matters affecting SMUD at the federal, state, and local level, including compliance with the Federal Energy Regulatory Commission (“FERC”) and North American Electric Reliability Corporation electric reliability standards. She also serves as the secretary to SMUD’s elected board of directors.

**Chief Marketing and Communications Officer.** Farres Everly is responsible for all aspects of SMUD’s marketing, market research, corporate communications, website, graphic design and printing, video services, social media, community engagement and outreach, crisis communications and public affairs activities.

**Chief Operating Officer.** Frankie McDermott provides strategic leadership and tactical oversight of the safe and reliable transmission and delivery of energy to customers, ensuring efficient planning, construction, operation and maintenance of transmission and distribution facilities. He also leads the teams responsible for environmental, safety and real estate, specialized enterprise initiatives, operational excellence, operations project management and the Sacramento Power Academy.

**Chief Zero Carbon Officer.** Lora Anguay is responsible for leadership oversight of SMUD’s energy supply which includes SMUD’s Integrated Resource Strategy, the planning, design, construction and maintenance of power generation assets, and energy transaction settlements. This role is also responsible for the delivery of SMUD’s plan to provide 100% carbon free energy resources by 2030. This includes obtaining new grants and partnerships, overseeing research and development, designing distributed energy resource programs, enabling processes to settle distributed energy transactions with SMUD’s customers and transitioning SMUD’s power portfolio to zero carbon resources.

**Director of Treasury & Revenue Strategy and Treasurer.** Jennifer Restivo reports to the CFO and is responsible for all treasury operations, including debt and investment portfolio management, banking, financial planning and forecasting, property and casualty insurance, as well as developing and implementing capital borrowing strategies. She also serves as treasurer for the Northern California Energy Authority (“NCEA”), the Northern California Gas Authority No. 1 (“NCGA”), the Transmission Agency of Northern California (“TANC”), and BANC.

**Interim Director of Accounting and Controller.** George Vaughn reports to the CFO and is responsible for all accounting operations including accounts payable, cash management, and payroll, in addition to general accounting functions and financial reporting. He also serves as controller for TANC, NCEA, NCGA, and BANC.

## **THE SERVICE AREA AND ELECTRIC SYSTEM**

### **The Service Area**

SMUD is the primary distributor of electric power within an area of approximately 900 square miles in central California. The service area includes the State Capital, Sacramento, the populous areas principally to the northeast and south of the City of Sacramento (the “City” or “Sacramento”) and the agricultural areas to the north and south. The City is located 85 miles northeast of San Francisco.

SMUD’s electric system supplies power to a population of approximately 1.6 million with a total annual retail load of approximately 10,510 million kilowatt-hours (“kWh”) for the year ended December 31, 2025. As the capital of the nation’s most populous state, Sacramento benefits from the historically stabilizing influence of a large government sector. Sacramento is home to the State government headquarters, the Sacramento County seat, the City government and various special districts that combine to make government the largest single employment sector in the Sacramento area. Information technology, transportation, education and health services, leisure and hospitality, and construction round out the other major sectors of employment and industry in the area.

SMUD’s annual peak load has averaged 3,001 Megawatts (“MW”) over the last three years, with SMUD’s record peak load of 3,299 MW occurring on July 24, 2006. On September 6, 2022, SMUD recorded its second highest peak load of [3,263] MW. SMUD reviews its load forecast, at a minimum, on an annual basis.

### **The Electric System**

SMUD owns and operates an integrated electric system that includes generation, transmission and distribution facilities.

SMUD supplies power to its bulk power substations through a 230 kilovolt (“kV”) and 115 kV transmission system. This system transmits power from SMUD’s generation plants and interconnects with Pacific Gas & Electric (“PG&E”) and the Western Area Power Administration (“WAPA”). Power is

distributed throughout Sacramento County via a 69 kV sub-transmission system with the exception of the City's downtown area, which is served from the 115 kV transmission system. The downtown area is served from 115/12 kV and 115/21 kV substations. The distribution system serving the remainder of SMUD's service territory is comprised of 69/12 kV substations with overhead and underground 12 kV distribution circuits.

## **BUSINESS STRATEGY**

### **General**

SMUD's Board of Directors has established the following purpose and vision statements: "SMUD's purpose is to enhance the quality of life for our customers and community by providing reliable and affordable electricity, and leading the transition to a clean energy future." "SMUD's vision is to be a trusted and powerful partner in achieving an inclusive, zero carbon economy. SMUD will leverage its relationships to accelerate innovation, ensure energy affordability and reliability, protect the environment, eliminate greenhouse gas emissions, catalyze economic and workforce development, promote environmental justice, and enhance community vitality for all." The Board has adopted a set of Strategic Directions with related metrics, which it considers essential for the success of SMUD and for serving SMUD's customers. These include competitive rates, access to credit markets, reliability, customer relations, safety leadership, environmental leadership, employee relations, resource planning, innovation, public power business model, ethics, information management and security and enterprise risk management. Some of the general elements in SMUD's business strategy are:

- Developing and maintaining a sustainable and reliable power supply to meet demand growth consistent with State mandates and the Board's directions for renewable energy and the reduction of carbon emissions to zero by 2030. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan";
- Working closely with customers to provide the information, tools and incentives to assist them to more efficiently manage energy use, which will contribute to meeting greenhouse gas ("GHG") emission targets and managing needle peak demand requirements (those 40 or so hours of the year with extreme temperatures when customer demand surges by up to 400 additional MW);
- Managing price, volumetric and credit risks associated with energy and natural gas procurement;
- Attracting, developing and retaining a diverse, skilled and engaged workforce that reflects SMUD's values and is committed to achieving SMUD's mission;
- Retaining local decision making authority and operational independence; and
- Collaborating regionally to attract new businesses and grow existing business to diversify and strengthen the Sacramento economy.

SMUD's long-range business strategy focuses in part on ensuring financial stability by establishing rates that provide an acceptable fixed charge coverage ratio on a consolidated basis, taking into consideration the impact of capital expenditures and other factors on cash flow. SMUD's Board policy sets a minimum fixed charge coverage ratio of 1.50 times for annual budgets, though SMUD generally plans to meet a minimum fixed charge coverage ratio of 1.70 times. Over the past ten years, the actual fixed charge coverage ratio has averaged 2.38 times on a consolidated basis. SMUD also manages its liquidity position by planning for a minimum of 150 days cash on hand and planning to maintain at least \$150 million of available capacity under its commercial paper and line of credit program. SMUD's commercial paper and line of credit program is currently authorized for \$550 million aggregate principal amount outstanding at any one time. As of May 31, 2026, \$50 million of commercial paper notes were outstanding, no principal

amount was outstanding under SMUD’s lines of credit, and SMUD had \$500 million of the authorized aggregate principal amount of its commercial paper and line of credit program available for use. SMUD uses cash on hand and commercial paper and its lines of credit to fund capital expenditures, then issues debt to reimburse itself for cash expended for qualified capital expenditures and/or to pay down the outstanding principal amount of its commercial paper program and lines of credit. Over the past ten years, the days cash on hand at year end has averaged 213. The resolutions securing SMUD’s Senior Bonds and Subordinated Bonds (each as defined under the caption “CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS” below) do not require SMUD to maintain a minimum fixed charge coverage ratio, minimum days cash on hand or minimum available capacity under its commercial paper program and lines of credit.

In addition, SMUD’s business strategy focuses on serving its customers in a progressive, forward-looking manner, addressing current regulatory and legislative issues and potential competitive forces.

### **Serving SMUD’s Customers**

SMUD continually looks for ways to better serve and partner with its customers to further strengthen customer loyalty, while providing competitive and fair pricing for SMUD’s electric services. SMUD also has a focused effort to assist and incentivize customers to manage energy use more efficiently, which will contribute to meeting GHG emission targets and managing peak demand requirements as noted below.

**Digital Enhancements.** Customers are increasingly turning to digital channels including SMUD’s mobile application, SMUD.org, e-mail and social media to interact and do business with SMUD. SMUD has delivered many digital enhancements, including bill pay functionality; online payment arrangements; start/stop/transfer move service; view of energy usage, chat, an enhanced outage map including meter test functionality; and the SMUD Energy Store, which is an online marketplace for energy-related products. SMUD plans to continue efforts to provide more personalized digital customer experiences.

**Advanced Metering, Infrastructure and Rate Design.** As a community-owned organization, SMUD is committed to providing tools and transparency in customer energy usage to empower customers to positively impact their energy consumption, costs, and climate change. In 2012, SMUD installed advanced technology, including digital communicating smart meters, distribution automation systems, and related equipment to facilitate load management. This investment has enabled SMUD to offer innovative tools such as text and e-mail bill alerts, as well as online energy usage comparison charts, helping customers manage their energy consumption more effectively.

Leveraging these smart grid investments, SMUD has enhanced the reliability of its service, reduced line losses, addressed power quality issues, and improved customer service through better, more timely information. Currently, SMUD’s service territory is equipped with approximately 750,000 smart meters. About 200,000 of these meters are undergoing replacement to next generation meters as part of SMUD’s ongoing Grid-Edge Intelligence project, which is scheduled for completion by the end of August 2026. Approximately 600 customers have opted out of smart metering.

The Grid-Edge Intelligence project involves deploying distributed intelligence applications at the grid edge, establishing a data hub, and migrating all customers to five minute interval data collection. The key benefits of the project include increased grid capacity, flexibility, and resilience—especially in historically under-resourced communities—as well as faster outage detection and response time, along with real-time management of distributed energy resources and electric vehicles. Additionally, the project promotes equitable, technology-driven customer engagement, creates high-skilled jobs, and helps control long-term grid costs.

**Renewable Options.** SMUD’s customers have been increasingly interested in distributed energy resources, mainly through the installation of solar systems. As of January 2026, approximately 10% of retail customers had installed solar systems, representing approximately 425 MW of solar installations.

As the cost of energy storage continues to decline, SMUD anticipates an increase in behind-the-meter energy storage, mainly through the installation of battery storage systems. As of January 2026, approximately 0.5% of retail customers had installed storage systems, representing approximately 20 MW of storage.

As another option for solar, SMUD’s SolarShares® pilot program (the “SolarShares Pilot”) was established as a cost-effective and convenient way for commercial customers to meet their energy needs from solar power. The SolarShares Pilot offered SMUD commercial customers the opportunity to receive solar power without upfront costs or equipment installation through 5-, 10- or 20-year purchase contracts. Customers that entered into purchase contracts under the SolarShares Pilot receive up to half of their power from a utility-scale solar system. SMUD supplies up to 151 MW of solar power to participants in the SolarShares Pilot either by building and maintaining utility-scale solar systems or by procuring solar power from third parties through power purchase agreements. The SolarShares Pilot generation was approximately 3.0% of retail sales in 2025. SMUD completed the SolarShares Pilot on April 30, 2021, and is not entering into new purchase contracts under the SolarShares Pilot.

The California Building Code requires certain newly constructed residential and commercial buildings to be powered by photovoltaic (“PV”) solar systems. A new building satisfies this requirement if it installs on-site solar or participates in an approved community solar or energy storage program. In response to this requirement, SMUD obtained approval from the California Energy Commission (“CEC”) to administer its own community solar program, called Neighborhood SolarShares® (“Neighborhood SolarShares”), which was designed to be used by developers to satisfy the mandatory solar requirement. The Neighborhood SolarShares program was fully subscribed in November 2024 and not accepting new reservations. The Neighborhood SolarShares program generation was approximately 0.02% of retail sales in 2025.

SMUD also launched a Residential SolarShares program in 2024. This program is designed to appeal to low- and moderate-income customers that are currently participating in Greenergy (described below). The Residential SolarShares program allows Greenergy participants to save money each month by switching to Residential SolarShares. The program can accommodate up to 10 MW in subscriptions.

In addition to the SolarShares Pilot, Neighborhood SolarShares, and Residential SolarShares, SMUD has operated a voluntary green energy pricing program called Greenergy® (“Greenergy”) since 1997. The Greenergy program allows customers the opportunity to pay an additional amount per month to ensure that either all or part of their electricity comes from green or carbon-free energy sources. In 2025, the program allocated Renewable Energy Credits (“RECs”) equivalent to approximately 5.1% of retail sales to its participating customers.

**Energy Efficiency.** To further assist customers in managing energy usage and reducing regional carbon emissions and air pollution, SMUD offers an extensive array of energy efficiency and building electrification programs and services including financial incentives, energy audits and education. In addition, SMUD has partnered with local developers to incorporate energy efficiency and all-electric construction measures into new residential and commercial construction, which helps developers plan and design efficient, cost-effective and low- or zero-emission buildings. As part of SMUD’s 2019 Integrated Resource Plan (“IRP”), SMUD set a goal for regional carbon emissions through transport and building electrification that aimed to reduce carbon emissions in buildings and transport by 64% over 20 years. SMUD’s focus on electrification continued in the Zero Carbon Plan (defined and discussed below).

SMUD was the first electric utility in the country to set its efficiency goals based on carbon reductions, allowing both building electrification and energy efficiency to count toward meeting SMUD's efficiency goals. This is a significant opportunity, as converting a typical home today to all-electric saves more than three times the carbon emissions compared to doing a major energy efficiency upgrade alone to the same building. See "POWER SUPPLY AND TRANSMISSION – Projected Resources."

### **Sustainable Power Supply and Transmission**

Maintaining a sustainable power supply entails focusing efforts on researching, promoting and implementing new renewable energy technologies and sources to meet SMUD's long-term commitment to reducing carbon emissions and providing a reliable energy supply. SMUD's goal is to reach zero carbon emissions in SMUD's power supply by 2030. See "*– 2030 Zero Carbon Plan*" below. SMUD is planning to achieve this goal through investments in energy efficiency, clean distributed energy resources, Renewables Portfolio Standard ("RPS") eligible renewables, energy storage, large hydroelectric generation, clean renewable fuels, carbon capture and sequestration, and new technologies and business models. Additionally, SMUD plans to continue pursuing GHG emissions reductions through vehicle, building and equipment electrification. At the same time, SMUD's plans for maintaining a sustainable power supply include assuring the reliability of SMUD's electric system, minimizing environmental impacts on land, Tribal and other cultural resources, habitat, water and air quality, and maintaining competitive rates relative to other electricity providers in the State.

A number of bills affecting the electric utility industry have been enacted by the State Legislature. In general, these bills regulate GHG emissions and encourage greater investment in energy efficiency and sustainable generation alternatives, principally through more stringent RPS requirements. See "DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings" herein.

**2030 Zero Carbon Plan.** In July 2020, the Board declared a climate emergency and adopted a resolution calling for SMUD to take significant and consequential actions to reduce its carbon footprint by 2030. On April 28, 2021, the Board approved SMUD's 2030 Zero Carbon Plan (the "Zero Carbon Plan"). The Zero Carbon Plan is a flexible roadmap for SMUD to eliminate carbon emissions from its electricity production by 2030 while maintaining reliable and affordable service. To achieve these goals the Zero Carbon Plan is focused on four main areas: natural gas generation repurposing, proven clean technologies, new technologies and business models and financial impacts and options. SMUD plans to develop a new IRP in 2027 and in the meantime revisits the Zero Carbon Plan annually.

The natural gas generation repurposing focus of the Zero Carbon Plan calls for exploring the replacement of two of SMUD's five Local Gas-Fired Plants (as defined herein) and the retooling of the other three Local Gas-Fired Plants. See "POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Local Gas-Fired Plants.*" Based on SMUD's studies to date, SMUD estimates that the McClellan Power Plant (as defined herein) and the Campbell Power Plant (as defined herein) can be replaced in the next several years depending on SMUD's success with replacement resources. However, final decisions about the replacement of these two Local Gas-Fired Plants will be guided by reliability studies, the financial impacts of the various options, and the potential need of these assets to support load growth in the region or mitigate low production events from variable energy resources (solar, wind, and hydro). As part of the Zero Carbon Plan, SMUD is also exploring retooling options for the Carson Power Plant (as defined herein) and the Procter & Gamble Power Plant (as defined herein) to reduce utilization of these two projects. SMUD is also investigating opportunities to source cost effective fuels like Renewable Natural Gas-biomethane (RNG-biomethane), while monitoring hydrogen and other biofuels as clean fuels of the future, for use in all of the Local Gas-Fired Plants. In addition, SMUD is investigating new technologies such as long duration energy storage and carbon capture and sequestration as other methods

to green SMUD’s energy supply. All final generator configurations are subject to reliability and financial assessments.

The proven clean technologies focus of the Zero Carbon Plan calls for SMUD to procure approximately 1,100 to 1,500 MW of utility-scale solar PV generating capacity, 700 to 1,100 MW of local utility-scale battery storage, 300 to 500 MW of wind generating capacity, and 100 to 220 MW of geothermal generating capacity. The Zero Carbon Plan also estimates that customer installation of approximately 500 to 750 MW of behind-the-meter solar PV generating capacity and approximately 50 to 250 MW of behind-the-meter battery storage will assist SMUD with achieving the Zero Carbon Plan goals.

With respect to new technologies and business models, the Zero Carbon Plan focuses on evaluating, prioritizing and scaling the emerging technologies that SMUD expects will have the largest impact on reducing carbon in SMUD’s 2030 resource mix. SMUD is currently focused on various areas of technology and customer-focused programs, including electrification, education, demand flexibility, virtual power plants, vehicle-to-grid technology, and new grid-scale technologies. The Zero Carbon Plan forecasts that customer-owned devices and SMUD customer-focused programs will contribute between 360 and 1,300 MW of capacity to SMUD’s grid by 2030.

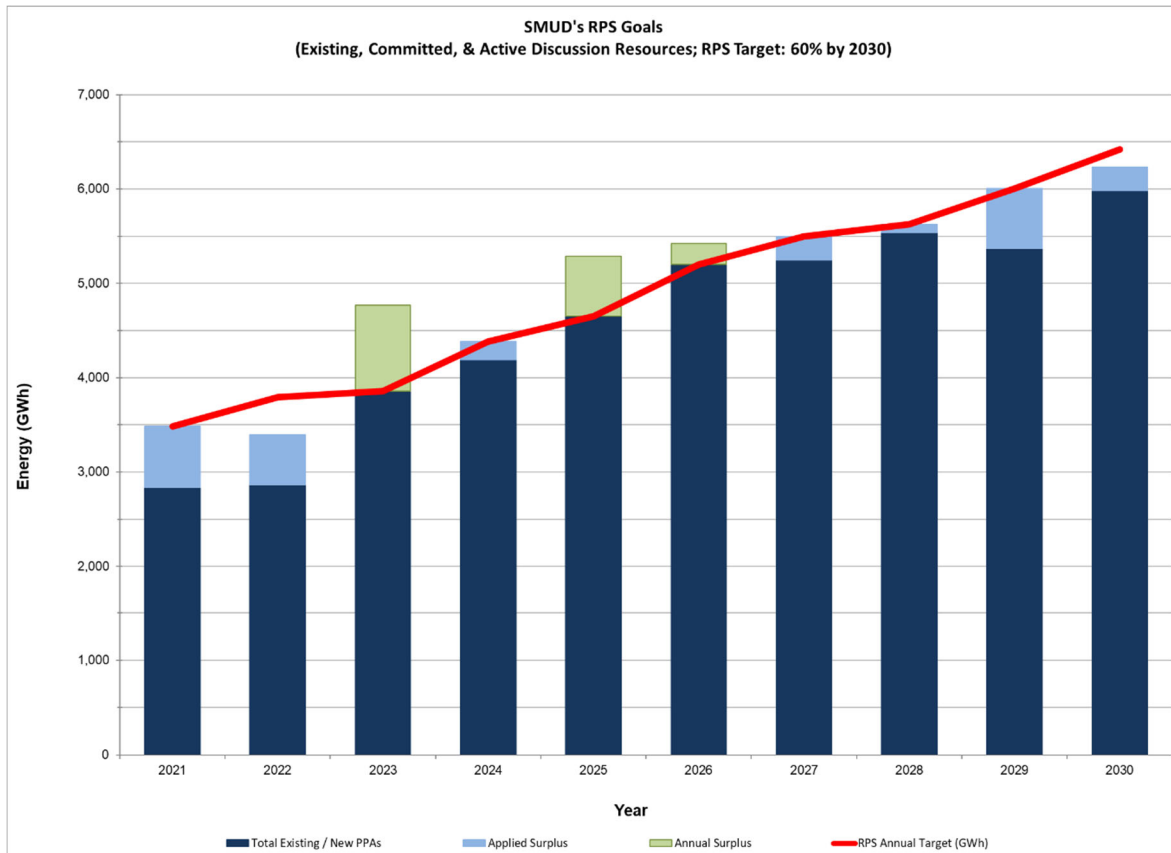
The financial impacts and options focus of the Zero Carbon Plan aims to keep SMUD rate increases at or below the rate of inflation while achieving SMUD’s goal of eliminating carbon emissions from its power supply by 2030. To pay for the expected costs of the Zero Carbon Plan and keep rate increases at or below the rate of inflation, the Zero Carbon Plan estimates the need for SMUD to realize sustained annual savings. SMUD currently plans to achieve these sustained annual savings by exploring the implementation of operational savings strategies and pursuing partnership and grant opportunities. The availability, timing, and amount of federal or state grant funding is inherently uncertain and may be influenced by changes in federal policy or priorities. There can be no assurance that anticipated grant funding will materialize at levels assumed in the Zero Carbon Plan.

While the ultimate impacts of the Zero Carbon Plan on SMUD’s financial results and operations are difficult to predict and are dependent on a variety of factors, such as the relative cost of procuring energy from clean technologies, the availability and relative cost of new technologies, and the adoption and implementation of energy efficiency and other measures by SMUD’s customers, such impacts could be material.

***Renewable Energy and Climate Change.*** The California Renewable Energy Resources Act, established by Senate Bill X1-2 (“SBX1-2”) and the Clean Energy and Pollution Reduction Act of 2015, enacted by Senate Bill 350 (“SB 350”) require that SMUD meet 33% of its retail sales from RPS-eligible renewable resources by 2020 and 50% of its retail sales from RPS-eligible renewable resources by 2030. Senate Bill 100 (“SB 100”), passed by the legislature and approved by then-Governor Brown on September 10, 2018, accelerated the RPS targets and established a new 60% target by 2030. The bill also created a planning goal to meet all of the State’s retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045. See “DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Renewables Portfolio Standards*” for a discussion of the State RPS requirements.

SMUD’s compliance with State RPS requirements is evaluated over 3- or 4-year compliance periods. SMUD met the State RPS requirements for the first compliance period (2011-2013), second compliance period (2014-2016), and third compliance period (2017-2020). SMUD filed its 2024 and fourth compliance period RPS compliance reports with the CEC in the second quarter of 2025. The CEC compliance determination letter is expected in 2026. SMUD had sufficient RECs to meet requirements, and as of the end of the fourth compliance period (2024), SMUD had three hundred sixty thousand surplus

RECs available to help meet future RPS targets. SMUD’s 2024 RPS compliance report shows SMUD provided 42% of its retail sales from RPS-eligible renewable resources in 2024. In addition to meeting RPS standards, SMUD serves an additional 7.2% of its customer load with renewable energy through its voluntary SolarShares and Greenergy pricing programs described above. SMUD estimates that it has sufficient renewable energy deliveries, new power supply contract commitments, new power supply commitments under active discussion, and RPS-eligible surplus carryover to meet its RPS requirements through 2029. SMUD has a small gap in its RPS requirement for 2030 for which SMUD is currently assessing additional RPS-eligible resources to sufficiently comply in 2030. The following chart illustrates SMUD’s current RPS requirements through 2030 and its existing and committed resources utilized to meet those requirements.



In addition to procuring new sources, meeting the RPS requirements will require replacement of certain existing renewable contracts which expire in future years. While SMUD anticipates it will meet much of its renewable resource requirements through purchase contracts with third parties, it continues to explore additional options, including wind, solar, biomass, and geothermal developments, partnering with other utilities on future projects, and local development options. SMUD’s resource forecast (see “POWER SUPPLY AND TRANSMISSION – Projected Resources”) accounts for future renewable resources as a component of “Uncommitted Purchases.” To meet SMUD’s Zero Carbon Plan goals, SMUD anticipates meeting loads in 2030 with approximately 70-80% renewable resources, in addition to hydro and other new zero carbon technologies. See “– 2030 Zero Carbon Plan” above.

Given the intermittent nature of power from renewable resources such as wind and solar, SMUD is exploring and investing in options that provide the flexibility to manage the intermittency of such renewable resources. Potential options include energy storage resources, which SMUD has committed to as part of the Zero Carbon Plan, and expanding load management resources. Additionally, on April 3, 2019,

SMUD, through its membership in BANC, a joint exercise of powers agency formed in 2009, and currently comprised of SMUD, the Modesto Irrigation District (“MID”), the City of Roseville (“Roseville”), the City of Redding (“Redding”), the City of Shasta Lake and the Trinity Public Utilities District, commenced participation in the California Independent System Operator Corporation (“CAISO”) western energy imbalance market (“WEIM”). Participation in the WEIM benefits SMUD by providing it with broader access to balancing resources within the region to help manage its expanding renewable portfolio. In addition, other entities within the BANC Balancing Authority Area began participation in the WEIM on March 25, 2021. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Operational Independence and Local Control*” and “POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements.”

In 2022, SMUD’s Board formally adopted the 2030 Zero Carbon Plan as SMUD’s updated IRP. SMUD filed the approved IRP update with the CEC on September 14, 2022, pursuant to the CEC’s IRP guidelines, which called for updating SMUD’s IRP filing within five years of SMUD’s previous filing of April 29, 2019. SMUD’s Zero Carbon Plan built upon the April 2019 IRP and set a goal of zero carbon emissions by 2030. On August 14, 2024, the CEC formally found that SMUD’s IRP was complete and ordered that SMUD’s IRP filing complies with requirements set forth in California Public Utilities Code section 9621. SMUD’s next formal IRP process is expected to be completed and filed with the CEC no later than September 2027. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *2030 Zero Carbon Plan*.”

The State’s carbon cap-and-trade market established pursuant to Assembly Bill 32 (“AB 32”) began in 2013. See “DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Greenhouse Gas Emissions*” for a discussion of AB 32 and the State’s cap-and-trade program, now called the cap-and-invest program. SMUD anticipates that allowances allocated to SMUD will nearly equal SMUD’s compliance obligations under normal water year conditions. Under low water year conditions, SMUD may need to purchase additional allowances to cover its compliance obligations, including carbon obligations related to wholesale energy sales from SMUD’s natural gas power plants. As SMUD implements its clean power goals, SMUD expects fewer allowances will be required to satisfy its compliance obligations. SMUD will nonetheless continue to seek free, long-term allocations of allowances from the California Air Resources Board to protect ratepayers from compliance costs and further support SMUD’s decarbonization efforts.

There is scientific consensus that increasing concentrations of GHG have caused and will continue to cause a rise in temperatures in the State and around the world. The change in the earth’s average atmospheric temperature, generally referred to as “climate change,” is, among other things, expected to result in a wide range of changes in climate patterns, including increases in the frequency and severity of extreme weather events, including droughts and heat waves, more frequent incidences of wildfires, changes in wind patterns, sea level rise and flooding, any of which alone or in combination could materially adversely affect SMUD’s financial results or operations. See also “FACTORS AFFECTING THE REGION” and “OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Other Factors.” As described above, SMUD is actively working to meet its sustainable power supply goals, reduce its own GHG emissions, and assist the local governments in the territory it serves with their desired GHG reductions. SMUD is a founding member and active participant in the Capital Region Climate Readiness Collaborative, a public private partnership formed to better understand and plan for climate impacts expected in the region. In order to better serve SMUD’s community and improve SMUD’s ability to mitigate and adapt to a changing climate, SMUD offers a wide range of residential and commercial decarbonization rebates and provides no-cost energy retrofit installations to income-eligible residential customers for both gas-to-electric conversions and electric-to-electric upgrades. Available project measures include electric heat pump water heaters, electric heat pump HVAC units, seal-and-insulate projects, and panel upgrades. SMUD has an Enterprise Risk Management (“ERM”) program which leverages a formal

risk governance structure and framework to identify, assess and prudently manage SMUD’s risk environment. The enterprise risk portfolio includes climate change. SMUD regularly reviews scientific findings related to climate change and in 2016 published its Climate Readiness Assessment and Action Plan. In 2024, SMUD began a significant update to its Climate Readiness Assessment and Action Plan which will include a framework for prioritizing climate adaptation and resilience investments across the organization. This update is expected to conclude in 2026.

***Energy Storage Systems.*** Assembly Bill 2514 (“AB 2514”) requires the Board to re-evaluate energy storage goals every three years. In compliance with AB 2514, the Board established a target of 9 MW of energy storage procurement by December 31, 2020, which SMUD has procured. See “DEVELOPMENTS IN THE ENERGY MARKETS – State Legislation and Regulatory Proceedings – *Energy Storage Systems*” for further discussion of AB 2514. In September 2020, the Board directed that energy storage forecasts be implemented through SMUD’s IRP process going forward. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*” above for a discussion of SMUD’s IRP. SMUD is also investing in utility-scale solar with utility-scale storage to support future system reliability needs and renewable energy goals.

***Meeting Peak Load.*** A significant consideration for SMUD will be how it addresses its system peak load. SMUD has implemented programs and tools, such as advanced metering, energy efficiency options, load flexibility programs, and time-of-day (“TOD”) rates for residential customers, to help customers manage their costs while helping SMUD reduce its peak load. Load impact analysis after TOD rates were implemented showed a reduction in peak demand of about 8% or approximately 130 MW, weather adjusted, for residential customers during the TOD peak period (5-8 p.m. local time). This impact has become a permanent load reduction in the residential class and is now embedded in the system load.

On September 16, 2021, the Board approved an optional residential Critical Peak Pricing rate (the “Peak Pricing Rate”), which went into effect June 1, 2022. The Peak Pricing Rate is designed to reduce load by increasing the price of energy when the grid is most impacted, up to 50 hours per summer. In exchange, customers on the rate will receive a per kWh discount on summer Off-Peak and Mid-Peak rates.

SMUD also uses distributed energy resources, virtual power plants, and demand response programs to further reduce SMUD’s system peak. These programs pay customers a financial incentive to automatically scale back their energy use when SMUD sends a signal. For example, the SMUD My Energy Optimizer Partner program has over 38,000 smart thermostats enrolled that automatically adjust a customer’s home thermostat settings in advance of a forecasted peak period, so they consume less energy during the peak event while their homes remain at a reasonably comfortable temperature. SMUD’s latest offering for residential customers provides generous upfront incentives for battery purchases if customers enroll their battery storage systems in SMUD’s virtual power plant program, enabling SMUD’s operators to utilize them to provide myriad grid services in lieu of traditional supply-side investments. Participating customers also receive ongoing quarterly incentive payments for participating in the program. Currently, there are over 2,300 batteries enrolled, providing approximately 12 MW of capacity to SMUD’s system, with plans to scale to over 5,000 batteries in the next decade. Other programs focus on optimizing electric vehicle charging, and managing commercial/industrial process loads to more cost-effectively meet grid needs. These programs provide local energy resources that directly benefit customers while affordably alleviating grid constraints.

***Operational Independence and Local Control.*** A key component of SMUD’s business strategy is focused on maintaining its independence in operating and maintaining its resources. As such, SMUD has taken a number of actions to mitigate the potential impacts of various federal and state regulatory actions. For example, in 2002 SMUD established itself as an independent control area (now termed “Balancing Authority”) within the Western Electricity Coordinating Council (“WECC”) region. By removing itself

from CAISO's Balancing Authority area, SMUD became responsible for balancing electric supply and demand within its own service territory. This move substantially reduced fees paid to CAISO, preserved operational flexibility and helped to insulate SMUD from the uncertain regulatory environment and tariff structure of CAISO. In addition to decreased financial risks, this independence also reduced SMUD's exposure to the impacts of capacity and energy shortages in the CAISO Balancing Authority area. Further, as an independent Balancing Authority, SMUD continued to support the statewide electric grid in events of electrical emergencies requiring rotating outages, such as loss of major transmission lines or equipment, as provided in the statewide emergency plan. By 2006, the SMUD Balancing Authority footprint expanded north to the California-Oregon border and south to Modesto, to include the service areas of the WAPA, MID, Redding and Roseville, and TANC-owned 340-mile 500-kV California-Oregon Transmission Project ("COTP"). In October 2009, SMUD, with the coordination and cooperation of WAPA, joined the Western Power Pool Reserve Sharing Group, which supports reliability and reduces operating costs. In May 2011, BANC assumed the role of the Balancing Authority, though SMUD continues to oversee operation of the grid on behalf of BANC. BANC members share cost responsibility for balancing authority-related compliance obligations, liabilities, and operations. BANC also serves as an important venue for SMUD and other BANC members to collaborate with respect to operational and market improvements inside the BANC footprint and to preserve their operational independence. See "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements." As described above, SMUD, through its participation in BANC, operates in the WEIM, which helps SMUD better manage the integration of renewable energy resources. The WEIM is a voluntary market, which allows SMUD to maintain its operational independence from the CAISO, while providing SMUD greater access to balancing resources throughout the western region. See "POWER SUPPLY AND TRANSMISSION – Balancing Authority Area Agreements."

### **Electricity, Natural Gas, and Related Hedging**

SMUD continues to utilize a comprehensive and integrated power and fuel supply strategy to acquire a reliable and diversified portfolio of resources to meet existing and future needs. This strategy includes a combination of both physical supply and financial hedging transactions to reduce price risk exposure over a three-year horizon. SMUD's physical supply arrangements include ownership of power generating resources, as well as a diversified portfolio of power and fuel supply purchase contracts that range in duration, with a mixture of fixed and variable pricing terms.

With regard to the power purchase contracts, SMUD has entered into a series of contracts for the purchase of electricity to supply the portion of its resource needs not already provided by owned resources. SMUD also actively manages its exposure on variable rate electricity purchases, and at times may enter into financial contracts to fix prices to reduce price risk, in each case when warranted by economic conditions. See "POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements."

With regard to fuel supply contracts, SMUD utilizes a similar strategy of employing financial contracts of various durations to hedge its variable rate fuel supply contracts. [As of February 1, 2026, these contracts are forecasted to have hedged the price exposure on approximately 100%, 100% and 51% of SMUD's anticipated natural gas requirements for 2026, 2027 and 2028, respectively.] While the financial effects resulting from the unhedged portions of SMUD's natural gas requirements are difficult to predict, SMUD's financial results could be materially impacted. See "POWER SUPPLY AND TRANSMISSION – Fuel Supply – *Supply*."

As a result of SMUD's trading activities, significant and volatile fluctuations in power and gas prices may necessitate the posting of collateral. [As of February 24, 2026, SMUD had \$31 million of collateral posting with various counterparties.] While the posting of collateral is not an expense for SMUD, it does temporarily encumber unrestricted cash balances.

To hedge against hydroelectric production volatility of SMUD-owned hydroelectric facilities, SMUD implemented a pass-through rate component called the Hydro Generation Adjustment (the “HGA”), and established a Hydro Rate Stabilization Fund (the “HRSF”). Similarly, to hedge against hydroelectric production volatility of non-SMUD-owned hydroelectric facilities, SMUD implemented a HGA and established a WAPA Rate Stabilization Fund (“WRSF”). These rate stabilization funds and rate pass through mechanisms help to offset increased power supply or fuel supply costs in years where precipitation levels at SMUD-owned and non-SMUD-owned hydroelectric facilities are low. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds.”

## **Managing Risks**

SMUD maintains an Enterprise Risk Management (“ERM”) program, a strategic approach to managing enterprise-wide risks as a portfolio, to help reduce the chance of loss, create greater financial stability and protect SMUD resources. It is designed to maintain an early warning system to monitor changes in, and the emergence of, risks that affect the organization’s business objectives. Under the purview of the Enterprise Risk Oversight Committee, composed of executive members and chaired by the Chief Financial Officer, ERM conducts ongoing risk identification, assessments, monitoring, mitigation and reporting. To ensure accountability and oversight, each identified risk is assigned to an executive or director-level risk manager. Risk status changes and mitigation efforts are reported annually to the Board.

## **Competitive Challenges**

Utilities like SMUD may face competition from companies in other industries looking to diversify into the energy sector. Examples of developing competitive areas include retail sale of electricity, distributed electric storage resources, renewable distributed generation (mostly solar in Sacramento), customer installation of fuel cells, third-party electric vehicle charging, home or business automation that enables greater customer participation in energy markets, and third-party provision of energy management software and solutions.

SMUD has a wide range of initiatives to monitor and adapt to changing market conditions and new industry participants. Key areas of focus include:

- Enhancing customer experience. Recognizing the importance of meeting customer expectations, SMUD introduced the Customer Experience Strategy in 2016 to provide customers “value for what they pay” and further strengthen customer loyalty. The initiative is focused on ensuring SMUD has the people, systems, technology, programs and services to consistently meet or exceed customers’ changing expectations. The customer experience is measured via surveys with the goal of achieving 80% of customers agreeing that SMUD provides them with value for what they pay by 2030.
- Maintaining competitive rates. SMUD’s rates are currently among the lowest in California relative to other electricity providers in the State. SMUD has a number of risk mitigation and financial management strategies that it expects to use to keep rates competitive. See “BUSINESS STRATEGY – Sustainable Power Supply and Transmission” and “RATES AND CUSTOMER BASE.”
- Ongoing integrated resource planning. SMUD monitors and updates its integrated resource planning to ensure future sources of energy balance cost, reliability and environmental requirements with the flexibility to meet challenges of changing market and regulatory conditions, customer energy resources, and emerging technologies.

## **Leveraging Core Competencies**

In addition to these initiatives, SMUD is leveraging core competencies to improve industry safety and help communities serve their customers' energy needs.

***Sacramento Power Academy.*** The Sacramento Power Academy is SMUD's operational training center providing training support for all of SMUD's skilled trades professionals. Operating on a 10-acre training facility the academy oversees SMUD's 14 skilled trades apprenticeships. The academy's experienced training professionals serve as liaisons and mentors to apprentices progressing through on-the-job training, program testing, night schooling, and extensive training components. The academy also ensures SMUD's skilled trades professionals are safe and compliant by coordinating and delivering annual regulatory and safety training. The academy is also a workforce development hub utilized by SMUD to increase awareness of and interest in skilled trades careers at SMUD, in SMUD's community, and in the utility industry.

***Community Energy Services.*** State law authorizes Community Choice Aggregators ("CCAs") to aggregate customer electric load and purchase electricity for customers. SMUD's Community Energy Services department was established in 2017 to help CCAs to support public power while also generating additional revenue for SMUD. About half of the State is now served by a CCA. CCAs are responsible for procuring wholesale power, setting the generation rate, delivering billing data to the local investor-owned utility ("IOU") to include on customer bills, providing customer care, offering customer programs, engaging the community and more. The local IOU is responsible for delivery of electricity on the electric grid, maintaining its electric infrastructure, printing customer bills and collecting customer payments.

SMUD has entered into contracts with a number of CCAs pursuant to which SMUD provides a variety of consulting and administrative services to such CCAs. While CCAs have had success in the State, they are susceptible to business, regulatory and other risks that could lead to a financial loss and/or result in a cessation of operations for the CCA. These risks could extend to a CCA's counterparties, including SMUD. SMUD has made an effort to identify and mitigate potential counterparty risks to the extent possible in its contracts with CCAs. SMUD may pursue opportunities to provide similar services to additional organizations in the future. SMUD management does not expect its current arrangements with CCAs to have a material adverse impact on SMUD's financial position, liquidity or results of operations.

## **FACTORS AFFECTING THE REGION**

### **Precipitation Variability**

SMUD uses a precipitation measuring station located at Fresh Pond, California to approximate available water supply to SMUD's Upper American River Project (the "UARP") hydropower reservoirs. As of May 31, 2026, precipitation at Fresh Pond, California totaled 51.21 inches for the water year which runs from October to September. This is 101% of the 50-year rolling median (October – May) of 50.53 inches. Total reservoir storage in the UARP hydropower reservoirs was 368 thousand acre-feet as of May 31, 2026, which was about 97% of capacity and approximately 7% above the historical storage average. SMUD manages its reservoirs to maximize water storage going into the summer season, which preserves generating capacity during SMUD's high load months and ensures that SMUD meets its UARP FERC license requirements, including requirements for recreational and environmental flows.

There can be wide swings in precipitation from year to year. In years with below average rainfall, SMUD may have to generate or purchase replacement energy at additional cost. To hedge against variations in the volume of energy received from SMUD-owned UARP hydroelectric resources, SMUD uses the

HRSF to help offset increased power supply or fuel supply costs. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds.”

SMUD is also exposed to precipitation variability through its contract with WAPA. In an average water year this contract provides roughly 661 gigawatt hours (“GWh”) of power. WAPA’s actual deliveries are based on hydroelectric generation (minus energy use for the project and first preference customers) at Central Valley Project reservoirs in Northern California, which varies based on annual precipitation patterns, water deliveries for agriculture, and flow requirements in the Sacramento-San Joaquin River Delta. Unlike the UARP, SMUD does not monitor precipitation stations to approximate power deliveries under the WAPA contract, and instead relies on a forecast of power deliveries from WAPA. As of May 31, 2026, WAPA has forecasted power deliveries of 718 GWh for 2026, approximately 8% more than an average water year.] Similarly, to hedge against hydroelectric production volatility of non-SMUD-owned hydroelectric facilities, SMUD implemented the WRSF. The WRSF and rate pass through mechanism help to offset increased power supply or fuel supply costs in years where precipitation levels at non-SMUD-owned hydroelectric facilities are low. See “RATES AND CUSTOMER BASE – Rate Stabilization Funds” and “POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – *Western Area Power Administration*.”

## **Wildfires**

**General.** Wildfires in the State have become increasingly common and destructive. Drought conditions and warming temperatures have increased the possibility of wildfires occurring in areas where SMUD maintains generation, transmission and distribution facilities. The number of diseased and dead trees has increased, and could further increase, this possibility. In response, SMUD has proactively removed damaged, diseased, or otherwise hazardous trees within and adjacent to its rights-of-way as part of its vegetation management and wildfire mitigation programs. While these efforts reduce potential wildfire risk, SMUD cannot eliminate all future risk or liabilities associated with falling trees or vegetation, particularly those located outside of SMUD’s easements or control. As a result, SMUD faces an increased risk that it may be required to pay for wildfire related property damage or personal injuries, fines and penalties, some of which may not be covered by insurance (including costs in excess of applicable policy limits), or may be disputed by insurers, and could be material. In addition, a significant fire or fires in SMUD’s generation, transmission or service area could result in damage or destruction to SMUD’s facilities, result in a temporary or permanent loss of customers or otherwise materially increase SMUD’s costs or materially adversely affect SMUD’s ability to operate its Electric System or generate revenues.

SMUD’s service territory is located within Sacramento County, which is located outside the California Public Utilities Commission (the “CPUC”) high fire threat areas established in 2018. However, as described below, SMUD’s UARP facilities and certain of SMUD’s and TANC’s transmission facilities are within CPUC high fire threat areas. In addition, as described below, certain portions of SMUD’s service territory are located within the California Department of Forestry and Fire Protection (“Cal Fire”) Fire Protection and Resource Assessment Program (“FRAP”) Moderate, High and Very High Fire Hazard Severity Zones (“FHSZ”). SMUD’s exposure to liability for damages related to its UARP facilities, which are located within high fire threat areas in El Dorado County, is reduced due to risk mitigation measures adopted by SMUD and the low number of inhabitants and structures near the UARP facilities (See “Wildfire Mitigation” below).

SMUD continues to take responsible action to minimize its exposure to liability from wildfires; however, under current State law, utilities can be held liable for damages caused by wildfires sparked by their equipment or other facilities regardless of whether the utility was negligent or otherwise at fault. PG&E and other major IOUs and publicly owned utilities (“POUs”) in the State have experienced legal and

regulatory actions, financial liabilities and credit rating downgrades and other negative rating actions as a result of potential wildfire liability exposure, which may have implications for the electric market generally.

***Distribution (SMUD Service Territory).*** State law requires Cal Fire to classify areas in the State based on the severity of the fire hazard that is expected to prevail there. Cal Fire published a new State Responsibility Area (“SRA”) FHSZ map in March 2025. Cal Fire has not yet published a corresponding new FHSZ map depicting updated FHSZ for Local Responsibility Areas (“LRA”) and Federal Responsibility Areas (“FRA”). The LRA and FRA FHSZ maps depict fire hazard within, respectively, Sacramento County areas, and portions of the UARP where SMUD has transmission lines. Future updates to these maps may result in changes to the designation of areas as Moderate, High, and Very High Fire Hazard Severity Zones. FHSZ are based on factors such as fuel (material that can burn), slope and the expected chance of burning. There are three FHSZ (Moderate, High and Very High) based on increasing fire hazard. Portions of SMUD’s service territory are located within identified FHSZ.

FHSZ maps are used for land use planning and building code enforcement and reflect data regarding vegetation, topography, climate, and wildfire behavior. While the Cal Fire maps are not regulatory tools for utility operations, reclassifications of land near or adjacent to SMUD’s or TANC’s electric facilities could influence local land use decisions, community mitigation efforts, and potentially the wildfire risk exposure of nearby infrastructure. SMUD is monitoring Cal Fire’s FHSZ map update process and remains committed to proactive wildfire mitigation planning and compliance with all applicable local, State, and federal regulations. At this time, SMUD is unable to predict the specific impacts, if any, that updated Cal Fire maps may have on its facilities or operations.

SMUD has assessed its service territory based on Cal Fire’s FRAP map, adopted in 2007 and recently updated in March of 2025. The following table illustrates SMUD’s assessment of the approximate extent of its service territory and retail customer base located within the three FHSZ designations, based on the revisions to Cal Fire’s FRAP map as of March 2025.

<b><u>Fire Hazard Severity Zone</u></b>	<b><u>Moderate</u></b>	<b><u>High</u></b>	<b><u>Very High</u></b>
Acres of SMUD Service Area	165,851	28,871	2,727
% of Total SMUD Service Area	29.0%	5.1%	0.5%
Number of Retail Customers	29,091	1,479	211
% of Total Retail Customers	3.9%	0.2%	<0.1%

***Transmission (Outside of SMUD Service Territory).*** In 2018, the CPUC approved a new statewide fire map that identifies areas of elevated and extreme wildfire risk from utility-associated assets located throughout the State. SMUD directly participated in the development of the CPUC’s statewide fire map. In connection with the development of the CPUC’s statewide fire map, a peer review and a team of independent nationwide experts led by Cal Fire affirmed that SMUD’s electric service area is properly located outside of these elevated (“Tier 2”) and extreme (“Tier 3”) high fire threat areas; however, SMUD’s UARP facilities are located within both Tier 2 and Tier 3 areas. According to the CPUC, Tier 2 fire-threat areas are areas where there is an elevated wildfire risk from utility assets and Tier 3 fire-threat areas are areas where there is an extreme risk from utility assets. As of March 30, 2026, approximately 39.3 right-of-way miles of SMUD’s transmission lines are in Tier 2 fire-threat areas and approximately 20.8 right-of-way miles of SMUD’s transmission lines are in Tier 3 fire-threat areas. SMUD is also a member of TANC. As of [May 2024], approximately 116.3 right-of-way miles of TANC’s transmission lines are in Tier 2 fire-threat areas and approximately 4.5 right-of-way miles of TANC’s transmission lines are in Tier 3 fire-threat areas. In accordance with its FERC license, SMUD adheres to a FERC-approved Fire Prevention and

Response Plan for its UARP facilities. On May 17, 2018, in accordance with State law, SMUD’s Board of Directors determined that the UARP area may have a “significant risk of catastrophic wildfire” resulting from overhead electric facilities and that SMUD’s FERC-approved UARP Fire Prevention and Response Plan meets requirements for presenting wildfire mitigation measures to the Board for its approval.

**Wildfire Mitigation.** In response to potential wildfire risk, SMUD has implemented and is continuing to implement a series of measures intended to prevent wildfires from occurring, minimize the spread of any fire that does occur and improve the resiliency of its system. These measures include an increase in the degree of sophistication of fuel reduction inside and adjacent to rights-of-ways; installation of Cal Fire-approved exempt material to reduce the risk of sparking; enhanced inspection and maintenance programs; increased use of ignition-resistant construction, including covered conductors and undergrounding of conductors; increased monitoring of and identified responses to fire conditions, including operational procedures for the de-energization of lines during high fire conditions; and elimination of automatic reclosers on SMUD’s transmission lines and on SMUD’s distribution lines in certain areas during fire season.

SMUD’s proactive approach to vegetation management has been expanded to include the use of advanced technologies such as Light Detection and Ranging (“LiDAR”), ortho and oblique imagery that is used to pinpoint tree health and/or condition that may not yet be visible to the naked eye. In addition, SMUD has installed additional weather stations in transmission corridors and substations for increased situational awareness and has continued coordination and collaboration with local agencies and first responders as well as vulnerable populations.

State law requires POUs to prepare wildfire mitigation plans (“WMP”), have a qualified independent evaluator review and assess the comprehensiveness of the plans, and present the plans to their governing boards. POUs are also required to accept comments on the WMP from the public, other local and State agencies, and interested parties, and to verify that the plans comply with all applicable rules, regulations, and standards, as appropriate. In addition, State law requires POUs to submit their WMP to the State’s Wildfire Safety Advisory Board (the “WSAB”) for review and advisory opinions relating to the content and sufficiency of the plans. In 2025, State law was amended to require plans to be submitted to the WSAB at least once every four years. The WSAB has adopted a schedule requiring SMUD to submit its next WMP by October 1, 2027. SMUD plans to continue to review its WMP annually, conducting a comprehensive review at least every four years. SMUD is currently in the process of preparing its 2026-2029 WMP.

SMUD presents its plans to the Board for adoption at duly noticed public meetings. Plans and evaluator reports are submitted to the WSAB for advisory opinion and recommendations. SMUD responds to the WSAB’s comments regarding SMUD’s WMP as part of its WMP process. Most recently, the Board adopted SMUD’s 2023-2025 WMP in 2023, as well as updates to the plan in 2024 and 2025, duly submitting these plan documents to the WSAB. The WSAB advisory opinions commended SMUD’s WMP, recommending in its 2025 opinion only that SMUD “incorporate CAL FIRE’s recent update to its FHSZ map to help identify and prioritize future risk mitigation activities in its high fire threat area” which SMUD will address in its 2026-2029 WMP.

**Wildfire Insurance.** Wildfires, both in California and across the United States, pose an increasing threat to utilities, elevating potential liabilities significantly. The expansion and severity of wildfires have not only increased the likelihood of claims against utilities but have also strained insurance markets. This has led to higher coverage costs, limited or restricted policy options, and instances where insurers offer coverage at levels insufficient to fully mitigate risk. As a result, SMUD continuously adapts its wildfire insurance program—raising coverage limits, fostering long-term insurer relationships, and maintaining diversified risk mitigation strategies—to manage this complex and evolving risk landscape effectively.

[As of June 15, 2026, SMUD renewed its general and wildfire liability insurance, increasing its coverage limit by \$35 million to a total of \$350 million. SMUD raised its commercially insured wildfire coverage from \$280 million to \$320 million, while reducing its self-insured layers and quota share segments to \$30 million. These adjustments reflect both rising wildfire risks and the evolving insurance market dynamics.]

In addition, it is expected that SMUD will have a portion of the \$550 million aggregate principal amount of its commercial paper program and lines of credit to provide operational flexibility in the event of the occurrence of a wildfire or other operational event. However, SMUD has not covenanted to maintain the availability of the commercial paper program and lines of credit for these purposes and no assurances can be given that the commercial paper program and lines of credit will be available at the time of, or during, such an event.

### **Recent Heatwaves**

California has experienced several prolonged and extreme heat events in recent years that have placed significant stress on the State's electric grid. During the August 2020 heatwave (August 14–18), CAISO implemented rotating outages across the State. As a member of BANC and operating outside of CAISO, SMUD did not implement any planned power disruptions and was able to provide emergency assistance and wholesale market sales to CAISO during certain hours. SMUD's peak load during this event ranged between 2,874 MW and 3,057 MW, well below its all-time system peak of 3,299 MW. More recently, during the September 2022 heatwave (September 5–8), SMUD recorded a peak demand of 3,263 MW, the second highest in its history. Again, SMUD was able to meet customer demand without implementing any planned outages. While SMUD has maintained system reliability during past extreme weather events, it cannot predict the occurrence, duration, or intensity of future heatwaves or their potential impacts on electric load or generation, transmission, or distribution system performance and such events could materially adversely affect SMUD's operations or financial results.

### **Storm Damage**

In January 2023, SMUD experienced a series of winter storms that brought heavy rains and high winds causing damage to SMUD's grid and widespread outages for SMUD's customers. By the time the storm response was complete, SMUD had experienced the largest mobilization of personnel and restoration crews in its history. SMUD incurred costs related to removing downed trees, restoring power from downed poles and broken lines, replenishing inventory, communicating with and providing assistance to customers, maintaining IT systems, and coordinating with local emergency agencies. The material financial impacts have been reflected in SMUD's audited financial statements for the years ended December 31, 2024 and December 31, 2023.

### **Cosumnes Power Plant Outage**

On June 5, 2022, the Cosumnes Power Plant (as defined herein) was shut down due to a ground fault in the Steam Turbine Generator ("STG") stator. The ground fault was caused by delamination of the insulation on one of the through bolts. Damage from the ground fault resulted in a full rewind and restack of the stator core, replacement of all stator through bolts, and a full rewind of turbine rotor. The Cosumnes Power Plant repairs were completed in February 2023 and the plant returned to service on March 5, 2023. During the extended outage, SMUD shifted generation to the other local gas-fired plants and the Sutter Energy Center and procured additional energy and resource adequacy capacity. SMUD also requested and received approval from the California Air Quality Board and California Energy Commission to operate one or both of the gas turbines without the STG. During a heatwave in September 2022, both of the gas turbines at the Cosumnes Power Plant were operated without the STG, providing 270 MW at peak.

To mitigate the financial impact of unplanned outages from its thermal assets, SMUD carries commercial property insurance with a business interruption endorsement. At the time of the loss, the coverage provided up to \$30.8 million of business interruption recovery per month at the Cosumnes Power Plant, with a sub-limit of \$310 million over any 18-month period. During the policy period, claims were subject to a \$5 million equipment damage deductible and a 60-day business interruption claims waiting period.

In February 2024, SMUD reached a settlement for the equipment damage portion of the loss, of \$18.6 million, which resulted in a net recovery of \$13.6 million. The business interruption aspect of the claim had a 60-day waiting period and was settled in three phases: an early advance payment shortly after the loss in December 2022, a partial settlement in January 2024, and a final negotiated settlement in mid-2024. The total recovery for business interruption across these three payments was \$138.9 million.

### **Potential Impacts from Future Uncertainties**

SMUD remains vigilant in assessing risks associated with future large-scale disruptions. SMUD's operations, financial position, and customer demand may be affected by future public health emergencies (including pandemics or epidemics), economic volatility, inflationary pressures, supply chain disruptions, labor shortages, changes in regulatory or legislative environments, imposition of tariffs, or other macroeconomic conditions beyond SMUD's control.

These risks could result in increased costs, delays to capital projects, changes in customer energy usage patterns, or an increase in delinquent customer accounts. In response, SMUD continues to enhance its enterprise risk management practices, develop contingency strategies, and maintain financial flexibility to help mitigate the effects of such events on operations and service reliability.

## **RATES AND CUSTOMER BASE**

### **Rates and Charges**

SMUD's Board of Directors has autonomous authority to establish the rates charged for all SMUD services. Unlike IOUs and some other municipal utility systems, retail rate and revenue levels are not subject to review or regulation by any other federal, State or local governmental agencies. Changes to SMUD rates only require formal action by the Board of Directors after two public workshops and a public hearing. SMUD is not required by law to transfer any portion of its collections from customers to any local government. SMUD typically reviews and sets rates on a two-year cycle.

**2025 Rate Action.** On June 19, 2025, the Board approved a 3.0% rate increase effective on January 1, 2026, and a 3.0% rate increase effective on January 1, 2027. The rate action also included an optional rate for residential customers designed for low users that have a panel size of 125 amps or less. The approved optional rate has a lower monthly fixed charge and higher energy rates to make it revenue neutral. In addition, the Board approved updates to SMUD's Open Access Transmission Tariff (OATT).

### **Rate Stabilization Funds**

The Rate Stabilization Fund ("RSF"), which includes the HRSF (defined below) and the WRSF (defined below), is maintained by SMUD to reduce the need for future rate increases when costs exceed existing rates. At the direction of the Board, amounts may be either transferred into the RSF (which reduces revenues) or transferred out of the RSF (which increases revenues). The Board authorizes RSF transfers on an event driven basis. The RSF includes funds to:

- hedge variations in the volume of energy generation from SMUD owned UARP facilities;
- hedge variations in the volume of energy received from WAPA hydroelectric generation;
- hedge variations in commodity expenses;
- hedge variations in AB 32 revenue;
- hedge variations in Low Carbon Fuel Credit (“LCFS”) revenue; and
- support SMUD’s Community Impact Plan.

As of December 31, 2025, the combined balance in the RSF, including the HRSF and the WRSF, was \$350 million.

Effective July 2008, SMUD implemented the HGA, which is a pass-through rate component to deal with variations in hydroelectric generation from the UARP (see “POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Hydroelectric*”). The HGA is designed to increase revenues in dry years when SMUD must buy power to replace hydroelectric generation and return money to the HRSF in wet years when SMUD has more hydroelectric generation than expected. Each year SMUD determines the impact of precipitation variances on projected hydroelectric generation from the UARP. When the precipitation variance results in a deficiency of hydroelectric generation from the UARP, transfers from the HRSF, which was created as a component of the RSF, to SMUD’s available cash, will be made in an amount approximating the cost to SMUD of replacement power (up to 4% of revenues) until the balance in the HRSF is zero. When the precipitation variance results in a projected surplus of hydroelectric generation from the UARP, deposits will be made into the HRSF in an amount approximating the positive impact to SMUD from the surplus hydroelectric generation (up to 4% of revenues) until the balance in the HRSF is equal to 6% of budgeted retail revenue. If the balance in the HRSF is not sufficient to cover transfers that would otherwise be made in the event of a projected deficiency in UARP hydroelectric generation, a 12-month HGA surcharge will automatically be included on customers’ electric bills at a level that generates up to 4% of retail revenue. If the balance in the HRSF is equal to 6% of budgeted retail revenue on any precipitation variance calculation date and the precipitation variance results in a projected UARP hydroelectric generation surplus, the positive impact of the surplus may be used for other purposes at staff’s recommendation, with the approval of the Board, including returned to customers through an electric bill discount up to 4% of retail revenue. SMUD calculates HRSF transfers based on an April-March (water year) precipitation period at Fresh Pond, California. This precipitation station is used to approximate available water supply to SMUD’s UARP hydropower reservoirs.

As of May 31, 2026, the balance in the HRSF was \$71.9 million, after a \$9 million withdrawal in April 2026 due to below average precipitation. Although the HRSF currently has a positive balance, prolonged below average precipitation could deplete the HRSF to zero.

In September 2023, SMUD added a pass-through rate component to deal with variations in hydroelectric generation from WAPA. Each year SMUD determines the WAPA Energy Delivery Variance (“EDV”) based on forecasted energy delivery minus the actual energy delivery. When the EDV variance is positive, transfers from the WRSF, which was created as a component of the RSF, to SMUD’s available cash, will be made in an amount approximating the cost to SMUD of replacement power (up to 2% of revenues) until the balance in the WRSF is zero. If the balance in the WRSF is not sufficient to cover transfers that would otherwise be made in the event of a projected deficiency in WAPA hydroelectric generation, a 12-month HGA surcharge will automatically be included on customers’ electric bills at a level that generates up to 2% of retail revenue. When the EDV variance is negative, deposits will be made into

the WRSF in an amount approximating the positive impact to SMUD from the surplus hydroelectric generation (up to 2% of revenues) until the balance in the WRSF reaches a maximum of 4% of budgeted retail revenue. Any deposit amount that exceeds the WRSF maximum of 4% of budgeted retail revenue, may be used for other purposes with the approval of the Board, including returned to customers through an electric bill discount up to 2% of retail revenue.

As of May 31, 2026, the balance in the WRSF was \$20.5 million, after a \$2.9 million deposit in April 2026. Although the WRSF currently has a positive balance, prolonged below average precipitation could deplete the WRSF to zero.

### **Income-Eligible Discount**

As of December 2025, approximately 75,232 customers received the income-eligible discount offered by SMUD, which represents approximately 12% of all residential customers. In 2025, the total discount was approximately \$29.2 million. While the discount has provided substantial benefits to income-eligible customer bills for years, multiple economic variables, such as inflation and rate increases, have had disproportionately negative impacts on income-eligible customers, particularly those in the 0-50% Federal Poverty Level (“FPL”). In 2023, SMUD established an Energy Assistance Program Rate (EAPR) Rate Stabilization Fund (“ERSF”) to provide an additional discount to the electricity usage charge up to an established maximum discount (“ERSF Additional Discount”) for customers in the 0-50% FPL. The ERSF is funded by discretionary non-retail rate revenue, reviewed on an annual basis, and the specific monthly ERSF Additional Discount is set before the year the value is in effect.

SMUD expanded its programs and services starting in 2016 to help income-eligible customers with energy assistance, home improvement packages and education. SMUD is creating tailored solutions to best meet the needs of income-eligible customers. These solutions include free solar panels and inspecting homes to identify energy saving and fuel switching opportunities. In 2025, SMUD assisted over 1,566 customers with energy retrofits and education. In partnership with Grid Alternatives (a non-profit organization that focuses on implementing solar power and energy efficiency for income-eligible families), and Habitat for Humanity of Greater Sacramento, SMUD provided free solar installations with battery storage to 42 income-eligible customers in 2025. In 2025, SMUD delivered electrification measures to 484 income-qualified households, installing 266 electric vehicle chargers and 344 electric vehicle circuits in homes and areas serving income-eligible customers. Through these initiatives, SMUD is dedicated to enhancing energy accessibility and sustainability for its community.

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## Rate Comparisons

SMUD's rates remain significantly below those of PG&E and other large utilities throughout the State. The following table sets forth the average charges per kWh by customer class for both SMUD and PG&E. PG&E's rates reflect their recently approved rate increase effective March 1, 2026.

### AVERAGE CLASS RATES

	<b>SMUD Rates (cents/kWh)<sup>(1)</sup></b>	<b>PG&amp;E Rates (cents/kWh)<sup>(2)</sup></b>	<b>Percent SMUD is Below PG&amp;E<sup>(3)</sup></b>
Residential – Standard	20.45¢	39.25¢	47.9%
Residential – Low Income	14.44¢	21.80¢	33.8%
<b>All Residential</b>	19.74¢	32.34¢	39.0%
Small Commercial (Less than 20 kW)	20.14¢	40.74¢	50.6%
Small Commercial (21 to 299 kW)	18.73¢	40.01¢	53.2%
Medium Commercial (300 to 499 kW)	17.45¢	35.46¢	50.8%
Medium Commercial (500 to 999 kW)	16.06¢	31.17¢	48.5%
Large Commercial (Greater than 1,000 kW)	14.00¢	21.62¢	35.2%
Lighting – Traffic Signals	15.67¢	40.14¢	61.0%
Lighting – Street Lighting	17.87¢	43.02¢	58.5%
Agriculture	17.58¢	38.34¢	54.1%
<b>System Average</b>	18.16¢	32.60¢	44.3%

<sup>(1)</sup> Projected 2026 average prices for SMUD with rates effective March 1, 2026.

<sup>(2)</sup> PG&E average prices in 2026 reflect rates effective March 1, 2026, per Advice Letter 7846-E dated February 27, 2026.

<sup>(3)</sup> The rates in the Average Class Rates table are calculated by dividing the total revenue of each class by the total usage of that class in kWh. The actual savings per customer will vary based on their electricity consumption.

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The following table shows a comparison of SMUD’s charges for the average residential usage of 750 kWh per month (based on an average of summer and non-summer months) and charges of seven similar neighboring or largest utilities in the State.

**STATEWIDE COMPARISON–RESIDENTIAL SERVICE**

	<b>Monthly Billing Charge 750 kWh<sup>(1)(2)</sup></b>	<b>Percent SMUD is (Below)/Above Utility</b>
Turlock Irrigation District	\$137.12	8.9%
Sacramento Municipal Utility District	\$149.26	
Roseville Electric Utility	\$156.20	(4.4%)
Modesto Irrigation District	\$181.81	(17.9%)
Los Angeles Dept. of Water & Power	\$216.68	(31.1%)
Southern California Edison Company	\$283.09	(47.3%)
Pacific Gas & Electric Company	\$290.43	(48.6%)
San Diego Gas and Electric Company	\$324.41	(54.0%)

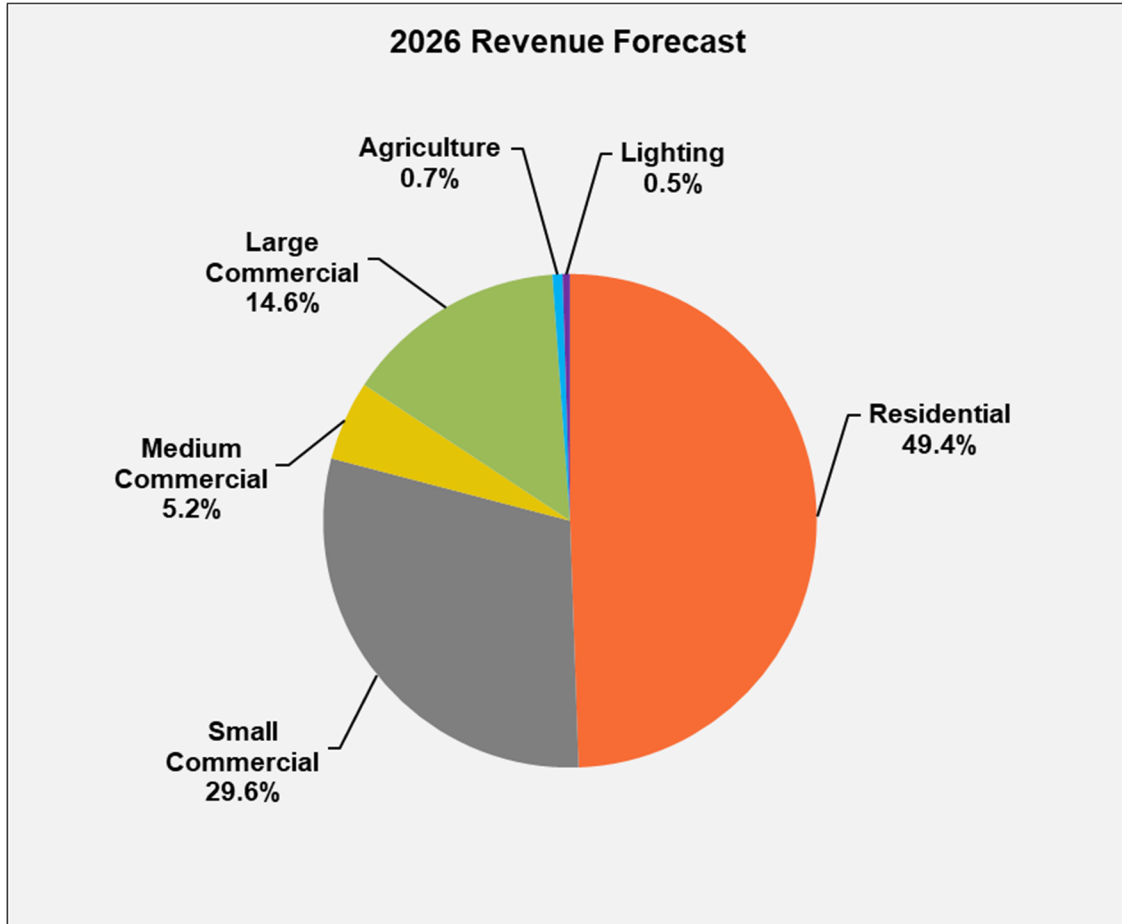
<sup>(1)</sup> Per individual utility’s published schedules as of March 1, 2026.

<sup>(2)</sup> Average usage of theoretical customer using 750kWh per month.

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### Allocation of Revenue by Customer Class

The following chart sets forth the forecast percentage of SMUD revenues from billed sales associated with each customer class.



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## Customer Base; Largest Customers

A stabilizing influence on SMUD's revenues is that a substantial proportion is derived from residential customers (49% in 2025). Historically, revenue from commercial and industrial consumption has been more sensitive to economic fluctuation. Furthermore, SMUD has no dominant customers that account for a significant percentage of annual revenues. In 2025, no single customer contributed more than 3% of revenues. The top ten customers generated approximately 10% of revenues and the top 30 generated approximately 16% of revenues. The following table presents information on SMUD's top ten customers as of December 31, 2025.

### SMUD'S LARGEST CUSTOMERS (As of December 31, 2025)

Customer Type	Annual Revenue (\$ millions)	% of Total Revenue
Government	38.32	2.09%
Government	35.86	1.95%
Technology	30.87	1.68%
Government	17.30	0.94%
Technology	11.14	0.61%
Communications	10.59	0.58%
Government	9.01	0.49%
Retail	8.71	0.47%
Industrial Gases	8.53	0.46%
Communications	8.23	0.45%
<b>Top 10 Total</b>	<b>178.56</b>	<b>9.72%</b>

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## POWER SUPPLY AND TRANSMISSION

### Power Supply Resources

The following table sets forth information concerning SMUD’s power supply resources as of January 1, 2026. Capacity availability reflects expected capacities at SMUD’s load center, as well as entitlement, firm allocations and contract amounts in the month of July, which is generally SMUD’s peak month.

### POWER SUPPLY RESOURCES (As of January 1, 2026)

Source:	Capacity Available (MW) <sup>(1)</sup>
<b>Generating Facilities:</b>	
Upper American River Project – Hydroelectric.....	701
Solano Wind Project – Wind <sup>(2)</sup> .....	115
Hedge Battery <sup>(2)</sup> .....	4
<b>Sub-total:</b> .....	<b>819</b>
<b>Local Gas-Fired Plants:</b>	
Cosumnes Power Plant.....	576
Carson Power Plant.....	103
Procter & Gamble Power Plant.....	166
McClellan Power Plant.....	72
Campbell Power Plant.....	170
<b>Sub-total:</b> .....	<b>1,087</b>
<b>Purchased Power:</b>	
Western Area Power Administration (WAPA) <sup>(3)</sup> <sup>(4)</sup> .....	337
Grady – Wind <sup>(2)</sup> .....	81
Hatchet Ridge – Wind <sup>(2)</sup> .....	25
Feed-in-Tariff Photovoltaic – Solar <sup>(2)</sup> .....	29
Rancho Seco Solar <sup>(2)</sup> .....	60
NTUA Navajo Drew Solar <sup>(2)</sup> .....	42
Great Valley – Solar <sup>(2)</sup> .....	30
Wildflower Solar <sup>(2)</sup> .....	3
Sloughouse Solar <sup>(2)</sup> .....	34
Calpine Geysers – Geothermal.....	100
CalEnergy – Geothermal.....	26
Patua (Gradient/Vulcan) – Geothermal.....	12
Other Long-Term Contracts.....	14
ELCC Portfolio Adjustment <sup>(2)</sup> .....	55
Sutter Calpine Thermal.....	258
Firm Contract Reserves <sup>(4)</sup> .....	17
Committed Short-Term Purchases <sup>(5)</sup> .....	460
Uncommitted Short-Term Purchases/(Sales).....	118
<b>Sub-total:</b> .....	<b>1,699</b>
<b>Total</b> .....	<b>3,605</b>

(1) Available capacity is the net capacity available to serve SMUD’s system peak load during the month of July.

(2) Capacity values for wind, solar, and storage projects shown are based on resource effective load carrying capability (“ELCC”) modeling.

(3) Total includes SMUD’s Base Resource share and WAPA Customer allocations.

(4) Assumes firm reserves of 5% are included.

(5) Committed Short-Term Purchases are primarily purchased on a year-ahead to season-ahead basis from various sources.

Note: Totals may not add due to rounding.

## Power Generation Facilities

**Hydroelectric.** The UARP consists of three relatively large storage reservoirs (Union Valley, Loon Lake, and Ice House) with an aggregate water storage capacity of approximately 400,000 acre-feet and eight small reservoirs. Project facilities also include eight tunnels with a combined length of over 26 miles and nine powerhouses containing 11 turbines. In addition to providing clean hydroelectric power and operating flexibility for SMUD, the UARP area provides habitat for fish and wildlife and a variety of recreational opportunities, including camping, fishing, boating, hiking, horseback riding, mountain biking and cross-country skiing.

The combined capacity of the UARP is approximately 697 MW at SMUD's load center in Sacramento. Under current licensing and mean water conditions, these facilities are expected to generate approximately 1,600 GWh of electric energy annually, which represents approximately 15% of SMUD's current average annual retail energy requirements. In 1957, the Federal Power Commission (predecessor agency to FERC) issued a license to SMUD for the UARP. This 50-year license was subsequently amended to add and upgrade facilities and now includes all segments of SMUD's hydroelectric facilities located on the South Fork of the American River and its tributaries upstream from the Chili Bar Project (described below). The original license was extended annually after its original expiration date while SMUD completed the process for a new long-term license and, on July 23, 2014, FERC issued to SMUD a new 50-year license for the UARP.

On November 9, 2016, FERC issued an Order authorizing SMUD to construct the South Fork Powerhouse downstream of the UARP's Slab Creek Dam. Construction was substantially completed in the fall of 2020, and the new powerhouse was placed into operation on October 25, 2022, adding 1.8 MW of generation to the UARP's overall capacity.

On June 16, 2021, pursuant to Board authorization, SMUD acquired the Chili Bar Hydroelectric Project which consists of a 7 MW powerhouse, reservoir, dam and spillway, north of Placerville on the South Fork of the American River for approximately \$10.4 million (the "Chili Bar Project"). The Chili Bar Project is immediately downstream from the UARP and operates as the regulating reservoir for the UARP's largest powerhouse. Owning the UARP and the Chili Bar Project enables SMUD to operate the two projects with a holistic approach to license compliance and generation efficiency.

**Solano 2 Wind Project.** SMUD owns and operates an 87 MW wind project, located in Solano County, known as Solano 2. Solano 2 consists of 29 wind turbine generators ("WTGs") rated at 3 MW each. Energy from the project is collected at 21 kV and transmitted over a dedicated 3-mile overhead system to the SMUD-owned Russell substation. At the Russell facility, the energy is transformed to 230 kV and interconnected to PG&E's Birds Landing Switching Station. Energy deliveries are scheduled through the CAISO.

**Solano 3 Wind Project.** In 2011 and 2012, SMUD constructed a 128 MW wind project adjacent to Solano Phase 2, known as Solano 3. The Solano 3 project consists of 31 WTGs rated at 1.8 MW and 24 WTGs rated at 3.0 MW. The project interconnects through a 34.5 kV underground collection system to the Russell substation. Like the Solano Phase 2 project, this energy is transformed to 230 kV and delivered through the CAISO.

**Solano 4 Wind Project.** In 2023 and 2024, SMUD constructed the Solano 4 Project, which was fully operational as of May 10, 2024. As part of the Solano 4 Project, the 15 MW Solano 1 project was demolished. The Solano 4 Project adds an additional 85.5 MW of capacity to SMUD's Solano Wind portfolio. In 2023, SMUD merged Solano 2, 3, and 4 into one combined interconnection agreement with CAISO and PG&E. Now the CAISO calls the combined project "Solano Renewables 1."

The combined Solano Renewables 1 project is currently limited to 230 MW max output by PG&E because of two outstanding transmission upgrades to be completed by PG&E. The two PG&E projects include the Contra Costa thermal overload upgrade and the Vaca Dixon Breaker upgrade, both expected to be completed by May 30, 2027. An increase in deliverability to 320.8 MW from the Solano Renewables 1 project will occur when both upgrades are completed in May 2027. In total, SMUD will have an installed wind capacity of 303 MW in connection with the overall Solano Wind Project, leaving 18 MW at the point of interconnection for future development.

***Distributed Solar Photovoltaic.*** SMUD owns and operates approximately 2 MW of solar PV generating facilities. These facilities include installations at the Hedge Substation property, SMUD Headquarters, the East Campus Operations Center, and other smaller PV systems throughout the service area on parking lots.

***Hedge Battery.*** SMUD owns and operates a 4 MW, 8 MWh, battery energy storage system located near the Hedge Substation in South Sacramento. The facility reached commercial operation in January 2023.

***Local Gas-Fired Plants.*** SMUD constructed five local natural gas-fired plants in its service area: the Carson Power Plant, the Procter & Gamble Power Plant, the Campbell Power Plant, the McClellan Power Plant, and the Cosumnes Power Plant (each defined below). These five plants are referred to collectively as the “Local Gas-Fired Plants.” These plants are a strategic component of SMUD’s resource mix. In addition to providing SMUD with a total capacity of approximately 1,139 MW, the Local Gas-Fired Plants provide SMUD with needed voltage support, operational and load following capability, and the reliability inherent in having power resources located close to loads. With the exception of the McClellan Power Plant, these plants were financed through the issuance of project revenue bonds by separate joint powers authorities. In late 2025, ownership of all of the Local Gas-Fired Plants was transferred to SMUD, with SMUD assuming all rights, interests, and obligations of the related contracts. This consolidation created operational and administrative efficiencies without changing any of the functionality of the power plants. SMUD has exclusive control of the Local Gas-Fired Plants and manages their operations as part of its overall power supply strategy.

The following is a brief description of the five Local Gas-Fired Plants:

***The Cosumnes Power Plant (the “Cosumnes Power Plant”).*** The Cosumnes Power Plant is a 612 MW natural gas-fired, combined cycle plant located in the southern portion of Sacramento County adjacent to SMUD’s decommissioned Rancho Seco Nuclear Power Plant. Commercial operation of the Cosumnes Power Plant commenced on February 24, 2006. The net generating capacity of the facility was increased by 81 MWs via an Advanced Gas Path (“AGP”) upgrade. The additional AGP generation was realized after hardware and software upgrades were completed on both units in March of 2019. On June 5, 2022, the Cosumnes Power Plant was shut down due to a ground fault in the STG stator. The repair was completed in February 2023 and the plant returned to service on March 5, 2023. See “FACTORS AFFECTING THE REGION – Cosumnes Power Plant Outage”.

***The Carson Power Plant (the “Carson Power Plant”).*** The Carson Power Plant, a 103 MW natural-gas-fired cogeneration project consisting of separate combined cycle and peaking plants, provides steam to the Sacramento Regional County Sanitation District (“SRCSD”) wastewater treatment plant adjacent to the site. Construction of the Carson Power Plant was completed and the plant began commercial operation on October 11, 1995.

***The Procter & Gamble Power Plant (the “Procter & Gamble Power Plant”).*** The Procter & Gamble Power Plant, a 182 MW natural gas-fired cogeneration facility, is located in an established

industrial area of Sacramento. The initial combined cycle portion of the plant began commercial operation on March 1, 1997. Construction of the peaking plant portion of the Procter & Gamble Power Plant commenced during 2000 and the unit achieved commercial status on April 24, 2001. The Procter & Gamble Power Plant produces steam for use in Procter & Gamble Manufacturing Company's oleochemical manufacturing processes and electricity for sale to SMUD.

*The Campbell Power Plant (the "Campbell Power Plant").* The Campbell Power Plant, a 170 MW natural gas-fired cogeneration project, was completed and began commercial operations on December 4, 1997. Upgrades were implemented during 2000, which increased the plant's peaking capacity to 180 MW, well above its net demonstrated capacity of 159.8 MW. The plant is located in south Sacramento adjacent to the Capital Commerce Center (formerly the Campbell Soup Company food processing facility). In support of the Zero Carbon Plan, SMUD is exploring replacing the Campbell Power Plant, contingent upon SMUD having sufficient other resources available and grid reliability can be maintained. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan."

*The McClellan Power Plant (the "McClellan Power Plant").* The McClellan Power Plant is a 72 MW natural gas-fired simple cycle combustion turbine generating plant at McClellan Business Park in Sacramento. This turbine is connected to SMUD's electric system and is operated to meet SMUD's peak-load requirements. The McClellan Power Plant is aligned for remote starting and operation with both black start and fast start capabilities. SMUD constructed the McClellan Power Plant in 1986 as a 50 MW emergency power source for the McClellan Air Force Base. In 2001, following the Air Force Base closure, the McClellan Power Plant was upgraded to 72 MW and converted for SMUD's use. In support of the Zero Carbon Plan, SMUD is exploring replacing the McClellan Power Plant, contingent upon SMUD having sufficient other resources available and grid reliability can be maintained. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – 2030 Zero Carbon Plan."

## **Fuel Supply**

**General.** SMUD arranges for the purchase and delivery of natural gas to the Local Gas-Fired Plants. Management of the natural gas procurement and delivery process is a key focus of SMUD's reliability and risk policies. Although the natural gas consumption of the power plants for SMUD's load can vary significantly depending on the season, precipitation, and the market price of power and natural gas, the plants are forecasted to need, on average in 2026, a total of approximately 107,500 Decatherms per day ("Dth/day") with a daily peak slightly more than 171,000 Dth/day of natural gas. SMUD has implemented a comprehensive strategy to secure a reliable and diversified fuel supply through a variety of agreements for the supply, transportation, and storage of natural gas.

**Supply.** SMUD hedges a significant portion of its expected gas needs to meet customer power requirements. This includes gas for the Local Gas-Fired Plants and for the Sutter Energy Center. See "Power Purchase Agreements – *Sutter Energy Center*". This is accomplished through a combination of long-term supply arrangements and an exposure reduction program. The program consists of a primary rolling three-year exposure reduction component, a fuel hedging component on a rolling three-year basis, as well as supplemental fixed calendar year components reaching out up to four calendar years. Long-term arrangements may consist of a combination of physical commodity supply contracts, financial hedges, or options. Natural gas is purchased from a wide variety of producers and marketers at the northern and southern California borders, and from the Rocky Mountain supply basins. SMUD has a number of both fixed-price supply agreements and financial hedging contracts to fix gas costs ranging from one month to several years in duration. As of February 1, 2026, these contracts are forecasted to have hedged the price exposure on approximately 100%, 100% and 51% of SMUD's anticipated natural gas requirements for 2026, 2027 and 2028, respectively. While the financial effects resulting from the unhedged portions of

SMUD's natural gas requirements are difficult to predict, SMUD's financial results could be materially impacted in the event of significant increases in market prices for natural gas.

SMUD has contracted with NCGA to purchase an approximate average of 8,700 Dth/day over the remaining life of a contract expiring May 31, 2027 (the "NCGA Contract"). Under the NCGA contract, SMUD pays a discounted variable price for the fuel and anticipates periodically fixing the effective price under separate hedging contracts. Until November 1, 2023 the delivery point for the NCGA Contract was the AECO hub in Alberta. Starting November 1, 2023, to increase delivery efficiencies, SMUD has exchanged the gas delivered at the AECO hub under the NCGA Contract with gas delivered at the Malin substation at the California-Oregon border. From there SMUD is using its long-term transport capacity to deliver the fuel to the Local Gas-Fired Plants.

SMUD has also contracted with NCEA to purchase an approximately 24,600 Dth/day on average, or to be converted to the approximate cash flow value in Megawatt-hours ("MWh") of electricity over the remaining life of a contract expiring on October 31, 2054. The gas will be delivered to the SMUD system via the Malin receipt point on the PG&E backbone system. SMUD is using its long-term transport capacity to deliver the fuel to the Local Gas-Fired Plants. SMUD will pay a discounted variable price for the fuel and anticipates periodically fixing the effective price under separate hedging contracts.

***Renewable Natural Gas Supply.*** As a component of meeting SMUD's RPS goals, SMUD procures renewable natural gas and digester gas as fuels to generate renewable electricity from the Cosumnes Power Plant. Descriptions of the renewable natural gas supply agreements are provided below.

In March 2009, SMUD entered into a 15-year contract (that qualifies as renewable energy) with Shell Energy North America (US), L.P. ("Shell Energy") to purchase up to 6,000 Dth/day of renewable natural gas produced from a landfill project in Texas. SMUD began taking deliveries of this supply in April 2009. In March 2012, SMUD amended the contract with Shell Energy to increase the maximum volumes to 7,300 Dth/day and extended the term by 10 years to March 31, 2034. Currently, the delivery point is PG&E Topock.

In 2016, SMUD entered into a 3-year contract with Shell Energy to sell back the entire volume of renewable natural gas purchased, less 500 Dth/day, to be sold into the vehicle transportation markets. Upon expiration of the initial 3-year contract for the sale of biogas to Shell Energy, SMUD extended the sell back of the entire volume of biogas twice for an additional three years with Element Markets (now Anew RNG, LLC), starting in 2020 and 2023. [Currently the sale of the entire volume of biogas is with Nextera Energy Marketing LLC starting in 2026.] While SMUD sells the renewable natural gas, it does not count the renewable natural gas towards its RPS obligations.

The Carson Power Plant cleans nearly all of the digester gas received from SRCSD and uses it for delivery to the Cosumnes Power Plant. The Carson Power Plant is currently receiving, processing and delivering up to 1,500 Dth/day with capability for volume increases over time to 2,500 Dth/day. Digester gas, when designated for use in SMUD's power plants, is counted as renewable generation towards SMUD's RPS obligations.

In December 2011, SMUD entered into a 20-year agreement with EIF KC Landfill Gas LLC ("EIF") to purchase up to 7,050 Dth/day of renewable natural gas produced from multiple landfill projects. SMUD began taking deliveries of this supply in January 2014. Currently the delivery point is Kern River – Opal and SMUD uses its long-term transport capacity to deliver it to the Cosumnes Power Plant. Renewable natural gas, when designated for use in SMUD's power plants, is counted as renewable generation towards SMUD's RPS obligations.

In March 2025 SMUD entered into a transaction with Anew RNG, LLC to sell the renewable natural gas into the vehicle transportation markets. The transaction began in April 2025 and expires in December 2027. While SMUD sells the renewable natural gas, it does not count the renewable gas towards its RPS obligations.

AB 2196 is a law that defines the criteria by which existing and future renewable natural gas contracts will qualify for the State RPS program. The CEC adopted a RPS Eligibility Guidebook on April 30, 2013, which includes detailed rules for implementation of AB 2196. SMUD received an updated certificate of eligibility from the CEC in July 2014 for the Cosumnes Power Plant that included the quantities of renewable natural gas from the sources described above. The CEC adopted a revised RPS Eligibility Guidebook (Ninth Edition) on April 27, 2017. This latest guidebook did not change the RPS eligibility of any of the renewable natural gas and digester gas sources described above, but did simplify reporting requirements for these sources.

## **Gas Transmission**

SMUD has satisfied its obligation to deliver natural gas to its power plants by constructing a natural gas pipeline, purchasing an equity interest in two PG&E backbone gas transmission lines, and contracting for capacity on a number of existing interstate natural gas transmission lines.

***The Local Pipeline.*** SMUD constructed and owns a 20-inch, 50-mile natural gas pipeline in the greater Sacramento area (the “Local Pipeline”) that transports gas to all of the Local Gas-Fired Plants except the McClellan Power Plant. The Local Pipeline is interconnected with PG&E’s major State gas transmission lines 300 and 401. Additionally, it may be interconnected with one or more private gas gathering pipelines located in the area, a gas storage project and/or other FERC approved pipelines that may be built in the local area. In conjunction with the construction of the Cosumnes Power Plant, SMUD extended the Local Pipeline to the plant site. The 26-mile extension was completed in 2004. The extension is 24 inches in diameter and was designed to serve both the Cosumnes Power Plant and an additional second phase, if constructed.

***PG&E Backbone Gas Transmission Lines 300 and 401.*** In 1996, SMUD purchased an equity interest in PG&E’s backbone gas transmission lines 300 and 401 (referred to as the PG&E backbone). The total capacity acquired at that time was approximately 85,000 Dth/day and consisted of approximately 43,600 Dth/day of firm gas transport from the California–Oregon border at Malin, Oregon and 44,700 Dth/day from the California–Arizona border at Topock, Arizona, to SMUD’s interconnection with the PG&E backbone near Winters, California. SMUD was also entitled to a share of non-firm capacity, which was approximately 4,360 Dth/day; making the total capacity potentially available to SMUD almost 90,000 Dth/day. This purchase made SMUD a co-owner of the PG&E backbone gas transmission lines 300 and 401 and obligated SMUD to pay PG&E to operate the pipelines on its behalf subject to the terms of the purchase agreement and operating protocols. PG&E reduced operating pressures on Line 300 after PG&E suffered a natural gas explosion in San Bruno, CA in September of 2010. Operating pressures and capacity may also fluctuate due to regulatory and other changes. As of June 1, 2025, and going forward, SMUD will hold a total capacity of approximately 85,500 Dth/day, consisting of approximately 47,723 Dth/day of firm gas transport from the California–Oregon border at Malin, and 37,798 Dth/day of firm gas transport from the California–Arizona border at Topock, Arizona, to SMUD’s interconnection with the PG&E backbone near Winters, California.

***Kern River Gas Transmission Company Long Term Agreement.*** SMUD has an agreement with Kern River Gas Transmission Company for 20,000 Dth/day of firm capacity through April 30, 2028. This capacity gives SMUD access to the Rocky Mountain supply basin at Opal, Wyoming, and connects to PG&E Line 300 (owned in part by SMUD) at Daggett, California.

SMUD's diversified portfolio of gas transmission arrangements allow for the purchase of gas from a variety of suppliers and locations, and the opportunity to capitalize on regional price differentials where possible. In addition, its ownership interest in the SMUD/PG&E backbone and Local Pipeline enhances the reliability of SMUD's gas supply.

## **Gas Storage**

SMUD also employs gas storage as part of its overall fuel supply strategy. Gas storage is useful to help balance gas supply, mitigate market price volatility, mitigate variations in retail load, and provide a reliable supply to meet peak day delivery requirements.

SMUD had a contract with Lodi Gas Storage, LLC, which began in April 2023 and expired in March 2026, for capacity in the Lodi Gas Storage project located near Acampo in northern California. The contract provided SMUD with capacity levels of 1.0 million Dth of storage inventory, 10,000 Dth/day of injection rights and 20,000 Dth/day of withdrawal capacity.

In anticipation of Lodi Gas Storage, LLC contract expiring, SMUD issued a Request for Offers ("RFO") and selected Central Valley Storage for a contract which began in April 2026 and expires in March 2031, for capacity in the project located near Princeton in northern California. The contract provides SMUD with capacity levels of 1.0 million Dth of storage inventory, 10,000 Dth/day of injection rights and 20,000 Dth/day of withdrawal capacity.

SMUD has a contract with Wild Goose Storage LLC, that began in April 2024 for capacity in the Wild Goose Storage project located near Gridley in northern California. The contract provides SMUD with capacity levels of 2.0 million Dth of storage inventory, ratcheted (12,500-14,000 Dth/day) volumes of injection rights and ratcheted (10,000 – 24,000 Dth/day) volumes of withdrawal capacity. This contract expires on March 31, 2029.

## **Power Purchase Agreements**

SMUD has power purchase agreements to help meet its power requirements. Some of these agreements are described below.

***Western Area Power Administration.*** Effective January 1, 2005, SMUD entered into a 20-year contract with WAPA. SMUD has entered into a replacement agreement extending the term by 30 years for the period of January 1, 2025 through December 31, 2054. Power sold under this contract is generated by the Central Valley Project ("CVP"), a series of federal hydroelectric facilities in northern California operated by the United States Bureau of Reclamation. The contract provides WAPA's CVP Base Resource customers (including SMUD) delivery of a percentage share of project generation in return for reimbursement of an equivalent share of project costs. SMUD's CVP Base Resource share is roughly 25% of project generation and costs. This is expected to be approximately 318 MW of capacity and 661 GWh of energy in an average water year but will vary depending on precipitation. Energy available under the contract is determined by water releases required for water supply and flood control and is then shaped into higher value periods within other CVP operating constraints. More capacity and energy are typically available in spring and summer months and less in fall and winter.

SMUD also had a contract with WAPA that expired on December 31, 2024, by which WAPA delivered additional power from projects located in the Pacific Northwest based on certain contractual parameters. SMUD has entered into a replacement agreement with WAPA for the period January 1, 2025, through December 31, 2030. In 2025, SMUD received 483 GWh of energy under this new contract.

**Patua Project LLC.** In April 2010, SMUD entered into a power purchase agreement with Patua Project LLC, a subsidiary of Gradient Resources, for the delivery of up to 132 MW (expected to be 120 MW nominal power output) of renewable energy from geothermal generation being developed in north central Nevada, from a Gradient Resources project known as the Patua Project. The Patua Project was to have been developed in three phases. In November 2015, the Patua Project was acquired by TL Power, LLC, a wholly owned subsidiary of Cyrq Energy, Inc. (“Cyrq”). Since 2010, the agreed upon capacity of the Patua Project has been reduced several times. SMUD’s reduced obligation to take power from the Patua Project is 19 MW. This power purchase agreement expires on December 31, 2033.

**Renewable Energy Feed-In Tariff.** In September 2009, SMUD’s Board authorized a feed-in tariff program for the purchase of renewable energy from local renewable energy projects connected to SMUD’s distribution system. SMUD’s Board authorized connection of up to 100 MW under the feed-in tariff which included standard payment rates and standard purchase terms for power. The feed-in tariff program became effective on January 1, 2010. Under the feed-in tariff, SMUD has executed 20-year term power purchase agreements for solar projects totaling 98.5 MW. Construction and start-up were completed on all projects between 2010 and 2012.

**CalEnergy LLC.** In August 2014, SMUD entered into a 22-year power purchase agreement with CalEnergy LLC for the purchase of 30 MW per year of renewable energy from its Salton Sea geothermal facilities. As of July 1, 2017, SMUD began receiving up to 10 MW from the CalEnergy portfolio, which escalated to the full 30 MWs on May 1, 2020.

**Rancho Seco Solar.** In October 2015, SMUD entered into a 20-year power purchase agreement with Rancho Seco Solar LLC for the purchase of energy from a 10.88 MW solar PV project sited on SMUD’s property at the closed Rancho Seco Nuclear Generating Station. Commercial operation was achieved in August of 2016. Rancho Seco Solar LLC leases the property from SMUD under a land lease agreement. The output of this project directly serves two large commercial customers that executed agreements with SMUD for retail supply of solar power.

In May 2019, SMUD entered into a 30-year power purchase agreement for an additional 160 MW solar PV project with Rancho Seco Solar II, LLC. The project is located on SMUD-owned property at the closed Rancho Seco Nuclear Generating Station, adjacent to the existing 10.88 MW solar PV project. Construction began in 2019, and the project became commercially operable in February 2021.

**Grady Wind Energy.** In October 2015, SMUD entered into a 25-year power purchase agreement with Grady Wind Energy LLC (“Grady”) for the purchase of energy from a 200 MW wind project located in New Mexico (the “Grady Project”). The Grady Project began commercial operations on August 5, 2019. Energy from the Grady Project is delivered to CAISO. SMUD purchases 100% of the Grady Project output which includes energy, renewable energy credits, and capacity attributes.

**Great Valley Solar 2, LLC.** In January 2017, SMUD entered into a 20-year power purchase agreement with Great Valley Solar 2, LLC for the purchase of energy from a 60 MW solar PV project located in Fresno County, California. The project’s commercial operation date was December 28, 2017.

**ARP-Loyalton Cogen LLC.** On September 14, 2016, Senate Bill 859 (“SB 859”) was signed into law. Under SB 859, a POU must procure its proportionate share of 125 MW of renewable energy from biomass plants burning high hazard forest fuels, subject to terms of at least five years. Seven POUs (SMUD, MID, Turlock Irrigation District (“TID”), Anaheim Public Utilities, Imperial Irrigation District, Los Angeles Department of Water & Power and Riverside Public Utilities, collectively described herein as the “ARP-Loyalton POUs”) jointly solicited proposals for up to 29 MW of contract capacity for renewable energy to meet the requirements of SB 859. In January 2018, SMUD entered into a five-year power

purchase agreement with ARP-Loyalton Cogen LLC to fulfill 18 MW of the required 29 MW with SMUD's share being just over 23 percent (the "ARP-Loyalton PPA"). See "*Roseburg Forest Product Co.*" below for a discussion of the remaining SB 859 capacity. The contract became effective on April 1, 2018. On February 18, 2020, ARP-Loyalton Cogen LLC filed for Chapter 11 bankruptcy and stopped producing and selling energy from the biomass plant. On May 7, 2020, the bankruptcy court approved the sale of the Loyalton facility to Sierra Valley Enterprises, LLC ("SVE"). SVE initially expressed interest in bringing the facility back into service; however, the bankruptcy trustee requested repeated extension of the deadline for SVE to accept or reject the ARP-Loyalton PPA. The latest deadline was April 19, 2023, the date of expiration of the ARP-Loyalton PPA term. As SVE did not resume operations before the end of the ARP-Loyalton PPA term, the ARP-Loyalton POUs have negotiated a settlement agreement with the bankruptcy trustee (the "ARP-Loyalton Settlement Agreement"). The ARP-Loyalton Settlement Agreement, which SMUD executed and is filed with the court, defines funds from the performance security that the ARP-Loyalton POUs will keep to cover legal and administrative fees, along with a contingency amount to cover potential risk of future damages. Since the ARP-Loyalton POUs entered into a five-year agreement to procure compliant biomass and provided SVE the opportunity to accept the ARP-Loyalton PPA and restart operations, the ARP-Loyalton POUs consider their statutory obligations to have been fulfilled.

***Roseburg Forest Products Co.*** For the remaining SB 859 biomass obligation of 11 MW, SMUD and the other ARP-Loyalton POUs have entered into a five-year power purchase agreement with Roseburg Forest Products Co. SMUD's share of the contract capacity is 2.5795 MW, and the plant began operating under the contract on February 26, 2021.

***Sutter Energy Center.*** SMUD entered into an initial two-year contract (with a third-year exercisable option) with Calpine Energy Services, L.P. ("Calpine") for the ability to schedule up to 258 MW of energy from Sutter Energy Center. The Sutter Energy Center is a natural gas-fired, combined-cycle facility located in Yuba City, California. The initial contract became effective on April 1, 2018. SMUD exercised its option to extend the contract, which expired November 1, 2020. SMUD entered into a new contract with Calpine for the same 258 MW of energy that became effective January 1, 2021, and had an original expiration date of January 1, 2024. In December 2023, SMUD extended this contract through December 31, 2026.

***Drew Solar, LLC.*** In June 2018, SMUD entered into a 30-year power purchase agreement with Drew Solar, LLC for the purchase of energy from a 100 MW solar PV project located in Imperial County, California. The project's scheduled commercial operation date was set to be December 31, 2021. The commercial operation date was delayed due to Force Majeure claims surrounding the COVID pandemic and supply chain constraints caused by changes in Federal regulatory requirements. The project began commercially operating on November 3, 2022.

***Wildflower Solar.*** In October 2018, SMUD entered into a 25-year power purchase agreement with Wildflower Solar I, LLC, for the purchase of energy, capacity, and RECs from a 13 MW solar PV project located in Rio Linda, California. The project began commercially operating on December 18, 2020.

***Coyote Creek (Formerly Sacramento Valley Energy Center, LLC.)*** In August 2021, SMUD entered into a 30-year power purchase agreement with Sacramento Valley Energy Center, LLC for the purchase of energy from a 200 MW solar PV and 100 MW four-hour Battery Energy Storage System ("BESS") capacity project located in Sacramento County, California. The project's commercial operation date was originally expected to be December 31, 2023, but has been delayed to 2028 due to ongoing development and permitting delays. Effective February 4, 2026, this power purchase agreement was terminated.

**SloughHouse Solar, LLC.** In September 2021, SMUD entered into a 30-year power purchase agreement with SloughHouse Solar, LLC for the purchase of energy from a 50 MW solar PV project located in Sacramento County, California. The project's commercial operation date was originally expected to be December 31, 2023, but the commercial operation date was delayed due to ongoing development and permitting delays. The Sloughhouse Solar Project began construction in 2024, and the project began commercially operating on July 14, 2025.

**Country Acres Solar.** In November 2023, SMUD entered into a 30-year power purchase agreement with Country Acres Clean Power LLC for the purchase of energy from a 344 MW solar PV project, with a 20-year term for 172 MW four-hour BESS capacity, located in Placer County, California. The project's commercial operation date is expected to be between December 2026 and April 2027. The Country Acres Project began construction in 2024.

**Geysers Power Company, LLC.** In March 2021, SMUD executed a 10-year power purchase agreement with Geysers Power Company, LLC for 100 MW of energy and capacity from the Geysers geothermal energy plant located in Lake and Sonoma Counties, California. SMUD started to receive deliveries on January 1, 2023. In November 2025, SMUD executed an amendment and extension of the original power purchase agreement. The amendment extends the term from December 31, 2032 to December 31, 2042. In 2028 and 2029, the original 100 MW of energy and capacity will increase to 125 MW of energy and capacity. In 2030 through the end of the agreement, the 125 MW of energy and capacity will increase to 150 MW of energy and capacity.

**Grace Orchard Energy Center, LLC.** In July 2024, SMUD entered into a 20-year power purchase agreement with Grace Orchard Energy Center, LLC for the purchase of 70 MW from the project located in Riverside County, California. The Grace Orchard Energy Center project is expected to begin operations in December 2027. The power purchase agreement includes energy and RECs from the project. The seller will seek CAISO Transmission Project ("TP") Deliverability for the project. If TP Deliverability is received, the agreement will also include capacity.

**SunZia Wind PowerCo LLC.** In December 2024, SMUD entered into a 15-year power purchase agreement with SunZia Wind PowerCo LLC for the purchase of 150 MW from the SunZia Wind Project, which is located in New Mexico and began operations in May 2026. Energy from the SunZia Wind Project is delivered into the CAISO. The power purchase agreement includes energy, capacity, and RECs from the project. In September 2025, the original power purchase agreement was bifurcated into SunZia North and SunZia South. SunZia North will provide 45 MW while SunZia South will provide 105 MW.

**Hatchet Ridge Wind, LLC.** In December 2024, SMUD entered into a 7-year power purchase agreement with Hatchet Ridge Wind, LLC for energy, capacity, and RECs from the Hatchet Ridge Wind Project. The 101.2 MW project is located near Burney, CA and began commercial operations in 2010. The contract start date was December 14, 2025.

**Sanborn 2 Solar.** SMUD has entered into a contract with Sanborn 2 PV I, LLC ("S2PVI") with an effective date of October 4, 2024. The agreement provides for the purchase of RECs associated with energy generated by the 46 MW Sanborn 2 solar project located in Mojave, California. The contract term begins on the scheduled commercial operation date of January 1, 2027, and continues through December 31, 2034. Under the terms of the agreement, SMUD will receive RECs associated with bundled energy generated during the delivery period; however, S2PVI retains all revenues from energy sales, and SMUD will be obligated only to pay for the RECs. The RECs procured under this agreement are expected to contribute toward SMUD's renewable energy goals and support long-term resource planning objectives.

***Dry Creek Energy Storage, LLC.*** In May 2025, the Board authorized the execution of an energy storage power purchase agreement with Dry Creek Energy Storage, LLC for an initial 20-year term with one optional five-year extension for the purchase of energy from a 160 MW four-hour BESS capacity, located in Sacramento County, California. The project’s commercial operation date is expected to be September 30, 2027. The Dry Creek Energy Storage Project began construction in 2026.

***Oveja Ranch Solar Project.*** In summer 2025, SMUD issued a RFO seeking qualified power purchase agreement offers for a utility scale PV with BESS project under development which will interconnect to SMUD’s distribution system. The project site is located on over 500 acres of land in Sacramento County near the city of Rancho Cordova. SMUD has completed permitting and purchased interconnection equipment to support an expected commercial operation date of 2029 or later.

## **Transmission Service Agreements**

***TANC California-Oregon Transmission Project.*** The 340-mile COTP is one part of a three 500-kV line coordinated system known as the California-Oregon Intertie (“COI”). The COTP was allocated one-third of the 4,800 MW capability of the COI system (see related agreements below). TANC was entitled to use 1,390 MW and is obligated to pay approximately 80% of the operating costs of the COTP. SMUD is a member of TANC and a party to Project Agreement No. 3 (“PA3”), under which it was entitled to 383 MW and obligated to pay on an unconditional take-or-pay basis about 27.6% of TANC’s COTP debt service and operations costs, subject to a “step-up” obligation of up to 25% of its entitlement share upon the un-remedied default of another TANC member-participant. In 2009, SMUD entered into a long-term layoff agreement with certain members that increased SMUD’s entitlement by 35 MW. In 2014, SMUD entered into another long-term layoff agreement with certain other members that increased SMUD’s COTP entitlements by 128 MW and amended the 2009 layoff agreement that returned 13 MW to a member. In January 2024, SMUD entered into an agreement to extend the 2009 long-term layoff agreement with certain members to January 31, 2034. On April 1, 2025, the COI was re-rated to a capacity of 5,100 MW, proportionately increasing the amount of the COTP’s capacity to 1,700 MW. The amount of COTP capacity available to TANC was also proportionately increased. Including layoffs from other TANC members, SMUD’s current entitlement is approximately 569 MW of TANC’s transfer capability for imports, and SMUD is obligated to pay approximately 37.8% of TANC’s COTP debt service and operations costs.

SMUD’s payments under this contract, like SMUD’s payments under its other power purchase and transmission service agreements, are treated as “Maintenance and Operation Costs” or “Energy Payments” under the resolutions securing the Senior Bonds and Subordinated Bonds (each as defined under the caption “CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS” below). SMUD relies on its COTP rights to purchase power, access contingency reserves through the Western Power Pool, and obtain renewable resources to supplement its own resources to serve its load. TANC maintains its own property/casualty insurance program. TANC’s budget is about \$48.8 million for 2026. SMUD’s obligation of the TANC budget is about \$18.5 million for 2026.

***TANC Tesla-Midway Transmission Service.*** TANC has a long-term contract with PG&E to provide TANC with 300 MW of transmission service between PG&E’s Midway Substation and the electric systems of the TANC Members (the “Tesla-Midway Service”). SMUD’s share of the Tesla-Midway Service is 46 MW.

***Bonneville Power Administration.*** In 2009, SMUD entered into a transmission service agreement with the Bonneville Power Administration (“BPA”) for 60 MW of firm point-to-point transmission service from BPA’s Hilltop substation in northeastern California to the Malin substation at the California-Oregon border for the purpose of transmitting power under SMUD’s power purchase agreement relating to the Patua Project over BPA’s 230kV transmission lines. See “POWER SUPPLY AND TRANSMISSION –

Power Purchase Agreements – *Patua Project LLC*.” On January 1, 2020, SMUD’s transmission rights with BPA were reduced to 19 MW. This now aligns with SMUD’s PacifiCorp transmission rights of 19 MW described in the immediately following paragraph.

***PacifiCorp.*** In 2009, SMUD entered into a transmission service agreement with PacifiCorp for 60 MW of firm point-to-point transmission service across PacifiCorp’s high voltage step-up transformer at the Malin substation at the California-Oregon border for the purpose of transmitting power under SMUD’s power purchase agreement relating to the Patua Project. As a result of the reduced obligation to take power from the Patua Project, SMUD has reduced its remaining PacifiCorp transmission service from 30 MW to 19 MW.

***Western Area Power Administration.*** SMUD does not have a direct interconnection of its power system to the COTP. To receive power deliveries that use its COTP rights, SMUD has a long-term transmission service agreement with WAPA for transmission of 342 MW of power from the COTP line (received at WAPA’s Tracy or Olinda substations) to SMUD’s system. In May of 2011, WAPA completed the Sacramento Voltage Support Transmission Project. Completion of this project has given SMUD an additional 165 MW of transmission service rights on WAPA’s system from the COTP at the Olinda Substation to SMUD’s system at the Elverta Substation.

## **Projected Resources**

The following tables titled “Projected Requirements and Resources to Meet Load Requirements Energy Requirements and Resources” (the “Energy Table”) and “Capacity Requirements and Resources Net Capacity – Megawatts” (the “Capacity Table”) describe SMUD’s contracted commitments and owned resources available to meet its forecasted load requirements through the year 2035. Resources are shown on an annualized basis with market purchases netted against surplus sales to arrive at a single net position for each year. Because SMUD’s available resources do not exactly match its actual load requirements on an hourly basis, there are times during a year when resources available will either exceed or be insufficient to meet SMUD’s needs. Expected actual capacity values are included in the tables. These values may differ from measured net demonstrated capacity values of the Local Area Gas-Fired Plants. The table below also includes the impact energy efficiency has on resource requirements as discussed below under “Demand Side Management Programs.” See “BUSINESS STRATEGY” and “POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Local Gas-Fired Plants.*”

Resources listed in both the Energy Table and the Capacity Table are listed as either renewable or non-renewable. Generally, SMUD follows the CEC guidelines for eligibility requirements. Some of SMUD’s renewable resources listed include solar, wind, geothermal, small hydroelectric facilities with a capacity of 30 MW or less, and biomass (representing generation from a fuel comprised of agricultural wastes and residues, landscape and tree trimmings, wood and wood waste).

As in any forecast, assumptions are made. In both the Energy Table and the Capacity Table the WAPA and UARP forecasts assume average water conditions throughout the period. On the capacity table, WAPA and Cosumnes Power Plant renewable capacity is estimated based on the ratio of renewable energy to total WAPA or Cosumnes Power Plant energy. See “POWER SUPPLY AND TRANSMISSION – Power Generation Facilities – *Hydroelectric.*”

The Uncommitted Purchases (Sales) on the tables represent either anticipated future needs or surpluses. Future needs are met well in advance of delivery. They also include both renewable and non-renewable resources.

The Transmission Losses represent reductions in the amount of energy or capacity from the location it was purchased to the point of entering SMUD's electrical system. This amount reduces the Total Resources available to meet the Total Projected Energy Requirements of the electrical system.

### **Demand Side Management Programs**

SMUD's demand-side management initiatives represent an integral element of its total resource portfolio, and are organized into four major portfolios: energy efficiency and building electrification, load flexibility, electric transportation, and green pricing programs. Energy efficiency offerings include a variety of programs and services to customers to retrofit or upgrade existing equipment and fixtures and to install new energy efficiency measures in existing and new construction facilities, while building electrification measures like heat pumps also bring more efficient summertime air conditioning. Load flexibility allows SMUD to reduce the load on the electric system by adjusting thermostats, dispatching customer batteries, cycling residential air conditioning, managing electric vehicle charging and calling upon commercial/industrial customers to curtail energy usage when energy is constrained during the summer or system emergencies. Load flexibility programs are projected to allow SMUD to shed approximately 90 MW of peak load in an emergency on a hot day, representing about 3% of SMUD's maximum system peak demand.

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**PROJECTED REQUIREMENTS AND RESOURCES TO MEET  
LOAD REQUIREMENTS  
ENERGY REQUIREMENTS AND RESOURCES (GWh)<sup>(1)</sup>**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
<b>Renewable Resources</b>										
<u>SMUD Owned</u>										
UARP – Small Hydro <sup>(2)</sup>	97	90	96	95	93	93	93	93	93	93
Solano Wind	778	797	800	793	936	936	938	936	936	936
<u>Purchases</u>										
Western (WAPA) – Small Hydro <sup>(2)</sup>	20	18	18	18	15	15	15	15	15	15
Patua (Gradient/Vulcan) – Geothermal	146	146	147	146	146	146	147	140	0	0
Cal Energy – Geothermal	223	223	224	223	223	223	224	223	223	223
Geysers – Geothermal	876	876	1,098	1,095	1,314	1,314	1,318	1,314	1,314	1,314
Grady - Wind	897	897	899	897	934	934	936	934	934	934
Hatchet Ridge – Wind	270	270	271	270	288	288	288	264	0	0
Sunzia – Wind	395	488	489	488	473	473	475	473	473	473
Recurrent SolarShares	165	164	163	162	166	165	165	164	163	162
Rancho Seco (1&2) - Solar	350	348	347	345	344	342	341	339	337	335
Feed-in-Tariff Photovoltaic - Solar	207	206	205	204	203	202	60	0	0	0
Wildflower – Solar	31	31	30	30	31	31	31	30	30	30
Navajo - Solar	297	296	295	293	302	300	299	297	296	294
Sloughhouse – Solar	131	130	130	129	124	124	124	123	122	121
Country Acres – Solar Hybrid	0	540	659	655	761	757	755	749	745	742
Oveja Ranch - Solar	0	0	0	164	164	164	164	164	164	164
Grace Solar	0	10	206	205	201	200	199	198	197	196
Other Long-Term Contracts	97	86	87	6	6	6	6	6	6	6
Future Uncommitted Renewables	0	0	0	0	2,163	4,405	4,412	5,433	5,654	6,485
<b>Total Renewable Resources</b>	<b>4,980</b>	<b>5,617</b>	<b>6,163</b>	<b>6,218</b>	<b>8,886</b>	<b>11,118</b>	<b>10,990</b>	<b>11,895</b>	<b>11,702</b>	<b>12,524</b>
<b>Carbon Free Non-Renewable Resources</b>										
<u>SMUD Owned</u>										
Cosumnes–Shell Landfill Gas and Digester Gas	62	58	58	58	687	683	690	645	645	645
UARP – Large Hydro <sup>(2)</sup>	1,610	1,553	1,424	1,420	1,408	1,408	1,412	1,408	1,408	1,408
<u>Purchases</u>										
Western (WAPA) – Large Hydro <sup>(2)</sup>	649	581	579	577	641	641	643	641	641	641
Western (WAPA) Customers (Wheeling) <sup>(2)</sup>	39	35	35	35	20	20	20	20	20	20
Committed Purchases	0	0	0	0	0	0	0	0	0	0
Future Uncommitted Carbon Free	0	0	0	0	2,342	2,337	2,342	2,306	2,306	2,306
<b>Total Carbon Free Non-Renewable Resources</b>	<b>2,360</b>	<b>2,226</b>	<b>2,096</b>	<b>2,090</b>	<b>5,098</b>	<b>5,089</b>	<b>5,107</b>	<b>5,021</b>	<b>5,021</b>	<b>5,021</b>
<b>Non-Renewable Resources</b>										
<u>SMUD Owned</u>										
Cosumnes Power Plant	4,344	4,014	4,069	4,031	0	0	0	0	0	0
Procter & Gamble Power Plant	669	747	585	548	0	0	0	0	0	0
Carson Power Plant	318	375	280	228	0	0	0	0	0	0
Campbell Power Plant	627	682	533	448	0	0	0	0	0	0
McClellan Power Plant	1	12	16	10	0	0	0	0	0	0
<u>Purchases</u>										
Calpine Sutter	1,247	1,395	1,028	798	0	0	0	0	0	0
<b>Total Non-Renewable Resources</b>	<b>7,206</b>	<b>7,225</b>	<b>6,512</b>	<b>6,065</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Resources</b>	<b>14,545</b>	<b>15,068</b>	<b>14,771</b>	<b>14,373</b>	<b>13,984</b>	<b>16,206</b>	<b>16,097</b>	<b>16,916</b>	<b>16,723</b>	<b>17,544</b>
Uncommitted Purchases / (Sales)	(3,369)	(3,712)	(3,177)	(2,609)	(1,970)	(4,002)	(3,634)	(4,220)	(3,726)	(4,097)
Transmission Losses (COTP/CVP)	(17)	(11)	(1)	(1)	(16)	(16)	(16)	(16)	(13)	(13)
Battery Storage (Utility)	0	(42)	(84)	(84)	(110)	(111)	(112)	(122)	(123)	(129)
<b>Total Projected Energy Requirements</b>	<b>11,159</b>	<b>11,303</b>	<b>11,510</b>	<b>11,679</b>	<b>11,889</b>	<b>12,077</b>	<b>12,334</b>	<b>12,557</b>	<b>12,860</b>	<b>13,305</b>
Energy Efficiency (EE)	9	12	17	24	29	33	39	44	50	59
Customer PV	106	155	202	250	297	343	389	434	479	523
Expected Electric Vehicle (EV) Charging	(217)	(348)	(489)	(636)	(796)	(938)	(1,099)	(1,269)	(1,467)	(1,654)
Electric Building (EB)	(33)	(57)	(86)	(125)	(175)	(234)	(301)	(372)	(445)	(520)
Battery Storage (BTM)	(1)	(1)	(2)	(2)	(3)	(3)	(4)	(5)	(6)	(7)
<b>Total Gross Energy Requirements before EE, PV and EV Charging</b>	<b>11,023</b>	<b>11,063</b>	<b>11,152</b>	<b>11,191</b>	<b>11,240</b>	<b>11,277</b>	<b>11,357</b>	<b>11,390</b>	<b>11,471</b>	<b>11,707</b>

(1) Totals may not sum due to rounding. Excludes a potential carbon sequestration power purchase agreement that SMUD is considering.

(2) 2026 based on current precipitation levels as of December 31, 2025. All other years assume average precipitation.

**CAPACITY REQUIREMENTS AND RESOURCES**  
**NET CAPACITY – MEGAWATTS<sup>(1)</sup>**

	<u>2026</u>	<u>2027</u>	<u>2028</u>	<u>2029</u>	<u>2030</u>	<u>2031</u>	<u>2032</u>	<u>2033</u>	<u>2034</u>	<u>2035</u>
<b>Load:</b>										
<b>Planned Peak</b>	<b>3,133</b>	<b>3,134</b>	<b>3,136</b>	<b>3,135</b>	<b>3,157</b>	<b>3,169</b>	<b>3,185</b>	<b>3,204</b>	<b>3,225</b>	<b>3,248</b>
Transmission Losses	29	29	29	29	28	28	28	28	28	28
Dispatchable Demand Resource	(94)	(94)	(93)	(92)	(174)	(147)	(167)	(186)	(204)	(244)
<b>Adjusted Peak</b>	<b>3,068</b>	<b>3,068</b>	<b>3,072</b>	<b>3,072</b>	<b>3,011</b>	<b>3,050</b>	<b>3,045</b>	<b>3,045</b>	<b>3,049</b>	<b>3,032</b>
Reserve Margin	537	537	538	538	527	534	533	533	534	531
<b>Adjusted Peak with Reserves</b>	<b>3,605</b>	<b>3,605</b>	<b>3,609</b>	<b>3,609</b>	<b>3,538</b>	<b>3,583</b>	<b>3,578</b>	<b>3,578</b>	<b>3,583</b>	<b>3,563</b>
<b>Renewable Resources</b>										
<u>SMUD Owned</u>										
UARP – Small Hydro	45	45	45	45	45	45	45	45	45	45
Solano Wind	115	132	134	134	149	145	144	143	146	151
<u>Purchases</u>										
Western (WAPA) – Small Hydro	10	9	9	9	9	9	9	9	9	9
Patua (Gradient/Vulcan) – Geothermal	12	12	12	12	12	12	12	12	--	--
Cal Energy – Geothermal	26	26	26	26	30	30	30	30	30	30
Geyers – Geothermal	100	100	125	125	150	150	150	150	150	150
Grady – Wind	81	92	86	79	78	77	82	89	87	93
Hatchet Ridge - Wind	25	30	31	30	35	33	33	--	--	--
Sunzia - Wind	--	--	56	55	58	50	47	45	43	49
Recurrent Solar Shares	30	18	18	18	8	8	7	7	8	6
Rancho Seco (1&2) - Solar	60	28	161	161	160	161	161	160	161	160
Feed-in-Tariff Photovoltaic - Solar	29	11	12	11	4	3	--	--	--	--
Wildflower - Solar	3	2	1	2	1	1	1	1	1	1
Navajo - Solar	42	20	19	20	6	8	7	8	10	5
Sloughhouse - Solar	34	22	22	21	10	10	9	9	9	8
Oveja Ranch – Solar	--	--	--	55	55	55	55	55	55	55
Country Acres - Solar Hybrid	--	282	289	283	212	213	211	210	213	207
Other Long-Term Contracts	14	14	14	2	--	--	--	--	--	--
Future Uncommitted Renewables	--	--	--	--	55	235	243	399	400	407
<b>Total Renewable Resources</b>	<b>623</b>	<b>841</b>	<b>1,059</b>	<b>1,088</b>	<b>1,075</b>	<b>1,244</b>	<b>1,245</b>	<b>1,372</b>	<b>1,365</b>	<b>1,377</b>
<b>Carbon Free Non-Renewable Resources</b>										
<u>SMUD Owned</u>										
Cosumnes – Shell Landfill Gas and Digester Gas	--	--	--	--	576	576	576	576	576	576
Carson Power Plant <sup>(2)</sup>	--	--	--	--	103	103	103	103	103	103
Procter & Gamble Power Plant <sup>(2)</sup>	--	--	--	--	166	166	166	166	166	166
UARP - Large Hydro	656	656	656	656	640	640	640	640	640	640
Hedge - Storage	4	4	4	4	4	4	4	4	4	4
<u>Purchases</u>										
Western (WAPA) – Large Hydro	309	304	304	304	304	304	304	304	304	304
Western (WAPA) Customers (Wheeling)	18	18	18	18	18	18	18	18	18	18
Future Uncommitted Carbon Free	--	--	--	--	445	445	445	483	483	483
<b>Total Carbon Free Non-Renewable Resources</b>	<b>987</b>	<b>981</b>	<b>981</b>	<b>981</b>	<b>2,256</b>	<b>2,256</b>	<b>2,256</b>	<b>2,294</b>	<b>2,294</b>	<b>2,294</b>
<b>Non-Renewable</b>										
<u>SMUD Owned</u>										
Cosumnes Power Plant	576	576	576	576	--	--	--	--	--	--
Carson Power Plant	103	103	103	103	--	--	--	--	--	--
Procter & Gamble Power Plant	166	166	166	166	--	--	--	--	--	--
McClellan Power Plant	72	72	72	72	--	--	--	--	--	--
Campbell Power Plant	170	170	170	170	--	--	--	--	--	--
<u>Purchases</u>										
Calpine Sutter	258	258	258	258	--	--	--	--	--	--
Firm Contract Reserves <sup>(3)</sup>	17	17	17	17	17	17	17	17	17	17
Committed Purchases	460	60	10	10	--	--	--	--	--	--
<b>Total Non-Renewable Resources</b>	<b>1,822</b>	<b>1,422</b>	<b>1,372</b>	<b>1,372</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>
<b>Total Variable Renewable Diversity Benefit/(Risk)</b>	<b>55</b>	<b>183</b>	<b>200</b>	<b>209</b>	<b>375</b>	<b>383</b>	<b>402</b>	<b>400</b>	<b>397</b>	<b>429</b>
Uncommitted Purchases / (Sales)	118	177	--	--	--	--	--	--	--	--
<b>Total Resources</b>	<b>3,605</b>	<b>3,603</b>	<b>3,612</b>	<b>3,650</b>	<b>3,722</b>	<b>3,900</b>	<b>3,920</b>	<b>4,083</b>	<b>4,072</b>	<b>4,116</b>

(1) Values provided for July (SMUD’s peak month). Based on information available as of December 31, 2025. Totals may not sum due to rounding. Capacity values for wind, solar, storage, and future variable renewable projects shown are based on resource ELCC modeling. Excludes a potential carbon sequestration power purchase agreement that SMUD is considering.

(2) Assumes resource is fueled with existing renewable natural gas supply. See “POWER SUPPLY AND TRANSMISSION – Fuel Supply – *Renewable Natural Gas Supply*.”

(3) SMUD assumes that for all firm system purchases, the suppliers will be planning 5% reserves.

## Balancing Authority Area Agreements

**Background.** SMUD began operating as an independent control area, later termed a Balancing Authority, on June 18, 2002 within the WECC reliability organization's region. This reduced SMUD's exposure to the costs and reliability risks of the CAISO's markets. SMUD expanded its operational footprint beyond SMUD's service territory to include WAPA's electric system, including the MID, Roseville, and Redding service areas (on January 1, 2005) and the COTP (on December 1, 2005). As described further below, SMUD ceased to be the Balancing Authority on April 30, 2011, as BANC took SMUD's place as the Balancing Authority. SMUD remains the operator of the Balancing Authority through a contract with BANC. SMUD administers the contracts with WAPA and TANC to provide specified Balancing Authority-related and other services, and is compensated by WAPA and TANC. TANC recovers such Balancing Authority services costs as a part of its annual operating budget from the COTP Participants and WAPA recovers its Balancing Authority services costs through its rates for power and transmission service. The agreement with WAPA, among other terms, establishes operating procedures and reserve obligations between the parties and terminates on December 31, 2026. WAPA in turn has agreements with electric systems connected to it to assure that such systems also operate reliably (i.e., MID, Roseville and Redding). As a result of the transition to BANC as the Balancing Authority, SMUD assigned or terminated its interconnection and operations agreements with other interconnecting Balancing Authority areas (i.e., CAISO, BPA and TID). BANC is now the party to these agreements as they primarily address only Balancing Authority matters required for compliance with the reliability standards issued by the North American Electric Reliability Corporation ("NERC"), such as emergency assistance arrangements. See also "OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Western Energy Imbalance Market."

**Reliability Standards.** The Energy Policy Act of 2005 gave FERC authority to enforce reliability standards for the bulk electric system. In June 2007, these standards became mandatory for SMUD and BANC.

In 2025, SMUD and BANC underwent a combined NERC/WECC audit to evaluate compliance with applicable reliability standards. These audits occur every three years. At the conclusion of the audit, regulators determined that neither entity had any compliance violations related to the Operations and Planning or Critical Infrastructure Protection Standards.

**Balancing Authority of Northern California.** SMUD, MID, Redding and Roseville executed a Joint Exercise of Powers Agreement (the "BANC JPA Agreement") creating BANC on May 8, 2009. BANC became operational on May 1, 2011 as a Balancing Authority and replaced SMUD as the entity responsible for Balancing Authority-related reliability standards. Since that time, the Trinity Public Utilities District and the City of Shasta Lake have also become members of BANC. As provided in the BANC member agreement, liability for penalties associated with such Balancing Authority-related reliability standards are shared on a *pro rata* basis among the members of BANC. SMUD is the Balancing Authority operator under contract and performs Balancing Authority operational functions on behalf of BANC, much as it did when it was the Balancing Authority. The BANC JPA Agreement assigns cost responsibility based on member load within the BANC Balancing Authority, with SMUD representing approximately 70% of the total load.

## Western Power Pool Agreement

The Western Power Pool ("WPP") is an agreement among over 30 utilities and public agencies in the western United States to coordinate contingency reserve sharing, referred to as the WPP Reserve Sharing Program ("RSP"). The RSP permits participants to rely on one another in the event that any participant experiences a generating resource outage. While SMUD became an RSP participant in 2009,

participation is limited to Balancing Authorities, which SMUD relinquished to BANC in 2011. Under the RSP, BANC and TID (also a WPP member) share their reserve amounts and when necessary and when sufficient unused COTP rights and capacity are available, may call upon WPP reserves from the RSP member systems in the Pacific Northwest. The WPP RSP permits members to operate more efficiently by reducing the contingency reserves that they would otherwise need to have available if they could not rely on each other.

## **Other Interconnection Agreements**

**Background.** SMUD’s electric system was originally purchased from PG&E in 1946. SMUD’s service area is mostly surrounded by PG&E’s and WAPA’s service areas. The SMUD and PG&E electric systems are interconnected at SMUD’s Rancho Seco and Lake 230-kV substations. SMUD and WAPA are interconnected at SMUD’s Hurley, Elverta, Natomas and Folsom 230-kV substations.

**PG&E Interconnection Agreement.** PG&E and SMUD executed a Replacement Interconnection Agreement (“RIA”) which became effective on January 1, 2010. The RIA provides that SMUD and PG&E operate their interconnections reliably, plan their electric systems to meet their load requirements, and avoid or mitigate impacts they cause by certain electric system modifications. The agreement had an original termination date of December 31, 2024, which was extended through December 31, 2025 to allow PG&E to complete a settlement process with TID as described below. SMUD and other northern California utilities have similar interconnection agreements with PG&E, albeit with different expiration dates. PG&E filed a successor interconnection agreement with one of these utilities, TID, on November 1, 2023, to become effective on January 1, 2024. Many interconnection customers, including SMUD, intervened and submitted comments or protests in the FERC docket. TID and PG&E held settlement discussions, in which SMUD participated as a stakeholder, and ultimately agreed on a successor interconnection agreement that was filed at FERC for approval on April 17, 2025. PG&E used this settlement agreement as the template for the successor interconnection agreement with SMUD, which the parties negotiated to preserve the prior agreement’s material terms and conditions, albeit with certain clarifications, and maintains the balance of burdens and benefits consistent with FERC’s standard of requiring rates and terms of service that are just and reasonable. PG&E filed the negotiated revised interconnection agreement with FERC on October 24, 2025, proposing to extend the term of the RIA until 2040. FERC approved the filing on December 19, 2025, effective January 1, 2026.

**PG&E Generator Interconnection Agreements.** SMUD signed a Large Generator Interconnection Agreement (“LGIA”) with CAISO and PG&E for the Solano 3 Wind Project, effective December 16, 2008, with a 50-year term. The Solano 2 Wind Project has interconnection rights granted through a LGIA, also with the CAISO and PG&E. The agreement became effective in January 2010 and has a term of 20 years. On June 3, 2021, SMUD entered into a LGIA with the CAISO and PG&E, for the Solano 4 Wind project with a 10-year term and automatic renewal for successive one-year terms thereafter. On February 27, 2023, SMUD completed a combined LGIA amendment administrative process which combines the Solano 2, 3 & 4 projects into one Solano Wind Project. The original agreement conditions for the individual projects are carried forward with a new combined project maximum production limit of 320.8 MW at the point of interconnection at the Russell Substation.

Other PG&E generator interconnection agreements include a Small Generator Interconnection Agreement with PG&E for Slab Creek with a 22-year term which became effective on January 14, 2010, and a Small Generator Interconnection Agreement with PG&E for the Chili Bar Project with a 10-year term which became effective on June 2, 2021.

**WAPA Interconnection Agreement and other WAPA Agreements.** SMUD and WAPA executed an interconnection agreement on May 8, 2008 for a term of 40 years which establishes the terms and

conditions under which the SMUD and WAPA transmission systems are interconnected and memorializes related understandings. SMUD is working with WAPA on a reconfiguration at the shared Elverta interconnection to increase reliability and accommodate new generation interconnection in the area. SMUD has other agreements with WAPA including for operation of the Sutter Energy Center generating facility, communication systems terms and fiber optic access, training and for use of WAPA labor and heavy equipment to assist SMUD's maintenance activities on an as-available basis.

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**SELECTED OPERATING DATA**

Selected operating data of SMUD for the four years ended December 31, 2022 through 2025 and for the four months ended April 30, 2026 and April 30, 2025 are presented in the following table.

**SMUD SELECTED OPERATING DATA  
CUSTOMERS, SALES, SOURCES OF ENERGY AND REVENUES**

	Four Months Ended April 30,		Year Ended December 31,			
	2026	2025	2025	2024	2023	2022
<b>Customers at End of Period:</b>						
Residential.....			604,239	596,785	588,308	576,471
Commercial and industrial .....			70,739	70,468	70,147	69,512
Other .....			7,243	7,257	7,253	7,290
Total .....			682,221	674,510	665,708	653,273
<b>MWh Sales:</b>						
Residential.....			4,779,217	4,992,375	4,676,766	4,763,277
Commercial and industrial .....			5,673,709	5,676,491	5,374,936	5,805,052
Other .....			52,140	52,335	52,660	53,965
Total .....			10,505,066	10,721,201	10,104,362	10,622,294
Surplus power/out of area sales.....			4,286,066	4,131,264	4,143,139	2,493,651
Total .....			14,791,132	14,852,465	14,247,501	13,115,945
<b>Sources of Energy Sold MWh:</b>						
Generated by SMUD.....			7,046,742	7,264,859	7,270,858	4,368,126
Purchased or exchanged.....			8,040,547	7,943,974	7,308,120	9,162,576
Total .....			15,087,289	15,208,833	14,578,978	13,530,702
Less System losses and SMUD usage..			296,157	356,368	331,477	414,757
Total .....			14,791,132	14,852,465	14,247,501	13,115,945
Gross System peak demand (kW) <sup>(1)</sup> .....			2,797,000	3,147,000	3,059,000	3,263,000
Average kWh sales per residential customer <sup>(2)</sup> .....			7,948	8,425	8,018	8,293
<b>Average Revenue per kWh Sold:</b>						
Residential <sup>(2)</sup> (cents).....			18.91	17.86	16.87	16.73
Commercial & industrial <sup>(2)</sup> (cents) .....			16.33	15.53	15.00	13.97

(1) Peak system MW values are measured at the four SMUD interconnection points and exclude SMUD’s generation losses. Historical values include the impacts of dispatchable, non-dispatchable, and energy efficiency program capacity savings.  
(2) The average kWh sales per residential customer and the average revenue per kWh sold are calculated based upon billed and unbilled sales.

Source: SMUD

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## SELECTED FINANCIAL DATA

### Financial Information of SMUD and its Component Units

The following table presents selected financial data of SMUD and its component units. Under generally accepted accounting principles, data with respect to SMUD's component units, such as NCGA and NCEA, is included with that of SMUD. The following table presents data for SMUD and its component units. However, only SMUD is obligated to make payments with respect to the Senior Bonds and the Subordinated Bonds (each as defined herein). SMUD's component units are not obligated to make payments with respect to the Senior Bonds or the Subordinated Bonds and none of the revenues or other assets of SMUD's component units are available to make payments with respect to the Senior Bonds or the Subordinated Bonds. In aggregate, SMUD's component units represented approximately [ ]% of operating revenues and [ ]% of total assets for the year ended December 31, 2025. See Note 6 (Component Units) to SMUD's audited financial statements.

SMUD's audited financial statements for the years ended December 31, 2025 and December 31, 2024 are included in APPENDIX B attached to this Official Statement. The following summary financial data for SMUD (including its component units) for the years ended December 31, 2022 through December 31, 2025 have been derived from SMUD's audited financial statements for the years ended December 31, 2022 through 2025. The selected financial data for the periods ended April 30, 2026 and April 30, 2025 are derived from SMUD's unaudited financial records, which have been prepared on the same basis as SMUD's audited financial statements for the years ended December 31, 2022 through December 31, 2025. The selected unaudited financial data for the period ended April 30, 2026 are not necessarily indicative of the financial data to be expected for the entire year ending December 31, 2026.

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**SUMMARY OF FINANCIAL INFORMATION FOR SMUD AND ITS COMPONENT UNITS<sup>(1)</sup>**  
**(thousands of dollars)**

	Four Months Ended		Year Ended December 31,			
	April 30,					
	2026	2025	2025	2024	2023	2022
<b>Summary of Income</b>						
Operating Revenues <sup>(2)</sup> .....			\$ 2,120,746	\$1,962,101	\$1,930,664	\$2,147,334
Operating Expenses .....			(1,798,901)	(1,803,958)	(1,748,368)	(2,065,254)
Operating Income (Loss) .....			321,845	158,143	182,296	82,080
Interest and Other Income (Expense) ..			140,449	169,094	136,217	89,820
Interest Expense .....			(99,873)	(101,816)	(98,791)	(101,184)
Change in Net Position .....			\$ 362,421	\$ 225,421	\$ 219,722	\$ 70,716
<b>Selected Statement of Net Position Information</b>						
Net Plant in Service .....			\$4,034,128	\$4,048,848	\$3,653,965	\$3,680,736
Construction Work in Progress .....			775,338	527,739	590,659	347,758
Electric Utility Plant – Net .....			\$4,809,466	\$4,576,587	\$4,244,624	\$4,028,494
Unrestricted Cash .....			\$ 701,169	\$ 547,131	\$ 570,615	\$ 627,864
Rate Stabilization Fund .....			\$ 350,173	\$ 345,389	\$ 212,131	\$ 156,016
Total Assets .....			\$8,641,167	\$8,120,833	\$7,320,723	\$7,217,304
Net Position .....			\$3,174,541	\$2,812,120	\$2,586,699	\$2,366,977
Long-Term Debt <sup>(3)</sup> .....			\$3,373,276	\$3,389,324	\$3,058,621	\$3,024,039
<b>Debt Service Coverage Ratios<sup>(4)</sup></b>						
Parity Debt Service Coverage Ratio...	N/A	N/A	4.28x	3.32x	2.58x	1.86x
Parity and Subordinate Debt Service Coverage Ratio .....	N/A	N/A	3.96x	3.09x	2.44x	1.78x

(1) Financial information for SMUD and its component units, such as NCGA and NCEA, include intercompany balances. The financial information reflects balances after the elimination of intercompany accounts. Effective October 1, 2025, an agreement between SMUD and the Sacramento Municipal Utility District Financing Authority transferred the operation and ownership of the Local Gas-Fired Plants to SMUD for operational and administrative efficiencies.

(2) Operating Revenues reflect net transfers to (from) the Rate Stabilization Fund for each full year as follows:  
2025 (\$0.2) million  
2024 \$133.3 million  
2023 \$56.1 million  
2022 (\$33.0) million

Transfers to the Rate Stabilization Fund reduce operating revenues in the year transferred; transfers from the Rate Stabilization Fund increase operating revenues. Transfers from the HGA balancing account in the Rate Stabilization Fund are automatic based on the amount of precipitation received. See “RATES AND CUSTOMER BASE – Rates and Charges” above.

(3) Long-Term Debt includes Long-Term Debt due within one year and unamortized premiums.

(4) Unaudited. Calculated based on SMUD financial data only (excluding SMUD’s component units).

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## Management's Discussion of SMUD's Operating Results

*Four Months Ended April 30, 2026 (Unaudited).* [To be added]

**Year Ended December 31, 2025.** For the year ended December 31, 2025, SMUD reported an increase in net position of \$364.0 million as compared to an increase of \$244.5 million for 2024.

Operating revenues were \$159.1 million higher than 2024. This was primarily due to higher sales to customers (\$57.9 million), and lower transfers to the rate stabilization fund (\$141.0 million), partially offset by lower sales of surplus power (\$17.4 million), lower AB 32 revenue (\$12.8 million) and lower sales of surplus gas (\$5.9 million).

Operating expenses were \$18.0 million higher than 2024. This was primarily due to higher production operating expenses (\$36.8 million), depreciation (\$19.0 million), administrative and general expenses (\$16.8 million), customer service and information (\$12.3 million), transmission and distribution operating expenses (\$6.6 million), production maintenance expenses (\$6.5 million), and amortization of regulatory assets (\$3.2 million), partially offset by lower purchased power expenses (\$85.9 million).

Non-Operating income decreased by \$23.2 million primarily due to lower other income (\$36.0 million), partially offset by higher contributions in aid of construction (CIAC) revenue (\$6.7 million), higher interest and investment income (\$6.2 million).

Interest expense decreased \$1.6 million from 2024.

**Year Ended December 31, 2024.** For the year ended December 31, 2024, SMUD reported an increase in net position of \$244.5 million as compared to an increase of \$218.1 million for 2023.

Operating revenues were \$34.7 million higher than 2023. This was primarily due to higher sales to customers (\$178.3 million), AB 32 revenue (\$8.8 million), LCFS revenue (\$2.0 million), higher transmission and JPA operations revenues (\$1.6 million) and customer fees (\$1.6 million), partially offset by higher transfers to the rate stabilization fund (\$79.0 million), lower sales of surplus power (\$57.7 million), and lower sales of surplus gas (\$23.8 million).

Operating expenses were \$32.2 million higher than 2023. This was primarily due to higher administrative and general expenses (\$51.5 million), public good expenses (\$9.4 million), customer service and information (\$8.9 million), amortization of regulatory assets (\$6.0 million) and transmission and distribution operations expenses (\$3.2 million), partially offset by lower production operating expenses (\$21.6 million), transmission and distribution maintenance expenses (\$15.7 million), and purchased power expenses (\$12.1 million).

Non-Operating income increased by \$20.9 million primarily due to higher other income (\$12.6 million) due to a business interruption insurance recovery payment related to the Cosumnes Power Plant outage claim and certain settlement payments, higher interest and investment income (\$12.2 million), partially offset by lower unrealized losses (\$4.6 million).

Interest expense decreased \$3.0 million from 2023.

**Regulatory Assets.** In accordance with Governmental Accounting Standards Board ("GASB") No. 62, "Regulated Operations," SMUD defers, as regulatory assets, certain types of expenditures. These assets are amortized and collected through future rates.

As of December 31, 2025, SMUD had a total of \$1,095.1 million recorded for regulatory assets. Regulatory assets associated with costs related to implementation of GASB No. 68 which requires SMUD to record a net pension liability was \$289.5 million and deferred outflows related to GASB No. 68 was \$363.8 million at December 31, 2025. Regulatory assets associated with costs related to implementation of GASB No. 75 which requires SMUD to record a net Other Post Employment Benefit (OPEB) liability was \$242.7 million and deferred outflows related to GASB No. 75 was \$79.0 million at December 31, 2025. Regulatory assets associated with Rancho Seco decommissioning costs totaled \$118.5 million at December 31, 2025. Nuclear fuel storage costs and non-radiological decommissioning costs have been collected in rates since 2009. For a complete description of these regulatory assets, see Note 8 (Regulatory Deferrals) to SMUD's financial statements.

The Board has authorized the deferral of any charges or credits that result from the change in valuation of ineffective hedges that should be reported as Investment Revenue/Expense on the Statements of Revenues, Expenses and changes in net position. The Board's resolution establishes that such charges or credits are not included in rates based on market value changes but are included in rates when the underlying transactions occur. Therefore, under GASB No. 62, "Regulated Operations," any such changes are included in the Statement of Net Position as regulatory assets or liabilities. For a complete description of these derivative financial instruments, see Note 9 (Derivative Financial Instruments) to SMUD's financial statements.

### **RANCHO SECO DECOMMISSIONING**

**Overview.** The 913 MW Rancho Seco Nuclear Power Plant ("Rancho Seco") began Nuclear Regulatory Commission ("NRC") licensed operations in 1974. In June 1989, the electorate of SMUD voted against allowing SMUD to continue to operate Rancho Seco as a nuclear generating facility, and the plant was shut down. In 1991, SMUD submitted a report (the "Financial Assurance Plan") providing required financial assurance to the NRC that SMUD will have sufficient funds available to pay for the cost of decommissioning. On March 17, 1992, the NRC granted SMUD a change from an operating to a possession-only license for Rancho Seco that relieved SMUD from compliance with a number of NRC regulations applicable to operating nuclear power plants. SMUD also filed a proposed decommissioning plan with the NRC (the "Decommissioning Plan"), which was approved in March 1995.

After the decommissioning efforts began, no suitable disposal option was available to SMUD for the Class B and Class C low level radioactive waste generated during the plant decommissioning. With the used nuclear fuel stored onsite requiring oversight staff, SMUD opted to store the Class B and Class C radioactive waste in an existing interim onsite storage building until a suitable disposal option was available. In November 2007, the possession-only license for Rancho Seco was amended to update the Decommissioning Plan to terminate the possession-only license for the Class B and Class C waste in two phases. Phase I of the decommissioning was completed at the end of 2008. Following verification of the site conditions, SMUD submitted a request to the NRC to reduce the licensed facility from 2,480 acres to the interim onsite storage building and about one acre surrounding it. The request was approved by the NRC in September 2009. Phase II of decommissioning included the approximately two-acre interim storage building containing the Class B and Class C radioactive waste and surrounding area. In September 2013, SMUD entered into a contract with the operator of the low-level radioactive waste disposal facility located in Andrews, Texas. Shipment of the Class B and Class C radioactive waste for disposal was completed in November 2014. SMUD conducted additional clean-up activities and radiological surveys, which were followed by NRC confirmatory surveys. The results of these surveys demonstrated unit dose criteria well below NRC release criteria, and the NRC approved the Phase II area for unrestricted use. On September 21, 2017, SMUD formally requested the termination of the possession-only license. On August 31, 2018, the NRC officially terminated SMUD's possession-only license for the remaining Class B and Class C waste at Rancho Seco.

As part of the Decommissioning Plan, the nuclear fuel and Greater Than Class C (“GTCC”) radioactive waste is being stored in a dry storage facility (the Independent Spent Fuel Storage Installation or “ISFSI”) constructed by SMUD, adjacent to the former reactor facility. The NRC has separately licensed this facility. The United States Department of Energy (the “DOE”), under the Nuclear Waste Policy Act of 1982, is responsible for permanent disposal of used nuclear fuel and GTCC radioactive waste. SMUD has a contract with the DOE for the removal and disposal of this waste. The DOE was to have a waste repository operating by 1998, but has experienced significant and ongoing delays. The Nuclear Waste Policy Act designates Yucca Mountain in Nevada as the final and exclusive repository for the nation’s used nuclear fuel. The DOE discontinued the Yucca Mountain license review activities in 2010, but after a court ordered the NRC to resume its review in 2013, the NRC published its final safety evaluation report in 2015. The final safety report, and the final environmental impact statement, concluded that the proposed repository would be safe and environmentally sound for one million years.

Nevertheless, seeking alternatives to Yucca Mountain, the Blue-Ribbon Commission on America’s Nuclear Future delivered its final report in January 2012 with several recommendations. The DOE responded to the recommendations by issuing a report in January 2013 (Strategy for the Management and Disposal of Used Nuclear Fuel and High-Level Radioactive Waste). Key to both documents is a focus on used fuel from decommissioned sites including Rancho Seco. The DOE report accepts most of the Blue-Ribbon Commission recommendations, and contains timelines for fuel management options which proposed removing the fuel from Rancho Seco as early as 2021. However, any progress on the strategies proposed by the DOE is dependent on legislative action by Congress. With no legislative action taken to date, the 2021 projected date for fuel removal slips year-for-year. Therefore, SMUD cannot determine at this time when the DOE will fulfill its contractual obligations to remove the nuclear fuel and GTCC waste from the Rancho Seco facility. In the meantime, SMUD continues to incur costs of approximately \$6 to \$7 million per year for storage of used nuclear fuel at the ISFSI. Historically, SMUD filed a series of successful lawsuits against the federal government for recovery of past spent fuel costs. In the past decade, SMUD has executed and extended a settlement agreement with the federal government, pursuant to which SMUD is reimbursed for most spent fuel costs without having to litigate its claims. SMUD last recovered over \$5 million through the settlement process in 2025 for expenses incurred in 2023. SMUD plans to continue pursuing cost recovery claims through the settlement agreement, or, upon expiration of the agreement, through litigation, to ensure it is reimbursed for its costs in the future. The ISFSI will be decommissioned, and its license terminated after the fuel and GTCC is ultimately removed.

***Financial Assurance Plan.*** In accordance with the Financial Assurance Plan, SMUD established and funded an external decommissioning trust fund currently held by Computershare Corporate Trust (the “Decommissioning Trust Fund”). Pursuant to the Financial Assurance Plan, SMUD made the final deposit into the Decommissioning Trust Fund in 2008. Additional deposits are not expected but will be made if increased cost estimates or reduced fund interest earnings require it. In 2011, the NRC began requiring that SMUD demonstrate financial assurance for decommissioning the ISFSI as well as the former power facility, increasing the overall cost for decommissioning Rancho Seco. The estimated total cost for decommissioning the ISFSI was approximately \$9.1 million on December 31, 2025. The decommissioning cost estimate is required to be updated every three years. As of December 31, 2025, the balance of the Decommissioning Trust Fund was \$10.3 million, excluding unrealized gains and losses. Based on the current decommissioning cost estimate and the value of the fund, SMUD’s existing Decommissioning Trust Fund provides sufficient funds to complete decommissioning and terminate the ISFSI license.

In addition to these costs, SMUD also estimates that it would cost approximately \$13.1 million to restore the site to make it available for other SMUD uses with some major structures remaining intact. Site restoration is not a legal requirement. No site restoration is currently underway.

## EMPLOYEE RELATIONS

SMUD has approximately 2,469 employees, most of whom are covered by a civil service system. SMUD is a contracting member of the California Public Employees' Retirement System ("PERS"). Approximately 50% of SMUD's work-force is represented as to wages, hours and other terms and conditions of employment, by one of three recognized employee organizations, the International Brotherhood of Electrical Workers ("IBEW") Local 1245, the Organization of SMUD Employees ("OSE"), and the SMUD Public Safety Officers' Association ("PSOA"). The remaining approximately 50% of SMUD's work-force, which includes managers, professional, administrative, supervisory, and confidential, is unrepresented.

SMUD negotiated a four-year Memoranda of Understanding ("MOU") with OSE, effective January 1, 2026, through December 31, 2029, and a three-year MOU with IBEW, effective January 1, 2026, through December 31, 2028. Both contracts contain a no-strike/no-lockout clause effective during the life of the agreements. SMUD has a MOU with PSOA effective through December 31, 2026. SMUD has experienced only one labor interruption, which occurred in January 1980 that lasted four days.

## RETIREMENT BENEFITS AND POST-EMPLOYMENT MEDICAL BENEFITS

### Pension Plans

SMUD participates in PERS, an agent multiple-employer public employee defined benefit pension plan. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS acts as a common investment and administrative agent for participating public entities within the State. Benefit provisions and all other requirements are established by State statute and SMUD policies. The pension plan provides retirement benefits, survivor benefits, and death and disability benefits based upon employees' years of credited service, age, and final compensation.

As of June 30, 2024, the last actuarial valuation date for SMUD's plan within PERS, the market value of the SMUD plan assets was \$2.6 billion. The plan is 86.7% funded on a market value of assets basis, an increase of 1.3% compared to the June 30, 2023 funded status based on the market value of assets.

As an employer, SMUD is required to contribute a percentage of payroll each year to PERS to fund SMUD's plan based on actuarial valuations performed by PERS. PERS collects the normal cost based on a percentage of payroll and the unfunded liability portion is based on a dollar amount. SMUD also makes partial contributions required of SMUD employees on their behalf and for their account. At the PERS fiscal year ended June 30, 2025, SMUD's required employer contribution rate for normal cost was 9.5% of payroll and the unfunded liability contribution was \$10.7 million. During 2025, SMUD contributed \$33.1 million to PERS (including SMUD's contributions to cover required employee contributions), and SMUD employees paid \$21.1 million for their share of the PERS contribution.

For the fiscal years ending June 30, 2026 and June 30, 2027, SMUD is required to contribute 9.3% and 9.1% of payroll for normal costs and \$24.8 million and \$31.9 million for the unfunded liability contribution, respectively. Assuming no amendments to the plan and no liability gains or losses (which can have a significant impact), PERS has projected that SMUD will be required to contribute 9.0% of payroll to the plan for normal costs and \$35.3 million for the unfunded liability for the fiscal year ending June 30, 2028, not including SMUD contributions to cover required employee contributions. The amount SMUD is required to contribute to PERS is expected to increase in the future. The actual amount of such increases will depend on a variety of factors, including but not limited to investment returns, actuarial methods and assumptions, experience and retirement benefit adjustments.

SMUD has the option to prepay an annual lump sum payment to PERS for the unfunded accrued liability portion only (not including SMUD contributions to cover required employee contributions). SMUD made an annual lump sum prepayment of \$10.3 million, and voluntarily made an additional payment of \$26.1 million toward the unfunded accrued liability for the fiscal year ended June 30, 2025. SMUD made an annual lump sum prepayment of \$24.0 million and, to date, has not voluntarily made additional payments towards the unfunded accrued liability for the fiscal year ending June 30, 2026.

While SMUD has some ability to adjust the retirement benefits provided to its employees, PERS determines the actuarial methods and assumptions used with respect to assets administered by PERS (including the SMUD plan assets) and makes the investment decisions with respect to such assets. For a description of such actuarial methods and assumptions (including the smoothing conventions used by PERS when setting employer contribution rates) and investments, see the comprehensive annual financial report of PERS (SMUD's plan is part of the Public Employees' Retirement Fund of PERS) available on its website at [www.calpers.ca.gov](http://www.calpers.ca.gov). SMUD cannot guarantee the accuracy of such information and neither the comprehensive annual financial report of PERS nor any other information contained on the PERS website is incorporated by reference in or part of this Official Statement. Actuarial assessments are "forward-looking" information that reflect the judgment of the fiduciaries of the pension plans, and are based upon a variety of assumptions, one or more of which may prove to be inaccurate or be changed in the future. Actuarial assessments will change with the future experience of the pension plans.

GASB issued statement No. 68 "Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27" ("GASB No. 68"). The primary objective of GASB No. 68 is to improve accounting and financial reporting by state and local governments for pensions. Under GASB No. 68, SMUD is required to report the net pension asset or net pension liability (i.e., the difference between the total pension liability and the pension plan's net position or market value of assets) in its Statement of Net Position. This standard requires shorter amortization periods for recognition of non-investment gains and losses and actuarial assumption changes, as well as for recognition of investment gains and losses. SMUD has elected to use regulatory accounting, which allows amortization of these gains, losses, and assumption changes over periods longer than those required by GASB No. 68 (see Regulatory Assets). GASB No. 68 separates financial reporting from funding requirements for pension plans. The net pension liability as of December 31, 2025 and December 31, 2024 is \$209.7 million and \$308.4 million, respectively.

SMUD provides its employees with two cash deferred compensation plans: one pursuant to Internal Revenue Code ("IRC") Section 401(k) (the "401(k) Plan") and one pursuant to IRC Section 457 (the "457 Plan" and collectively, the "Plans"). The Plans are contributory plans in which SMUD's employees contribute the funds. Each of SMUD's eligible full-time or permanent part-time employees may participate in either or both Plans, and amounts contributed by employees are vested immediately. Such funds are held by a trustee in trust for the employees upon retirement from SMUD service and, accordingly, are not subject to the general claims of SMUD's creditors. SMUD makes annual contributions to the 401(k) Plan on behalf of certain employees pursuant to a memorandum of understanding with both of its collective bargaining units. SMUD matches non-represented employee contributions to the 401(k) Plan up to a set amount. SMUD also makes limited discretionary contributions to non-represented employees hired after January 1, 2013, which contributions fully vest after five years. Prior to 2022, SMUD did not match employee contributions, nor make contributions on behalf of its employees to the 457 Plan. Beginning in 2022, SMUD makes annual contributions to the 457 Plan on behalf of certain employees and matches employee contributions up to a set amount pursuant to a memorandum of understanding with one of its collective bargaining units. SMUD made contributions to both Plans of \$8.1 million in 2025 and \$7.5 million in 2024. Participating employees made contributions into both Plans totaling \$38.5 million in 2025 and \$36.0 million in 2024.

## Other Post-Employment Benefits

SMUD provides post-employment healthcare benefits, in accordance with SMUD policy and negotiated agreements with employee representation groups in a single employer defined benefit plan, to all employees who retire from SMUD, and their dependents. SMUD also provides post-employment healthcare benefits to covered employees who are eligible for disability retirement. SMUD contributes the full cost of coverage for retirees hired before January 1, 1991, and a portion of the cost based on credited years of service for retirees hired after January 1, 1991. SMUD also contributes a portion of the costs of coverage for these retirees' dependents. Retirees are required to contribute the portion that is not paid by SMUD. The benefits, benefit levels, retiree contributions and employer contributions are governed by SMUD and can be amended by SMUD through its personnel manual and union contracts.

SMUD's post-employment health care benefits are funded through the PERS California Employers' Retiree Benefit Trust ("CERBT"), an agent multiple-employer plan. The funding of a plan occurs when the following events take place: the employer makes payments of benefits directly to or on behalf of a retiree or beneficiary; the employer makes premium payments to an insurer; or the employer irrevocably transfers assets to a trust or other third party acting in the role of trustee, where the plan assets are dedicated to the sole purpose of the payments of the plan benefits, and creditors of the government do not have access to those assets.

SMUD has elected to contribute the normal costs to the CERBT but annually receive reimbursement for cash benefit payments from the CERBT. In 2026, SMUD's contribution for the normal costs to CERBT is \$9.6 million. In 2025 and 2024, SMUD made contributions to the CERBT for normal costs in the amount of \$8.8 million and \$8.5 million, respectively. SMUD can elect to make additional contributions to the trust. During 2025 and 2024, SMUD made healthcare benefit contributions by paying actual medical costs of \$25.1 million and \$25.3 million, respectively. During 2025 and 2024, SMUD received \$25.3 million and \$24.1 million, respectively, in reimbursement for cash benefit payments from the CERBT.

At June 30, 2025 and 2024, SMUD estimated that the actuarially determined accumulated post-employment benefit obligation was approximately \$479.4 million and \$431.7 million, respectively. At June 30, 2025 and 2024, the plan was 87.8% and 90.7% funded, respectively.

SMUD's actuary uses PERS economic and other assumptions as the basis for the calculation of the post-employment benefit obligation. The actual accumulated post-employment benefit obligation will vary substantially if such PERS assumptions, such as interest rate and life expectancy, among others, prove to be inaccurate or different than SMUD's actual experience. Although SMUD believes that such assumptions and estimates are reasonable, no assurance can be given that any such assumptions will prove to be accurate, or that SMUD's actual accumulated post-employment benefit obligation will not materially exceed its estimates. Additional information is available in Note 15 (Other Postemployment Benefits) and "Required Supplementary Information" to SMUD's consolidated financial statements.

GASB previously issued SGAS No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions". The primary objective of GASB No. 75 is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions ("OPEB"). Under GASB No. 75, SMUD is required to report the net OPEB asset or net OPEB liability (i.e., the difference between the total OPEB liability and the OPEB plan's net position or market value of assets) in its Statement of Net Position. This standard requires shorter amortization periods for recognition of non-investment gains and losses and actuarial assumption changes, as well as for recognition of investment gains and losses. SMUD has elected to use regulatory accounting, which allows amortization of these gains, losses, and assumption changes over periods longer than those required by GASB No. 75

(see Regulatory Assets). The net OPEB liability as of December 31, 2025 and December 31, 2024 is \$48.5 million and \$34.1 million, respectively.

## CAPITAL REQUIREMENTS AND OUTSTANDING INDEBTEDNESS

### Estimated Capital Requirements

SMUD has a projected capital requirement of approximately \$3.0 billion for the period 2026 through 2030 as shown in the table below. Approximately 60% of this requirement is anticipated to be funded with internally generated funds and cash on hand.

Special projects include costs relating to construction of large substations and a replacement operations control building.

### ESTIMATED CAPITAL REQUIREMENTS (Dollars in Thousands)

	<b>Service Area and Other System Improvements Including Distribution System</b>	<b>Improvements to Existing Generation Plant</b>	<b>General Plant</b>	<b>Special Projects</b>	<b>Total Capital Requirements</b>
2026	205,706	119,019	153,814	191,883	670,422
2027	267,566	100,703	118,191	113,797	600,257
2028	264,430	113,235	113,774	110,266	601,705
2029	264,430	113,235	116,270	110,266	604,201
2030	264,430	113,235	120,939	110,266	608,870

### Outstanding Indebtedness

**General.** SMUD typically finances its capital requirements through the sale of revenue bonds, the sale of commercial paper, from draws on its Revolving Credit Facilities (as defined below) and from internally generated funds and cash on hand.

SMUD’s Electric Revenue Bonds (the “Senior Bonds”) are issued pursuant to Resolution No. 6649 (the “Senior Resolution”) adopted in 1971, as amended and supplemented (the “Senior Resolution”). As of [March 31, 2026], SMUD had Senior Bonds in the aggregate principal amount of \$[1,908,940,000] outstanding. The Senior Bonds are payable solely from the Net Revenues of SMUD’s Electric System. The Senior Bonds are subordinate in right of payment to the prior payment of “Maintenance and Operation Costs” and “Energy Payments” as defined in the Senior Resolution, including payments by SMUD to TANC under PA3 and payments by SMUD to NCGA and NCEA under their respective gas supply contracts.

SMUD’s Subordinated Electric Revenue Bonds (the “Subordinated Bonds”) are issued pursuant to Resolution No. 85-11-1 of SMUD, adopted on November 7, 1985, as amended and supplemented (the “Subordinate Resolution”). As of [March 31, 2026], SMUD had Subordinated Bonds in the aggregate principal amount of \$[432,020,000] outstanding. The Subordinated Bonds are payable solely from the Net Subordinated Revenues of SMUD’s Electric System. The Subordinated Bonds are subordinate in right of payment to the prior payment of principal of and interest on the Senior Bonds.

SMUD issues commercial paper notes (the “Notes”) from time to time. As of May 31, 2026, \$50 million in aggregate principal amount of the Notes were outstanding. Currently, Notes in the aggregate principal amount of \$400,000,000 may be outstanding at any one time, but SMUD reserves the right to increase or decrease the aggregate principal amount of the Notes that may be outstanding at any one time in the future. The Notes are secured by letters of credit issued by commercial banks. The Notes (and SMUD’s obligations to repay drawings under the letters of credit) are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds. Drawings under the letters of credit, to the extent not repaid immediately from the proceeds of commercial paper or other available SMUD funds, are repayable with interest over a period of five years. The letters of credit currently expire in March of 2027 and September 2028. SMUD expects to pay all \$50 million outstanding principal amount of the Notes with the proceeds of the [2026 Subordinated Bonds] (as defined in the forepart of this Official Statement). See “PLAN OF FINANCE” in the forepart of this Official Statement.

SMUD has also entered into two revolving credit agreements with commercial banks and issued its taxable and tax-exempt revolving notes thereunder (collectively, the “Revolving Credit Facilities”). As of May 31, 2026, no principal amount was outstanding under the Revolving Credit Facilities. Currently, the aggregate principal amount that can be outstanding under the Revolving Credit Facilities at any one time is limited to \$150,000,000. However, SMUD reserves the right to increase or decrease the aggregate principal amount that can be outstanding at any one time under the Revolving Credit Facilities in the future. SMUD’s payment obligations under the Revolving Credit Facilities are payable solely from available revenues of SMUD’s Electric System and are subordinate in right of payment to the prior payment of principal of, premium if any, and interest on the Senior Bonds and the Subordinated Bonds. The current terms of the Revolving Credit Facilities expire in March 2029 and April 2029.

***Joint Powers Authorities.*** SMUD and Sacramento Municipal Utility District Financing Authority formed NCGA as a joint powers authority. NCGA is treated as a component unit of SMUD for accounting purposes. NCGA issued \$757,055,000 in bonds in May 2007 for the purpose of paying Morgan Stanley Capital Group in advance for natural gas to be delivered to NCGA and then sold to SMUD pursuant to a long-term purchase contract. SMUD’s obligation under the purchase contract is limited to payment for gas supplies delivered by NCGA. SMUD’s payments under the purchase contract are payable from revenues of SMUD’s Electric System prior to the payment of principal and interest on the Senior Bonds and the Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution. SMUD is not obligated to make any payments in respect of debt service on the NCGA bonds. As of [March 31, 2026], related bonds in the aggregate principal amount of \$[66,245,000] remain outstanding.

SMUD and Sacramento Municipal Utility District Financing Authority formed NCEA as a joint powers authority. NCEA is treated as a component unit of SMUD for accounting purposes. NCEA issued \$689,700,000 in bonds on April 5, 2024, for the purpose of (i) refunding prior bonds issued by NCEA, the proceeds of which were used to pay J. Aron & Company LLC in advance for natural gas or electricity to be delivered to NCEA and then sold to SMUD pursuant to a long-term purchase contract and (ii) to pay Aron Energy Prepay 33 LLC for additional natural gas or electricity to be delivered to NCEA and then sold to SMUD pursuant to the same long-term purchase contract. SMUD’s obligation under the purchase contract is limited to payment for gas or electricity supplies delivered by NCEA. SMUD’s payments under the purchase contract are payable from revenues of SMUD’s Electric System prior to the payment of principal and interest on the Senior Bonds and the Subordinated Bonds as either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution. SMUD is not obligated to make any payments in respect of debt service on the NCEA bonds. As of [March 31, 2026], related bonds in the aggregate principal amount of \$[684,245,000] remain outstanding.

**Interest Rate Swap Agreements.** SMUD has an interest rate swap agreement relating to currently outstanding Subordinated Bonds, as shown in the following table. For more information, see Note 9 (Derivative Financial Instruments) to SMUD’s consolidated financial statements.

<b>Effective Date</b>	<b>Termination Date</b>	<b>SMUD Pays</b>	<b>SMUD Receives</b>	<b>Notional Amount (000’s)</b>	<b>Counterparty</b>	
07/12/2023	08/15/2041	Fixed	0.7179%	70% of 1M Fallback SOFR	132,020	Barclays Bank

The obligations of SMUD under the swap agreement are not secured by a pledge of revenues of SMUD’s electric system or any other property of SMUD. SMUD does not currently have any collateral posting requirements with respect to the interest rate swap agreement, but SMUD may be required to post collateral under certain circumstances.

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**Debt Service Requirements.** The following table sets forth SMUD’s debt service requirements with respect to SMUD’s Senior Bonds and Subordinated Bonds.

**DEBT SERVICE REQUIREMENTS<sup>(1)</sup> [TO BE UPDATED]**

<b>Calendar Year</b>	<b>Senior Bonds Debt Service<sup>(2)</sup></b>	<b>Subordinated Bonds Debt Service<sup>(3)</sup></b>	<b>Total Debt Service</b>
2026	\$ 188,456,788	\$ 15,947,772	\$ 204,404,559
2027	188,543,538	15,947,772	204,491,309
2028	188,654,538	15,948,211	204,602,749
2029	148,758,900	15,947,332	164,706,232
2030	147,925,150		
2031	151,253,650		
2032	150,754,650		
2033	150,757,150		
2034	150,792,400		
2035	151,217,550		
2036	151,649,050		
2037	114,916,300		
2038	114,605,050		
2039	114,285,050		
2040	113,968,800		
2041	100,623,550		
2042	70,548,850		
2043	70,339,650		
2044	70,135,250		
2045	69,926,700		
2046	64,515,250		
2047	64,516,000		
2048	64,522,500		
2049	64,518,750		
2050	64,519,250		
2051	39,127,500		
2052	39,126,500		
2053	39,128,250		
2054	21,388,500		
2055	--		
<b>Total</b>	<b>\$3,069,475,063</b>	<b>\$</b>	<b>\$</b>

(1) Does not include bonds issued by NCGA, NCEA or SMUD’s portion of bonds issued by TANC. Payments by SMUD which are used by NCGA, NCEA, and TANC to pay debt service on such bonds constitute either “Maintenance and Operation Costs” or “Energy Payments” under the Senior Resolution and the Subordinate Resolution.

(2) Does not include debt service for the Senior Bonds anticipated to be issued as part of the plan of finance described in the forepart of this Official Statement.

(3) Does not include debt service for the Subordinated Bonds anticipated to be issued as part of the plan of finance described in the forepart of this Official Statement. Based on an assumed interest rate of [3.5]% per annum following (i) the initial scheduled Mandatory Purchase Date of October 15, 2030, for SMUD’s Subordinated Electric Revenue Refunding Bonds, 2023 Series D, (ii) the initial scheduled Mandatory Purchase Date of October 15, 2032, for SMUD’s Subordinated Electric Revenue Refunding Bonds, 2025 Series E, and (iii) the initial scheduled Mandatory Purchase Date of October 15, 2031, for SMUD’s Subordinated Electric Revenue Refunding Bonds, 2025 Series F.

Note: Amounts may not add due to rounding.

## INSURANCE

SMUD maintains a comprehensive property/casualty insurance program designed to protect against catastrophic losses that would have an adverse effect on its financial position or operational capabilities. Insurance programs are continuously reviewed and modified when construction, operational exposures, or developments in the insurance industry so warrant. Long term relationships with a variety of insurers minimize SMUD's susceptibility to the effects of market cycles.

SMUD safeguards assets with all-risk property and boiler/machinery insurance with limits of \$800 million per occurrence for physical damage and business interruption combined. Various coverage sublimits and deductibles apply to losses arising from certain perils, such as business interruption, earthquake, or flood, respectively. Liability insurance is in effect to defend and indemnify SMUD against third party claims, including general, automobile and sudden and accidental pollution claims with policy limits of \$180 million, and wildfire coverage with policy limits of \$350 million, all of which include a variety of self-insured retentions.

Nuclear property and liability insurance policies are maintained in accordance with the NRC's requirements for decommissioned nuclear plants that maintain dry storage of spent fuel on-site. This includes \$100 million in first party property damage and decontamination, \$100 million for nuclear liability arising from accidents on-site, \$200 million for supplier's and transporter's nuclear liability, and \$300 million for nuclear worker liability. SMUD is exposed to possible retrospective assessments for nuclear property events occurring at other nuclear facilities in the United States capped at ten times SMUD's annual nuclear property premium (currently the maximum retrospective assessment is approximately \$1,000,000).

Other types of insurance include non-owned aircraft liability, workers' compensation, crime, cyber security, fidelity, fiduciary liability, directors' and officers' liability, professional errors and omissions, transportation, and builder's risk for major facilities under construction.

## LEGAL PROCEEDINGS

SMUD is a party to numerous actions arising out of the conduct of its business and affairs, some of which are discussed below. SMUD believes that any losses or adverse financial results it may suffer in these current actions, to the extent not covered by insurance, would not, in the aggregate, have an adverse material impact on SMUD, its business and affairs, or results of operations, financial position or liquidity.

### **Environmental Litigation**

SMUD was one of many potentially responsible parties that had been named in a number of actions relating to environmental claims and/or complaints. SMUD has resolved these environmental claims and/or complaints and entered into settlement agreements and/or consent orders. These settlement agreements and consent orders have statutory reopener provisions which allow regulatory agencies to seek additional funds for environmental remediation under certain limited circumstances. While SMUD believes it is unlikely that any of the prior settlements or consent orders will be reopened, the possibility exists. If any of the settlements or consent orders were to be reopened, SMUD believes that the outcome will not have a material adverse impact on SMUD's financial position, liquidity, or results of operations.

### **Other Litigation Matters**

Currently, SMUD is party to various claims, legal actions and complaints relating to its operations, including, but not limited to, property damage, personal injury, contract disputes, and employment matters.

SMUD believes that the ultimate resolution of these matters will not have a material adverse effect on SMUD's financial position, liquidity, or results of operations.

### **FERC Administrative Proceedings**

SMUD is involved in a number of FERC administrative proceedings related to the operation of wholesale energy markets, regional transmission planning, gas transportation and NERC reliability standards. These proceedings generally fall into the following categories: (i) filings initiated by the CAISO (or other market participants) to adopt/modify the CAISO Tariff and/or establish market design and behavior rules; (ii) filings initiated by existing transmission owners (i.e., PG&E and the other IOUs) to pass-through costs to their existing wholesale transmission customers; (iii) filings initiated by FERC on market participants to establish market design and behavior rules or investigate market behavior by certain market participants; (iv) filings initiated by transmission owners under their transmission owner tariffs to establish a regional transmission planning process; (v) filings initiated by providers of firm gas transportation services under the Natural Gas Act; and (vi) filings initiated by NERC to develop reliability standards applicable to owners, users, and operators of the bulk electric system. In addition, SMUD is an active participant in other FERC administrative proceedings, including those related to reliability, variable resource integration and the changing resource mix, and transmission planning and cost allocation. SMUD believes that determinations of these FERC proceedings will not have a material adverse effect on SMUD's financial position, liquidity or results of operations.

### **CPUC Administrative Proceedings**

Periodically, PG&E seeks to update its gas transmission and storage ("GT&S") revenue requirements and rate designs. These applications are litigated at the CPUC and affect SMUD through several tariff rates SMUD pays to move natural gas along PG&E's backbone transmission lines. In the 2019 GT&S rate case (the "2019 GT&S Case"), the CPUC affirmed the application in GT&S rates of cost causation principles to prevent excessive and unreasonable costs being shifted to electric generator backbone customers like SMUD, either through proposed changes in PG&E's natural gas storage strategy or through cost shifts within the electric generator customer class. Following the 2019 GT&S Case, PG&E filed its 2023 General Rate Case (the "GRC") in June 2021 (covering years 2023-2026), and its Gas Cost Allocation and Rate Design Proposal ("CARD") in September 2021. The CPUC resolved all issues through approval of a comprehensive, all-party settlement in March 2024.

PG&E filed its most recent General Rate Case ("2027 GRC") in May 2025, which seeks to establish, among other things PG&E's gas transmission and storage revenue requirements in years 2027-2030. PG&E filed its associated 2027 CARD application in November 2025. SMUD is a party to and monitoring both proceedings at the CPUC. SMUD does not believe that determinations of these CPUC proceedings will have a material adverse effect on SMUD's financial position, liquidity or results of operations. SMUD will continue to actively participate in PG&E's future GRC and CARD proceedings to ensure that costs are fairly allocated to non-core customers, including electric generator backbone customers.

SMUD monitors a number of other CPUC proceedings. These proceedings generally fall into the following categories: (i) filings initiated by PG&E to adopt/modify its tariffs and/or rules; (ii) rulemakings initiated by the CPUC to establish market design and behavior rules or program rules affecting SMUD customers; and (iii) rulemakings initiated by the CPUC to establish electric and/or gas system safety design and maintenance rules, including long-term gas system planning. SMUD believes that determinations of these CPUC proceedings will not have a material adverse effect on SMUD's financial position, liquidity or results of operations.

## **DEVELOPMENTS IN THE ENERGY SECTOR**

### **California Electric Market**

In 1996, the State partially deregulated its electric energy market and the CAISO was established in 1998. Since the CAISO's formation, the State has experienced episodes of higher and more volatile prices for natural gas and wholesale electricity. In reaction to such conditions, SMUD made significant changes to its business strategy to mitigate the impacts of the more volatile and unpredictable energy markets. Volatility in energy prices in the State are always a potential risk due to a variety of factors which affect both the supply and demand for electricity in the western United States. These factors include, but are not limited to, the implementation of the CAISO market design changes, insufficient generation resources, the increase in intermittent renewable energy resources, natural gas price volatility, fuel costs and availability, weather and natural disasters, transmission constraints and levels of hydroelectric generation within the region. While SMUD has taken a number of steps to mitigate its exposure to price volatility associated with these factors, this price volatility under extreme conditions may contribute to greater volatility in SMUD's net revenues from the purchase and sale of electric energy and, therefore, could materially adversely affect the financial condition and liquidity of SMUD. For a discussion of SMUD's current resource planning activities and risk management strategies, see "BUSINESS STRATEGY" above.

### **Cybersecurity**

Cybersecurity continues to be a top priority for SMUD. Attacks or threats directed at critical electric or energy sector operations could damage or cause the shut-down of generation, transmission or distribution assets that are essential to SMUD's ability to serve its customers, cause operational malfunctions and outages affecting SMUD's electric system, and result in costly recovery and remediation efforts. The costs of security measures or of remedying breaches could be material.

SMUD participates in sharing and receiving information about cyber security threats in real-time through the Electricity Information Sharing and Analysis Center ("E-ISAC"), the central hub for such data to actively manage risk related to potential cyber intrusion. SMUD collaborates and receives threat intelligence from Federal entities such as the FBI and CISA. SMUD also participates in NERC's development of mandatory, enforceable cyber security standards to address vulnerabilities in electric utility systems. SMUD also adopts voluntary measures suggested as best practices by the National Institute of Standards and Technology ("NIST") in its national framework.

SMUD's prudent response to this ever-changing threat requires constant monitoring and frequent updates to implement new regulatory requirements as they are developed. SMUD manages risk related to frequently changing regulatory requirements by participating in the development of standards at NERC and NIST and through active engagement in the cyber security policy dialogue in Congress.

### **Physical Security**

Physical security is a critical concern for electric utilities as they seek to protect their infrastructure from a range of threats. The electric utility infrastructure is complex and consists of multiple components, such as power plants, substations, transmission and distribution lines, and other facilities. SMUD employs a dedicated physical security team that is deployed 24/7 and allows SMUD to respond to emergent events in a safe, coordinated, efficient, and cohesive manner, protecting the lives of its employees, customers, community, properties and assets. SMUD has policies, processes and procedures in place that outline the access controls and restrictions for its properties. SMUD restricts access based on need as it determines, while adhering to applicable laws, regulations and standards such as NERC Reliability Standards and NRC

regulations. SMUD also maintains a Utility Security Plan adopted by the Board representing SMUD's compliance with the CPUC's Safety and Enforcement Division six-step security plan process described in CPUC Decision 19-01-018. SMUD is reviewing and will present an updated Utility Security Plan to the Board prior to July 2026, in alignment with the CPUC Decision.

During times of elevated, imminent threats, safety and/or security concerns, SMUD's Security Operations team, under the direction of the Chief Diversity Officer or delegate, reserves the right to deploy additional security measures, controls, and further restrict or limit access to its properties to increase its security posture.

SMUD operates a 24/7 security operations center which monitors and coordinates responses to situations reported by internal and external stakeholders, or which are detected by SMUD's security technology. The technology includes access control, video surveillance, and various types of intrusion detection solutions. The security operations center is a central hub for initial contact for physical security calls from employees of suspicious events and initiates incident responses as needed.

### **Federal Legislation and Regulatory Proceedings**

***Energy Policy Act of 2005.*** On August 8, 2005, the Energy Policy Act of 2005 (the "EPAct of 2005") was signed into law. The law includes a number of energy-related provisions such as limited FERC jurisdiction over interstate transmission assets of municipal utilities, cooperatives and federal utilities to order these entities to provide transmission services on rates and terms comparable to those the entities charge and provide to themselves; the grant of authority to FERC to establish and certify an electric reliability organization to develop and enforce reliability standards for users of the bulk power transmission system; and prohibitions of certain market practices including the provision of false information and related expansion of FERC civil and criminal penalty authority. The most impactful part of the EPAct of 2005 on SMUD has been the development and enforcement of mandatory federal reliability standards.

***Federal Regulation of Transmission Access.*** The Energy Policy Act of 1992 (the "Energy Policy Act") made fundamental changes in the federal regulation of the electric utility industry, particularly in the area of transmission access. The Energy Policy Act provided FERC with the authority to require a transmitting utility to provide transmission services at rates, charges, terms and conditions set by FERC. The purpose of these changes, in part, was to bring about increased competition in the electric utility industry. Under the Energy Policy Act, electric utilities owned by municipalities and other public agencies which own or operate electric power transmission facilities which are used for the sale of electric energy at wholesale are "transmitting utilities" subject to the requirements of the Energy Policy Act.

Since the Energy Policy Act, FERC has adopted a series of rules to implement competitive open access to transmission facilities and regional transmission planning. Order No. 888, issued in 1996, requires the provision of open access transmission services on a nondiscriminatory basis by all "jurisdictional utilities" (which, by definition, does not include municipal entities like SMUD) by requiring all such utilities to file OATTs. Order No. 888 also requires "nonjurisdictional utilities" (which, by definition, does include SMUD) that purchase transmission services from a jurisdictional utility under an open access tariff and that owns or controls transmission facilities to provide open access service to the jurisdictional utility under terms that are comparable to the service that the nonjurisdictional utility provides itself. Section 211A of the EPAct of 2005 authorizes, but does not require, FERC to order unregulated transmission utilities to provide transmission services, including rates and terms and conditions, that are comparable to those under which the unregulated transmitting utility provides transmission services to itself that are not unduly discriminatory or preferential – often referred to as the reciprocity rule.

In Order 890, issued in 2007, FERC stated that it will implement its authority under Section 211A on a case-by-case basis and retain the current provisions.

In 2011, FERC issued Order 1000, which requires public utility (jurisdictional) transmission providers to participate in a regional transmission planning process that produces a regional transmission plan and that incorporates a regional and inter-regional cost allocation methodology. Similar to Order 890, FERC states that it will implement its authority under Section 211A on a case-by-case basis. However, in Order 1000, FERC expands upon the current reciprocity provisions and states that it has the authority to allocate costs to beneficiaries of services provided by specific transmission facilities even in the absence of a contractual relationship between the owner of the transmission facilities and the identified beneficiary.

SMUD, individually, and through the Large Public Power Council (“LPPC”), appealed Order 1000, but in 2014 the D.C. Circuit Court of Appeals rejected all of the arguments raised on appeal, upholding the entirety of Order 1000.

The jurisdictional members of WestConnect filed their proposed regional planning process and cost allocation methodology through a series of compliance filings at FERC. FERC accepted binding cost allocation for jurisdictional transmission providers of WestConnect and mandated that non-jurisdictional transmission providers (such as SMUD) identified as beneficiaries of a project have the ability to not accept the cost allocation. WestConnect’s Order 1000 planning process began with the 2016-2017 planning cycle.

However, in response to FERC’s WestConnect orders on compliance, El Paso Electric Company (“El Paso”), a jurisdictional transmission provider, petitioned to the Court of Appeals for the 5th Circuit contending that FERC’s WestConnect orders violated Order 1000’s cost causation principle because WestConnect’s binding cost allocation applies only to the jurisdictional transmission providers which forces jurisdictional transmission providers to subsidize projects benefitting non-jurisdictional transmission providers that opt-out of projects. On August 2, 2023, the court reversed FERC’s orders implementing Order No. 1000 for WestConnect concerning cost allocation of regional transmission projects to non-jurisdictional transmission providers, and remanded to FERC to address this issue. The court found that the WestConnect orders are incompatible with Order No. 1000’s application of the cost causation principle to address free ridership. As a result, per a FERC order effective April 24, 2025, the non-jurisdictional transmission providers may no longer participate in WestConnect’s regional planning process unless they enroll in binding cost allocation. The non-jurisdictional transmission providers continue to assess options, but none have currently enrolled in the region. SMUD’s long-standing objective is to comply with open access requirements necessary to achieve reciprocity, including through participation in a regional planning process while not binding itself to mandatory cost allocation. Thus, SMUD has an interest in continuing to explore options for participation in a regional transmission planning process which could include forming a separate region, joining another region (e.g. NorthernGrid), or developing an alternative non-jurisdictional framework within WestConnect that would pass FERC cost-allocation muster while at the same time maintaining its business and jurisdictional interests.

On April 21, 2022, FERC issued a Notice of Proposed Rulemaking on Building for the Future Through Electric Regional Transmission Planning and Cost Allocation and Generator Interconnection (the “NOPR”). The NOPR sought input on proposals that would impact the regional transmission planning and cost allocation process. SMUD engaged in the proceeding, providing input and helping draft comments with trade organizations, including LPPC. On May 13, 2024, FERC issued Order 1920 which requires that transmission providers through regional planning entities (e.g. WestConnect) plan for transmission needs over a 20-year horizon, considering certain factors and benefits. The new long-term regional transmission planning (“LTRTP”) process is added to the existing Order 1000 planning requirements. Importantly, Order 1920 contains cost containment protocols that require “right sizing” transmission facilities and re-evaluation of projects in the event of delays or cost overruns. Given FERC’s April 24, 2025, order regarding

regional planning participation of non-jurisdictional transmission providers in WestConnect, the non-jurisdictional transmission providers have not participated in the WestConnect efforts to develop its LTRTP process. However, SMUD will continue to monitor and be engaged in any developments at FERC that impact Orders 1000 and 1920 processes and its regional transmission planning participation.

SMUD is unable to predict at this time the full impact that Orders 1000 and 1920 will have on the operations and finances of SMUD's electric system. SMUD will continue to take any action necessary, including withdrawing from a cost allocation determination or planning region, and engaging in FERC proceedings, to ensure that it is not required to pay for transmission costs in the absence of an agreement or service relationship.

***NERC Reliability Standards.*** The EPCRA of 2005 required FERC to certify an electric reliability organization ("ERO") to develop mandatory and enforceable reliability standards, subject to FERC review and approval. On February 3, 2006, FERC issued Order 672, which certified NERC as the ERO. Many reliability standards have since been approved by FERC, including those aimed at protecting the bulk electric system from physical and cyber threats.

The ERO or the regional entities, such as WECC, may enforce the reliability standards, subject to FERC oversight or FERC may independently enforce reliability standards. Potential monetary sanctions include fines of up to \$1,584,648 per violation per day. Order 693 provides ERO and regional entities with the discretion necessary to assess penalties for such violations, while also having discretion to calculate a penalty without collecting the penalty if circumstances warrant.

***Anti-Market Manipulation Rules.*** The EPCRA of 2005 gave FERC the authority to issue rules to prevent market manipulation in jurisdictional wholesale power and gas markets, and in jurisdictional transmission and transportation services. These anti-market manipulation rules apply to non-jurisdictional entities such as SMUD. Further, the EPCRA of 2005 provided FERC civil penalty authority, which FERC exercises carefully by assuring that its market manipulation rules are clear.

***Greenhouse Gas Emissions.*** Since 2009, the U.S. Environmental Protection Agency (the "EPA") has taken steps to regulate GHG emissions from different sources, including the electric sector.

In 2014, EPA issued a proposed rule under section 111(d) of the Clean Air Act ("CAA") called the Clean Power Plan (the "CPP") that projected power sector emissions reductions of 30% below 2005 levels by 2030. The proposed CPP would have established a rate-based emissions goal for each state, providing states the responsibility to develop a State Implementation Plan ("SIP") describing how each will meet the goal assigned by EPA using the "Best System of Emissions Reduction" ("BSER") established by EPA. The rule was finalized in October 2015.

In November 2015, 27 states and numerous corporations challenged the CPP in court, alleging that EPA had exceeded its authority under the CAA; however, before the issue could be decided by the court, the 2016 presidential election resulted in a change of administration. The new administration quickly moved for an abeyance (or stay) of the case for as long as the agency needed to review and withdraw the CPP. The U.S. Supreme Court stayed implementation of the CPP pending disposition in the D.C. Circuit and any subsequent review by the Supreme Court. In August 2018, EPA proceeded to withdraw the CPP and the D.C. Circuit ultimately dismissed the case on September 17, 2019. EPA proposed a different rule under the same provision of the CAA, known as the Affordable Clean Energy ("ACE") rule, which would have established a BSER that only includes measures that can be undertaken at an individual power plant, rather than the broader suite of measures envisioned under the CPP. The ACE rule was challenged in court by environmental groups and states alleging that the revised rule inadequately responds to EPA's responsibility to protect public health and welfare. SMUD joined in this litigation along with other challengers. The D.C.

Circuit vacated the ACE rule on January 19, 2021, and remanded it to EPA for review and revision, just days before a new presidential administration took office. Several states led by West Virginia and coal industry members appealed the decision.

In June 2022, the U.S. Supreme Court issued its opinion in *West Virginia v. EPA*, striking down the CPP and foreclosing any future regulations of “significant political and economic significance” if Congress has not expressly authorized them. While the decision does not restrict EPA to only requiring measures “inside the fence line” at an individual power plant to control GHGs, it appears unlikely that EPA will be able to require material reductions in GHGs to mitigate climate change through section 111(d) of the CAA.

Under the Biden administration, in May 2023, EPA issued a proposed rule under Section 111(d) of the CAA to reduce GHG emissions from existing and new power plants. The four-part proposed rule, *New Source Performance Standards for Greenhouse Gas Emissions From New, Modified, and Reconstructed Fossil Fuel-Fired Electric Generating Units; Emission Guidelines for Greenhouse Gas Emissions From Existing Fossil Fuel-Fired Electric Generating Units; and Repeal of the Affordable Clean Energy Rule*, would have set forth GHG emission standards for certain subcategories of new and existing fossil fuel-fired power plants operating greater than 50% of the time and generating more than 300 MW per turbine. In the proposed rule, EPA determined the BSER is either deploying carbon capture and storage technology to capture 90% of emissions or co-firing 96% hydrogen produced through a low-emission process (“low-GHG hydrogen”). If finalized, compliance would have been required by 2032. SMUD filed comments as part of several trade groups and coalitions in response to the proposed rule, but SMUD’s internal analysis showed the rule as proposed would not require changes at any of its currently-operating fossil-fueled power plants and therefore would not have had a material impact on SMUD’s financial position, operations, or liquidity. The final rule issued by EPA in March 2024 significantly modified the proposal by reducing subcategories for coal-fired units, extending compliance dates for CCS implementation, removing hydrogen co-firing as a BSER option, and introducing reliability-focused provisions. Additionally, EPA did not finalize emission requirements for fossil fuel-fired stationary combustion turbines.

Most recently, under the current Trump administration in March 2025, EPA initiated a substantial reevaluation and potential reversal of the foundational 2009 Endangerment Finding, a cornerstone of GHG emissions regulation under the CAA. The administration argues that advancements in scientific research and significant economic considerations necessitate this reassessment.

In February 2026, the Trump administration announced its formal repeal of the 2009 Endangerment Finding. EPA finalized the repeal following a year-long formal rulemaking process that included public hearings and a public comment period. EPA asserted that the 2009 determination exceeded the agency’s statutory authority and that policy decisions of such economic and national significance rest with Congress, not the agency. The repeal is being challenged in federal court; if the repeal is upheld it would fundamentally undermine EPA’s regulatory authority over carbon emissions. Utilities, including SMUD, could see increased risks from litigation related to emissions, previously shielded by federal regulatory frameworks,

EPA has also proposed eliminating long-standing GHG reporting requirements for industrial facilities, a move that could diminish transparency and limit comprehensive emissions data crucial for informed policy and investment decisions. Moreover, the current administration is revisiting vehicle emission standards, potentially scaling back stringent GHG emissions targets for new vehicle model years. Such actions could significantly alter national emission trajectories and impact related state regulatory efforts, notably in states like California with aggressive vehicle emissions targets.

While SMUD’s immediate operations and financial status may remain largely unaffected directly by these federal regulatory shifts, the broader implications of deregulation pose potential indirect effects through market shifts, evolving state-level policies, and future regulatory scenarios. SMUD remains proactive in monitoring these developments closely, ensuring strategic adaptability and financial resilience amid evolving regulatory landscapes.

***Federal Communications Commission.*** The 1978 Pole Attachment Act added section 224 to the Communications Act of 1934, authorizing the Federal Communications Commission (“FCC”) to regulate attachments by cable television systems or providers of telecommunications service to utility poles, ducts, conduits, and rights-of-way. Under Section 224(a)(1), public power entities are exempt from FCC pole attachment regulations, as municipally-owned poles are already subject to local decision-making processes and governance. The municipal exemption from FCC pole attachment regulations was further codified through the enactment of the Telecommunications Act of 1996. However, over the past decade, this exemption has been continuously eroded.

Various actions by the FCC have limited the exemption in support of a “uniform policy for broadband access to privately-owned physical infrastructure.” Through four orders issued between 2017 and 2018, the FCC set strict time limits for the review of pole attachment applications and preempted state and local agreements on pole attachments. In 2020, in *City of Portland v United States*, the U.S. Court of Appeals for the Ninth Circuit upheld the FCC’s Small Cell Order, which adopted new time limits for municipal utilities’ review of wireless infrastructure siting applications and preempted access fees for small cells. In November 2023, the FCC adopted its Fourth Report and Order, Declaratory Ruling, and Third Further Notice of Proposed Rulemaking that would reform pole replacement rules and facilitate the approval process for pole attachment applications, among other things. In September 2025, the FCC issued a Notice of Inquiry on barriers to wireline deployment, that could potentially lead to a rulemaking that would erode the municipal exemption from FCC pole attachment regulations.

SMUD is unable to predict whether any new FCC rulemakings will impact the operations and finances of SMUD’s electric system. SMUD will monitor these proceeding for any potential impact to SMUD.

***Federal Clean Energy Legislation.*** SMUD actively participates in discussion at the federal level regarding legislation that would meaningfully impact SMUD’s existing GHG reduction strategies or impose new requirements for electric generators, including a proposed federal clean energy standard. In the 117th Congress, a clean electricity performance program was considered but ultimately lacked support to pass. Instead, Congress extended and expanded clean energy tax credits and created new grant and rebate programs to incentivize clean energy investments in the Inflation Reduction Act of 2022. While it is possible that a future Congress may revisit the concept of a clean energy standard or other GHG reduction regime, it is possible that the passage of the Inflation Reduction Act will diminish the likelihood of a new regulatory framework being enacted in the near future.

SMUD is unable to predict whether any new EPA rulemakings will be undertaken, and what the full impact of the reduction of fossil-based generation over time will have on the operations and finances of SMUD’s electric system or the electric utility industry generally.

***Federal Tax Policy Legislation.*** In July 2025, the One Big Beautiful Bill Act (“OB3A”) was enacted into law, extending numerous 2017 Tax Cuts and Jobs Act (“TCJA”) provisions. Among the revenue raisers to pay for the extensions was the repeal and accelerated phaseout of several Inflation Reduction Act energy tax credits.

SMUD is unable to predict the full impact the tax policy legislation will have on the business operations and financial condition of SMUD's electric system. SMUD may receive refundable direct payments of the investment and production energy tax credits, resulting in hundreds of millions of dollars in direct payments for infrastructure projects pursued by SMUD. In addition, SMUD has entered into several power purchase agreements that utilize energy tax credits for project financing, reducing the overall cost of the investment. SMUD has accelerated the construction of various energy infrastructure projects and negotiations for several power purchase agreements to meet the energy tax credit eligibility deadlines under OB3A. Any future legislation that changes the value of energy tax credits may impact the final cost of these contracts or future contracts.

SMUD will continue to monitor and engage in any developments in Congress on the reconciliation package and its impact to SMUD's ability to claim energy tax credits and issue tax exempt bonds.

### **State Legislation and Regulatory Proceedings**

A number of bills affecting the electric utility industry have been enacted by the State Legislature. In general, these bills provide for reduced GHG emission standards and greater investment in energy efficient and environmentally friendly generation alternatives through more stringent RPS. Additionally, ongoing regulatory proceedings address the implementation of these bills as well as water flow and quality issues related to the Sacramento – San Joaquin River Delta. The following is a brief summary of these bills and regulatory proceedings.

***Greenhouse Gas Emissions.*** On September 27, 2006, the Governor of the State signed into law AB 32, the Global Warming Solutions Act of 2006 ("AB 32"). AB 32 requires the California Air Resources Board ("CARB") to adopt enforceable GHG emission limits and emission reduction measures in order to reduce GHG emissions to 1990 levels by 2020. In addition, AB 32 establishes a mandatory reporting program for all IOUs, local, publicly-owned electric utilities and other load-serving entities (electric utilities providing energy to end-use customers) ("LSEs"). The AB 32 reporting program allows CARB to adopt regulations using market-based compliance mechanisms such as a "cap-and-trade" system.

On December 16, 2010, CARB approved a resolution adopting cap-and-trade regulations for the State. The regulations became effective on January 1, 2012. As adopted, the cap-and-trade program covers sources accounting for 85% of the State's GHG emissions, the largest program of its type in the United States. In November of 2012, CARB conducted its first allowance auction and auctions now occur on a quarterly schedule.

The cap-and-trade program introduced a hard emissions cap that declines over time on the combined electric utility and large industrial sectors, covering all sources emitting more than 25,000 metric tons of carbon dioxide-equivalent greenhouse gases ("CO<sub>2</sub>e") per year, and was subsequently expanded to cover distributors of transportation, natural gas, and other fossil fuels. The cap-and-trade program requires covered entities to retire compliance instruments (allowances and carbon offsets) for each metric ton of CO<sub>2</sub>e they emit. CARB has allocated free allowances to LSEs to mitigate the compliance cost burden on ratepayers. The value of allowances must be used to benefit ratepayers and achieve GHG emission reductions. The cap-and-trade program also allows covered entities to use offset credits for compliance purposes (not exceeding 8% of a regulated entity's compliance obligation through 2020, 4% from 2021 through 2025, and 6% from 2026 through 2030). Offsets must be obtained from certified projects in sectors that are not regulated under the cap-and-trade program and are subject to other restrictions.

The State's cap-and-trade program is linked to Quebec and was briefly linked to companion program in the Canadian province of Ontario during 2018 but was de-linked following a political change. In 2021, the Washington state legislature passed a cap-and-trade bill, which is expected to interact with the

State's markets. Future potential near-term links to the CARB cap-and-trade program also include the states of Oregon, which has adopted a cap-and-trade program, and New Mexico, which is considering the adoption of a cap-and-trade program.

On October 7, 2015, SB 350 was enacted, containing aggressive goals for reducing carbon emissions by 2030, including raising the proportion of renewable energy to 50%, reducing the use of petroleum fuel in cars and trucks by up to 50%, and doubling the energy efficiency of existing buildings. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*" for additional information. In addition, SB 350 established requirements for larger POUs to adopt and file with the CEC Integrated Resource Plans ("IRPs") by April 2019 that would show planned procurement to achieve the 50% RPS and State GHG goals established by CARB. The CEC developed "guidelines" for these IRPs for POUs in 2017, updated them in 2018, and proposed additional updates in 2022. CARB established specific GHG target ranges for these IRPs in summer 2018, which were revised in 2023 following the adoption of CARB's 2022 Scoping Plan. SMUD developed and adopted an IRP in 2018 through a comprehensive public process and filed the adopted IRP with the CEC in April 2019. SMUD adopted an updated IRP in June 2022 and filed the updated IRP with the CEC in September 2022. In August 2024, the CEC approved SMUD's IRP as consistent with the applicable requirements. SMUD's updated IRP plans for a greater than 92% reduction in GHG emissions by 2030 relative to 1990 levels, which equals approximately 250,000 metric tons of GHG emissions in 2030. SMUD's next IRP update must be approved by SMUD's Board of Directors by June 2027. See "BUSINESS STRATEGY – Sustainable Power Supply and Transmission – *Renewable Energy and Climate Change*."

On April 29, 2015, the Governor of the State signed Executive Order B-30-15, establishing a goal for the State to reduce GHG emissions to 40% below 1990 levels by 2030. In 2016, the State Legislature passed Senate Bill 32 ("SB 32"), which codified then-Governor Brown's goal of reducing the State's GHG emissions to 40% below 1990 levels by 2030. In 2017, the State Legislature passed Assembly Bill 398 ("AB 398"), explicitly authorizing the continuation of the cap-and-trade program, with designated changes, through 2030. Subsequently, CARB adopted an initial set of regulatory changes extending the cap-and-trade program, including establishing utility sector allowance allocations through 2030. In 2018, CARB completed a rulemaking to implement the cap-and-trade program changes designated by AB 398. These changes include development of a hard price ceiling for the cap-and-trade program and two price-containment points below that ceiling, in an attempt to ensure stable prices in the program. CARB adopted final regulations on December 13, 2018.

On September 19, 2025, the Governor of the State signed AB 1207 (Irwin, Statutes of 2025), which extends the Cap-and-Trade regulation through 2045. The bill also required CARB to design the regulations to support the transition of allowances from gas corporations to electrical distribution utilities and renamed the program from Cap-and-Trade to Cap-and-Invest.

CARB proposed new amendments to the Cap-and-Invest program regulation and Mandatory Reporting Regulation (MRR) on January 20, 2026. The purpose of the Cap-and-Invest amendments is to implement the provisions of AB 1207, reflect updates to the state's greenhouse gas emissions inventory, and make program improvements. The MRR amendments are intended to improve clarity about data reporting requirements and support the Cap-and-Invest program. The proposed Cap-and-Invest amendments update program budgets to align with updates to GHG inventory data (which necessitates the removal of approximately 118 million allowances from program budgets through 2030) but do not increase program stringency before 2030. Several of CARB's proposed changes to the electric utility allowance allocations for ratepayer protection could materially impact SMUD. First, CARB has proposed recalculating allocations for the 2027-2030 period. If CARB's January 20 proposal is approved, SMUD would lose approximately 2.3 million allowances over the four-year period, with an estimated value of \$75 million to \$175 million (low end of range assumes floor prices and high end assumes \$60, escalated each

year for inflation). With the program's extension through 2045, CARB's amendments propose a new allocation to electric utilities for the 2031-2035 period; if this proposal is approved, SMUD anticipates receiving a cumulative total of approximately 8.5 million allowances over that period for the benefit of its customers. Finally, CARB has proposed transitioning allocations from natural gas utilities to electric utilities to implement the statutory direction from AB 1207. SMUD anticipates changes to its billing and information technology systems may be needed to effectuate these changes, but the value of transitioned allowances is unlikely to impact SMUD as it must be returned directly to SMUD's residential ratepayers. The CARB Board hearing will consider approving the Cap-and-Invest and MRR amendments on May 28, 2026, with an intended effective date of September 1, 2026.

In addition, any new projects constructed in the State, including power plants, that may cause a significant adverse impact on the environment must be analyzed under CEQA. Some State agencies have begun using CEQA in novel ways to require mitigation of "significant" GHG emissions caused, either directly or indirectly, by a project. Pursuant to Senate Bill 97 passed in 2007, CARB will assist the Governor's Office of Planning and Research in setting thresholds of significance under CEQA of GHG impacts from new projects. This is an area of State law that is evolving and untested in the courts. However, there is a risk that any project proponent of an electric system infrastructure project might have to mitigate such potential impacts to a level of less than significant.

On December 3, 2012, the Superior Court issued a ruling in *Cleveland National Forest Foundation v. San Diego Association of Governments* ("SANDAG"), Case No. 2100-00101593, that sided with the State Attorney General and the other petitioners stating that SANDAG did not follow CEQA when it adopted a \$257 billion regional transportation plan in 2011. The ruling expressly invalidated the certification of the Environmental Impact Report ("EIR") on the grounds that the EIR should have analyzed the plan's consistency with the governor's policy goal to reduce GHG emissions by 80% by 2050 as articulated in the 2005 Executive Order S-03-05. On November 24, 2014, the Fourth Appellate District upheld the trial court in a published decision, and SANDAG appealed to the State Supreme Court. On July 13, 2017, the Supreme Court reversed and held that SANDAG's decision not to adopt the 2050 goal was not an abuse of discretion. Nevertheless, the Court articulated three clear principles for agencies to follow in their CEQA review of planning documents: 1) agencies must take seriously the significance of even small increases in GHG emissions; 2) they must consider science-based State policy guidance in their decision-making; and 3) they are required to use the best scientific information available to determine whether their planning decisions are consistent with the State's goals. These principles will apply to SMUD in CEQA reviews of future projects.

On September 29, 2006, the Governor of the State signed into law Senate Bill 1368 ("SB 1368"), the GHG Emissions Performance Standard ("EPS"). SB 1368 limits long-term investments in baseload generation by the State's utilities to power plants that meet an EPS jointly established by the CEC and the CPUC. The agencies have set the EPS at 1,100 pounds CO<sub>2</sub> per MWh, which is roughly half of the CO<sub>2</sub> emissions rate of a conventional coal-fired power plant. CEC regulations to implement the law for POU's were approved by the Office of Administrative Law on October 16, 2007.

SMUD's primary supply and demand-side resources need to meet customers' electricity usage patterns over the next 10 years. Currently there is a ban in the State that prohibits the development of nuclear power plants until there is a permanent storage solution for spent fuel rods. With the effective ban on new coal power imports under SB 1368, natural gas-fired, combined cycle power plants would appear to be the primary viable option for fossil fuel-based baseload power plant development absent the implementation of new technologies in connection with other resource options. The reliance on a single fuel source will continue to put pressure on the natural gas market in the United States. SMUD has in place a natural gas procurement plan to mitigate natural gas volatility, see "POWER SUPPLY AND TRANSMISSION – Fuel Supply" above.

On September 16, 2022, the Governor of the State signed into law SB 1020, which creates interim climate targets under which eligible renewable energy resources and zero-carbon resources must supply 90% of all retail sales of electricity to California end-use customers by December 31, 2035, and 95% by December 31, 2040. The bill also requires each State agency to ensure that zero carbon resources and eligible renewable energy resources supply 100% of electricity procured on its behalf by December 31, 2035. SMUD provides electricity to a number of State agency buildings and will work with State agencies to comply with this requirement.

On September 16, 2022, the Governor of the State signed into law SB 905. SB 905 requires that CARB establish the “Carbon Capture, Removal, Utilization, and Storage Program” to evaluate the efficacy, safety, and viability of carbon capture, utilization, or storage (“CCUS”) technologies. It also requires CARB to adopt implementing regulations and protocols, create a unified state permitting application, and host a new, public database that will track the development of CCUS technologies. The protocols may, among other things, address how CCUS reduces carbon emissions for facilities employing the technology. SMUD is exploring investments in CCUS technology. In August 2025, CARB issued a request for information regarding implementation of SB 905. CARB has also indicated, through its rulemakings to amend the Cap-and-Invest and MRR rulemakings, that it intends to address CCUS emissions quantification through SB 905 implementation. However, CARB has not yet developed the Carbon Capture, Removal, Utilization and Storage Program or proposed draft regulations or protocols. It is not clear at this time how SB 905 will impact SMUD.

On October 7, 2023, the Governor of the State signed into law AB 1305, which requires an entity that purchases or uses voluntary carbon offsets and makes claims regarding the achievement of net zero, or other similar claims, to disclose on their website specified information. Many stakeholder groups are raising questions on if this includes RECs. AB 2331 in 2024 sought to clarify particular provisions in AB 1305, but it did not pass through the legislature before the close of the legislative session. It is not clear at this time whether RECs are included.

**Reliability.** On June 30, 2022, the Governor signed the 2022-23 budget, along with a number of trailer bills, which provide implementing details on the budget line items. Included in AB 205, the energy trailer bill, are a number of reliability programs aimed at improving reliability throughout the State, including State incentives for distributed electricity backup resources, compensation to customers for demand side energy management, and a strategic energy reserve program operated by the State Department of Water Resources (“DWR”). SMUD’s participation in these initiatives to date has been limited to facilitating customers’ participation in demand side energy management programs established by the CEC and therefore has not had a material impact on SMUD. AB 209 (2022) required the CEC to develop recommendations about an approach to determine an appropriate minimum planning reserve margin (“PRM”) for local POUs within the CAISO balancing area, and AB 1373 (2023) required the CEC to perform an assessment of whether each local POU exceeded, met or failed to meet its minimum PRM and specified resource adequacy requirements. These are discussed further below in “Resource Adequacy.”

**Zero-Emission Fleet Mandates.** In 2023, CARB adopted the Advanced Clean Fleets (“ACF”) regulation, requiring certain medium- and heavy-duty (“MHD”) vehicle fleets to transition to zero-emission vehicles through purchase requirements or fleet composition requirements. It also accelerated a manufacturer zero-emission vehicle (“ZEV”) sales requirement to 100% of all MHD truck sales by the 2036 model year. While the rule was originally intended to apply to all publicly owned MHD vehicle fleets, large commercially-owned MHD fleets, and drayage trucks, CARB withdrew its request to EPA for a waiver and authorization, pursuant to CAA section 209(b) and (e), respectively, for the ACF regulation, leaving only public fleets subject to enforcement of the ACF requirements and suspending enforcement of the manufacturer truck sales requirement.

Under the ACF Rule, public fleets like SMUD have two compliance options. The first is a ZEV purchase requirement, under which 50% of annual MHD vehicle purchases would need to be ZEVs starting January 1, 2024, and 100% of annual MHD vehicle purchases would need to be ZEVs starting January 1, 2027. The second is an optional ZEV milestone option, under which the composition of the MHD fleet would need to meet certain ZEV percentages starting in 2025, with the entire fleet transitioned no later than 2042. The individual milestones depend on the number and category of vehicles in the fleet. Public fleets may opt into the ZEV milestone option until January 1, 2030. SMUD is currently complying with the purchase requirement option. SMUD plans to monitor ZEV market developments and currently anticipates opting into the ZEV milestone option, which may provide greater purchasing flexibility until more ZEV applications become available.

In August 2025, CARB proposed amendments to the ACF Rule to repeal regulatory provisions applicable to commercially-owned MHD fleets and drayage trucks. The 45-day amendments also included modest updates and clarifications to public fleet provisions, but did not materially change compliance requirements or exemption availability. Following CARB Board direction at the September 2025 hearing, SMUD anticipates CARB may propose incremental flexibility for public fleets within this rulemaking. However, the 15-day amendments have not yet been issued. It is unclear at this time what impact the changing electric vehicle market and amendments to the ACF Rule may have on the cost and ability for compliance.

***Transportation and Building Electrification.*** The State has identified transportation and building electrification as key strategies to reduce greenhouse gas emissions and improve air quality. Increases in transportation and building electrification will result in increased customer usage of electricity. However, in recent years, these policies are facing headwinds.

For example, in 2025, Congress revoked the EPA waivers allowing enforcement of CARB’s Advanced Clean Cars II and Advanced Clean Trucks regulations, which required vehicle manufacturers to increase sales of zero-emission cars and trucks, respectively. The CEC’s Building Energy Efficiency Standards have increasingly encouraged the use of electric heat pumps in new homes and certain non-residential buildings across the state, including the 2025 Energy Standards that took effect January 1, 2026, that establish prescriptive heat pump requirements for both space and water heating in new homes. However, in 2025, through the budget trailer bill AB 130, the Legislature placed a temporary moratorium on updates to residential building energy standards, and as a result the 2028 Energy Standards will be limited to non-residential buildings only. The temporary moratorium will be lifted June 1, 2031. The State has provided funding for programs to encourage clean transportation and building electrification, but fluctuating budget pressures are likely to impact funding availability.

***Renewables Portfolio Standard.*** Senate Bill 100 was passed by the Legislature and approved by Governor Brown on September 10, 2018. Among other requirements, the bill sets a 50% RPS target for 2026 and sets compliance period targets at 44% by December 31, 2024, 52% by December 31, 2027, and 60% by December 31, 2030. The bill also creates a statewide planning goal to meet all of the state’s retail electricity supply with a mix of RPS-eligible and zero-carbon resources by December 31, 2045.

***Resource Adequacy.*** In September 2005, the State Legislature enacted, and the Governor signed into law Assembly Bill 380 (“AB 380”), which requires the CPUC to establish resource adequacy requirements for all LSEs within the CPUC’s jurisdiction. SMUD is not an LSE subject to the CPUC’s jurisdiction. In 2005, the CPUC issued a decision requiring jurisdictional LSEs to demonstrate that they have acquired capacity sufficient to serve their forecast retail customer load plus a minimum 15% planning reserve margin. The CPUC in recent years has increased the minimum planning reserve margin, which currently is set at 18% for 2026.

AB 380 also required publicly owned utilities, including SMUD, to meet the most recent resource adequacy standard as adopted by the WECC. The WECC has yet to formally adopt a resource adequacy requirement. However, consistent with current WECC practices, SMUD utilizes a minimum 15% planning reserve margin when assessing the need for future resources, and in recent years SMUD has strived to attain a higher summer planning reserve margin.

In 2022, the State Legislature adopted Assembly Bill 209 (2022) (“AB 209”), which requires the CEC to develop recommendations about approaches to determining an appropriate planning reserve margin for local publicly owned utilities within the CAISO balancing authority area. In August 2024, the CEC issued its California Energy Resource and Reliability Outlook, which made several recommendations regarding the methodology for determining planning reserve margins. This report does not directly impact SMUD since SMUD is not in the CAISO; nevertheless, SMUD considers best practices when developing resource planning processes.

The State Legislature also passed Assembly Bill 1373 (2023) (“AB 1373”) that requires the CEC to submit a report to the Legislature that assesses whether each local publicly owned electric utility in California (both inside and outside the CAISO) exceeded, met, or failed to meet its minimum planning reserve margin for 2023. The report must also assess whether local publicly owned utilities met the planning reserve margin for June through September 2023 established by the CPUC’s June 2022 decision (i.e., 16%).

The CEC’s AB 1373 report, published in April 2024, showed that SMUD met its 15% planning reserve margin; it also acknowledged the limitations of the data CEC staff relied upon for this assessment. The report did not directly compare SMUD or other POU to the CPUC’s 16% planning reserve margin for 2023. The report also found that some POU within the CAISO were short compared to reported peak demand plus 15% planning reserve margin. AB 1373 also authorizes the CEC to annually assess a capacity payment on POU within the CAISO balancing authority area during a month in which the POU fails to meet its minimum planning reserve margin. The CEC initiated a docket in 2024 to develop regulations to implement the AB 1373 capacity payment, but only initiated the rulemaking process in February 2026. SMUD will not be impacted by these regulations because SMUD is within the BANC, rather than CAISO, balancing authority area.

To the extent the CEC or Legislature were to impose a higher POU planning reserve margin or required planning reserve methodologies for future years that includes SMUD, the ultimate impacts on SMUD’s financial results and operations are difficult to predict and are dependent on a variety of factors, such as the relative cost of procuring energy/capacity, the availability and relative cost of new technologies, and the adoption and implementation of energy efficiency and other measures by SMUD’s customers; however, such impacts could be material.

***Sacramento-San Joaquin River Bay-Delta Processes.*** The Sacramento-San Joaquin River Delta is an expansive inland estuary, formed at the western edge of the California Central Valley by the confluence of the Sacramento and San Joaquin rivers (“Delta”). There are two substantial Delta planning processes with the potential to affect (1) energy available for SMUD’s purchase from the Central Valley Project (“CVP”) and (2) flows within the Upper American River watershed. These processes are called the Bay-Delta Water Quality Control Plan (“Bay-Delta Plan”) and the Delta Conveyance Project.

The Bay-Delta Water Quality Control Plan is updated periodically by the State Water Resources Control Board (“SWRCB”), the last time being in 2006. The current Bay-Delta Plan update process is being implemented in four phases. The first phase considered southern Delta water quality, with a significant focus on San Joaquin River tributaries. Phase 2, which is initially being addressed by a document under development by SWRCB staff, will address Sacramento River tributaries and various flow

related issues, including the critically important one of those tributaries' contribution to Delta outflow. Phase 3 will concern changes to water rights needed to implement Phase 2. A substantial change in Delta outflow requirements could have a major impact on the timing of hydroelectric energy generation by the CVP. SMUD has a long-term agreement with WAPA to purchase some of this power (see "POWER SUPPLY AND TRANSMISSION – Power Purchase Agreements – *Western Area Power Administration*"). On July 18, 2018, the SWRCB released an updated Framework document signaling its staff's intent to propose Delta outflow requirements of 45–65% unimpaired flows for the Sacramento River tributaries (which includes the American River, the upper portions of which are where the UARP sits), though the report will analyze requirements of 35–75%. If these criteria were implemented, they could cut CVP generation by 50 to 63%. Governor Newsom has urged the SWRCB, other agencies and affected parties to execute voluntary agreements (aka the "Healthy Rivers Agreements") to address species' needs and outflow requirements. Although the negotiations have been slow, it is expected they will eventually result in a reasonable compromise. However, in September 2023 the SWRB released a Staff Report/Substitute Environmental Document in Support of Potential Updates to the Bay-Delta Plan (the "Staff Report/Substitute Environmental Document") to justify the adoption of the unimpaired flow standard as set forth in the 2018 Framework document. Numerous public entities, including SMUD, filed comments stating that, among other things, the potential updates identified in the Staff Report/Substitute Environmental Document, if adopted, would violate the Porter-Cologne Water Quality Control Act and Article X, section 2 of the California Constitution, would not improve fish and wildlife, and would not reasonably protect all beneficial uses, including water supplies for millions of Californians and hydroelectric power generation that is essential to California's resilient energy grid. Moreover, the comments filed also stated that the Staff Report/Substitute Environmental Document does not comply with CEQA because, among other things, the analysis of the proposed inflow and habitat objectives' impacts on electrical peaking generation, and more generally electrical grid reliability, is not supported by substantial evidence and fails to satisfy informational requirements. In addition, the comments maintain that the Healthy Rivers Agreements are a superior approach to achieving the goal of maximizing both environmental and other beneficial uses. If the unimpaired flow standard is adopted and the Healthy Rivers Agreements do not come to fruition, SMUD plans to fully participate in all regulatory and legal proceedings to argue for consideration and minimization of impacts to hydropower generation. SMUD will assess the potential impacts of proposed modifications to the present outflow objectives on SMUD's operations once, or if, the SWRCB makes available information with enough specificity for SMUD to conduct the relevant modeling.

In July 2022, the DWR released a Draft Environmental Impact Report ("EIR") to evaluate the potential impacts of carrying out the Delta Conveyance Project; the U.S. Army Corps of Engineers released a separate Environmental Impact Statement to evaluate the effects of the project pursuant to the National Environmental Policy Act. The Delta Conveyance Project is expected to entail construction of two intakes on the Sacramento River that will carry water to a main tunnel to the California Aqueduct for delivery south of the Delta. The Delta Conveyance Project may pose the potential to exacerbate impacts to already imperiled aquatic species, and in turn could have indirectly prompted regulatory agencies to require third parties, such as SMUD, to compensate by making changes to their operations. The Bureau of Reclamation is not a party to the Delta Conveyance Project, which should eliminate the potential for CVP power to be used to supply Delta Conveyance Project pumps. SMUD will monitor the proceedings and participate as necessary to ensure any impacts to SMUD interests are minimized, including potentially filing a challenge to the water rights DWR would need to modify in order to carry out the project.

**Proposition 26.** Proposition 26 was approved by the electorate on November 2, 2010 and amends Article XIII A and Article XIII C of the State Constitution. Proposition 26 imposes a two-thirds voter approval requirement for the imposition of fees and charges by the State, unless the fees and charges are expressly excluded. It also imposes a majority voter approval requirement on local governments with respect to fees and charges for general purposes, and a two-thirds voter approval requirement with respect to fees and charges for special purposes, unless the fees and charges are expressly excluded. The initiative,

according to its supporters, is intended to prevent the circumvention of tax limitations imposed by the voters pursuant to Proposition 13, approved in 1978, and other measures through the use of non-tax fees and charges. Proposition 26 expressly excludes from its scope a charge imposed for a specific local government service or product provided directly to the payor that is not provided to those not charged, and which does not exceed the reasonable cost to the local government of providing the service or product. Proposition 26 is not retroactive as applied to local governments. Although SMUD believes its fees and charges meet the criteria of the exclusion described above, it is possible that Proposition 26 could be interpreted to further limit fees and charges for electric utility services and/or require stricter standards for the allocation of costs among customer classes. SMUD is unable to predict at this time how Proposition 26 will be interpreted by the courts or what its ultimate impact will be. As of the date of this Official Statement, SMUD is unaware of any fees or charges relating to SMUD's service that would have to be reduced or eliminated because of Proposition 26.

**Wildfire Legislation.** In response to catastrophic wildfires in California, legislation was adopted and signed into law requiring POU's (including SMUD), IOUs, and electrical cooperatives to construct, maintain and operate their electrical lines and equipment in a manner that will minimize the risk of catastrophic wildfire posed by electrical lines and equipment.

Senate Bill ("SB") 254 signed by Governor Newsom on September 19, 2025, revised WMP submittal requirements as mentioned above and, among other things, requires the California Earthquake Authority ("CEA") to complete a comprehensive assessment to analyze and develop long-term reforms that protect access to insurance, reduce litigation costs, provide fair and expeditious compensation to claimants, support wildfire mitigation, safety, and community resilience, and ensure large electrical corporations are accountable for safety and also have the financial health to attract low-cost capital on behalf of ratepayers. It is anticipated the CEA will submit recommendations to the legislature addressing utility liability reform and financial stability as well as alternative structures for socializing and distributing losses resulting from wildfire. SMUD will continue to monitor the CEA's recommendations.

Following the recent Southern California fires, several legislative proposals addressing wildfire risk and mitigation are anticipated. SMUD is unable to predict at this time the potential impact any such proposals will have on the operations and finances of SMUD or the electric utility industry generally.

**Nonstock Security.** SMUD sponsored legislation in 2019, Assembly Bill 689, which was signed into law by Governor Newsom on September 5, 2019. This bill expressly allows SMUD the ability to operate a pilot project (effective January 1, 2020, to January 1, 2025), of up to three acquisitions, to hold nonstock security in a corporation or other private entity if acquired as part of a procurement of goods or services from that entity, provided that no separate funding is expended solely for the nonstock security. This will allow SMUD to realize the financial benefits of its investments, partnerships, and intellectual property.

On September 15, 2022, the Board authorized the CEO & GM to enter into a joint collaboration agreement with ESS Tech, Inc. ("ESS"). Under that agreement SMUD would procure from ESS iron flow batteries for utility scale long-duration energy storage applications. The agreement contemplates a multi-year phased deployment of up to 200MW/2GWh of long duration energy storage by 2028. As part of that procurement, SMUD acquired nonstock security in ESS.

SMUD sponsored legislation in 2024, AB 2457 (McCarty), to extend the authority granted by Assembly Bill 689 to future years. AB 2457 was passed by the legislature and signed into law, taking effect on January 1, 2025. SMUD's pilot nonstock security authority is now extended to 2035, with six allowable acquisitions.

***Air Quality Violation Fees.*** AB 1465 (Wicks, Statutes of 2024) increased existing air district civil penalty limits by a factor of up to three for emissions from a Title V source that contain one or more air contaminants. If a Title V emissions source was found to be in violation, the local air district may impose penalties that are triple the current rate. Typically, penalties are now assessed at \$5,000 per day (\$15,000 by Jan 1, 2025). SMUD has five Title V facilities. SMUD was able to get a letter on record that clarifies that this does not apply during declared emergencies.

## **Future Regulation**

The electric industry is subject to continuing legislative and administrative reform. States and Federal entities routinely consider changes to the way in which they regulate the electric industry. Recently, both further deregulation and forms of additional regulation have been proposed for the industry, which has been highly regulated throughout its history. SMUD is unable to predict at this time the impact any such proposals will have on the operations and finances of SMUD or the electric utility industry generally.

## **OTHER FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY**

### **CAISO Market Initiatives**

The CAISO routinely conducts a number of initiatives and stakeholder processes that propose certain operational and market changes that impact SMUD. SMUD does and will continue to monitor the various initiatives proposed by the CAISO and participate in its stakeholder processes to ensure that its interests are protected.

SMUD participates in the CAISO market for only a small percentage of energy needs, however, it continues to benefit from its participation in the WEIM and plans to participate in CAISO's Extended Day Ahead Market ("EDAM") (both the WEIM and EDAM are described further below). Along with monitoring other key market initiatives at the CAISO which impact wholesale energy markets, SMUD will continue to actively participate in all processes related to the WEIM and EDAM, to ensure both participation models are beneficial to SMUD's customers. Given its success in the WEIM and active engagement with the CAISO and CAISO leadership, SMUD has earned a key role in the stakeholder processes related to these important and evolving markets.

### **Western Energy Imbalance Market and Extended Day Ahead Market**

Federal and state policymakers have long-promoted the development of organized markets in the west as a means (among other reasons) to better integrate intermittent renewable resources into the electric system, with the first such market being the WEIM, operated by the CAISO. The CAISO successfully launched the WEIM, a real time only imbalance market, on October 1, 2014, with PacifiCorp as the first participant. Since this time, the WEIM has grown significantly with the addition of 21 other Balancing Authority Areas (including BANC) which together comprise roughly 80% of the load in the Western Interconnection.

To date, participation in the WEIM by SMUD has shown significant financial and operational benefits, in addition to furthering an already favorable working partnership between SMUD and the CAISO to develop solutions to integrate renewable resources in support of carbon reduction goals.

BANC's participation not only signaled the first public power participant in the WEIM, but it was also implemented utilizing a unique phased approach, with SMUD (as the largest member of BANC) implementing so-called WEIM Phase 1 in 2019, while the other BANC members and WAPA (the "Phase 2 Parties") joined after further evaluation and approvals in March of 2021. The CAISO and WEIM

participants, including SMUD and BANC, have supported and participated in developing the extension of the successful WEIM real time framework to the EDAM. Like WEIM, EDAM broadens the access to regional resources for the reliable integration of renewable resources, only over a longer (day ahead) time horizon by allowing for a more economic and efficient optimization of regional resources by providing grid operators greater time (day ahead as opposed to real time) to commit or decommit units based on market price signals. Only participants in the WEIM will be allowed to extend their participation to EDAM. FERC approved the CAISO's EDAM tariff filing in 2024 and EDAM implementation activities have begun with EDAM launch scheduled for May 1, 2026 with PacifiCorp as the first participant. Similar to the process around WEIM participation, SMUD, along with BANC, performed cost-benefit studies that demonstrated EDAM participation will expand on the existing WEIM benefits and in August 2023, SMUD and BANC both approved participation in EDAM. On December 5, 2024, the CAISO filed an EDAM Implementation Agreement with BANC, which FERC approved on January 27, 2025. BANC and SMUD have begun implementation efforts with plans to participate in EDAM beginning Fall of 2027.

The Pathways Initiative ("Pathways") is seen as an important step in the evolution of the WEIM and EDAM. To support EDAM, and further development of a west-wide market, multiple state commissioners in the west, including California, issued a letter to the Western Interstate Energy Board in summer of 2023 calling for the creation of an independent entity that could serve as a means of delivering a market for western states. The Pathways Initiative was created, and a broad stakeholder committee proposed a multi-step process to create an independent governing body that would enable a path forward for a potential west-wide fully organized market (a Regional Transmission Organization, or RTO). An independent governing body is seen by many entities outside of California as critical to participating in EDAM and other future markets. Earlier in 2024, as the first step, the CAISO approved elevating the EIM/EDAM Governing Body joint authority with the CAISO Board to primary authority over EIM/EDAM market matters. The second step is creation of a non-profit entity and transfer of governance authority over EIM/EDAM markets from the CAISO to this new "Regional Organization." With the passage of AB 825 in 2025, which amends existing California law applicable to the CAISO market governance, this second step to form a Regional Organization is underway, with an anticipated January 2028 launch date. As of early 2026, the Regional Organization for Western Energy (ROWE) obtained its certificate of incorporation and continues to advance in other active work streams. Step 3 is potential continued future expansion of regionalized functions and services offered by the Regional Organization. SMUD views EDAM, and the ROWE development, as important steps forward in the evolution of Western energy markets and it aligns well with SMUD's 2030 Zero Carbon Plan goals.

## **Tariff Uncertainty**

Recent fluctuations in federal and international trade policies, including the imposition or adjustment of tariffs on materials such as steel, solar panels, batteries, and other building materials and energy-related equipment, have introduced uncertainty into the pricing and availability of key components used in SMUD's operations and capital projects. In February 2026, the United States Supreme Court issued a ruling that the International Emergency Economic Powers Act does not authorize the President to unilaterally impose tariffs, including reciprocal tariffs. Sector specific and national security tariffs, including Section 232 tariffs on steel aluminum and copper and Section 301 tariffs on Chinese technology and intellectual property, remain in place as they rely on separate legal authorities and were not challenged in this case. In response to the Supreme Court ruling, President Trump announced a 10% temporary global tariff (with authority up to 15% for 150 days) under Section 122 of the 1974 Trade Act to replace some of his tariffs that were invalidated by the Supreme Court. In March 2026, Judge Richard K. Eaton of the U.S. Court of International Trade stated in his ruling that importers were due refunds for certain tariffs imposed under IEEPA, with the refund process being implemented by U.S. Customs and Border Protection. While SMUD monitors these developments, the future impacts of tariff-related volatility on SMUD's costs, procurement schedules, and project economics are uncertain and could be material.

## Other Factors

The electric utility industry in general has been, or in the future may be, affected by a number of other factors which could impact the financial condition and competitiveness of many electric utilities and the level of utilization of generating and transmission facilities. In addition to the factors discussed above, such factors include, among others, (a) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements other than those described above; (b) changes resulting from conservation and demand side management programs on the timing and use of electric energy; (c) changes resulting from a national energy policy; (d) effects of competition from other electric utilities (including increased competition resulting from mergers, acquisitions, and “strategic alliances” of competing electric and natural gas utilities and from competitors transmitting less expensive electricity from much greater distances over an interconnected system) and new methods of, and new facilities for, producing low cost electricity; (e) the repeal of certain federal statutes that would have the effect of increasing the competitiveness of many IOUs; (f) increased competition from independent power producers and marketers, brokers and federal power marketing agencies; (g) “self-generation” or “distributed generation” (such as solar, microturbines and fuel cells) by industrial and commercial customers and others; (h) issues relating to the ability to issue tax exempt obligations, including severe restrictions on the ability to sell to nongovernmental entities electricity from generation projects and transmission service from transmission line projects financed with tax exempt obligations; (i) effects of inflation on the operating and maintenance costs of an electric utility and its facilities; (j) changes from projected future load requirements; (k) increases in costs and uncertain availability of capital; (l) issues relating to supply chains and the uncertain availability or increased costs of necessary materials; (m) shifts in the availability and relative costs of different fuels (including the cost of natural gas); (n) sudden and dramatic increases in the price of energy purchased on the open market that may occur in times of high peak demand in an area of the country experiencing such high peak demand, such as has occurred in the State; (o) issues relating to risk management procedures and practices with respect to, among other things, the purchase and sale of natural gas, energy and transmission capacity; (p) other legislative changes, voter initiatives, referenda and statewide propositions; (q) effects of changes in the economy; (r) effects of possible manipulation of the electric markets; (s) natural disasters or other physical calamities, including, but not limited to, earthquakes, droughts, severe weather, wildfires and floods; (t) changes to the climate, including increasing volatility in rainfall in the Western United States and a reduction in the depth and duration of the Sierra snowpack; (u) issues relating to cyber-security; and (v) outbreaks of infectious diseases or the occurrence of pandemics. Any of these factors (as well as other factors) could have an adverse effect on the financial condition of any given electric utility, including SMUD’s electric utility, and likely will affect individual utilities in different ways.

SMUD is unable to predict what impact such factors will have on the business operations and financial condition of SMUD’s electric system, but the impact could be significant. SMUD has taken major steps to mitigate the impacts of many of the changes. This Official Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from the legislative and regulatory bodies and other sources in the public domain, and potential purchasers of any of SMUD’s Senior Bonds or Subordinated Bonds described in the forepart of this Official Statement should obtain and review such information.

**CONTRACT OF PURCHASE  
SENIOR BONDS**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**[\$[PRINCIPAL AMOUNT]  
Electric Revenue Bonds, 2026 Series P  
[(Green Bonds)]**

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**CONTRACT OF PURCHASE**

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[PRICING DATE]

Honorable Board of Directors  
Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899

Dear Directors:

The undersigned Goldman Sachs & Co. LLC, Barclays Capital Inc., BofA Securities, Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, PNC Capital Markets LLC and Wells Fargo Bank, National Association (herein collectively referred to as the “Underwriters”), acting for and on behalf of themselves, offer to enter into this Contract of Purchase (the “Contract of Purchase”) with the Sacramento Municipal Utility District (the “District”) which, upon the District’s acceptance, will be binding upon the District and upon the Underwriters. Goldman Sachs & Co. LLC has been duly authorized to execute this Contract of Purchase and to act hereunder by and based on representations made to it under an Agreement Among Underwriters dated [AAU DATE] on behalf of the Underwriters as the Senior Managing Underwriter (the “Senior Underwriter”). This offer is made subject to the District’s acceptance on or before 5:00 p.m., Sacramento time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the District at any time prior to the acceptance hereof by the District.

**1. Purchase, Sale and Delivery of the Bonds.** Subject to the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the District, and the District hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[PRINCIPAL AMOUNT] aggregate principal amount of the Sacramento Municipal Utility District Electric Revenue Bonds, 2026 Series P [(Green Bonds)] (the “Bonds”), dated [CLOSING DATE], bearing interest as set forth in the Official Statement (as hereinafter defined) of the District relating to the Bonds in each year until maturity or earlier redemption at the rates and maturing on the dates and

in the amounts set forth in the Official Statement. The purchase price for the Bonds shall be \$[ ] (consisting of the principal amount of the Bonds of \$[PRINCIPAL AMOUNT] plus original issue premium of \$[ ] and minus an Underwriters' discount of \$[ ]).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, Resolution No. 6649, adopted by the Board of Directors of the District on January 7, 1971 (the "Master Resolution"), as heretofore amended and supplemented, including the amendments and supplements thereto made by Resolution No. [26- - ], adopted by the Board of Directors on June 18, 2026 (the "Sixty-Ninth Supplemental Resolution"). The Master Resolution, as supplemented and amended as described in this Contract of Purchase, is herein called the "Resolution." The Bonds are authorized to be issued pursuant to applicable California law, including the Municipal Utility District Act (Sections 12850 to 12860 of the Public Utilities Code), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53580 *et seq.*) and the Resolution. The Bonds will be special obligations of the District payable exclusively from, and are secured by a pledge (effected in the manner and to the extent provided in the Resolution) of, the Net Revenues (as defined in the Resolution). The Bonds shall be payable and shall be subject to redemption as provided in the Resolution.

(c) The proceeds of the Bonds will be used to (i) finance and refinance certain improvements and additions to the District's Electric System, including by paying [all] of the outstanding principal amount of the District's commercial paper notes at maturity, [(ii) refund the 2016 Series D Bonds, currently outstanding in the principal amount of \$[ ], and (iii)] [and (ii)] pay certain costs associated with the issuance of the Bonds.

(d) The District has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, dated [POS DATE], relating to the Bonds (the "Preliminary Official Statement") in connection with the public offering of the Bonds. The Preliminary Official Statement was deemed final by the District as of the date thereof in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for the information not required to be included therein under Rule 15c2-12.

(e) The District shall prepare and deliver to the Underwriters, as promptly as practicable, but in any event not later than one business day prior to the Closing Date (as defined below) or seven business days from the date hereof, a final official statement, with such changes and amendments as may be agreed to by the Underwriters, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB") (such official statement, including the cover page and Appendices thereto, as the same may be supplemented or amended pursuant to paragraph (i) of Section 2 hereof, is herein referred to as the "Official Statement"). In addition, the District will provide, subject to customary disclaimers regarding the transmission of electronic copies, an electronic copy of the final Official Statement to the Underwriters in the currently required designated electronic format stated in MSRB Rule G-32 and the EMMA Dataport Manual (as defined below). The parties agree that the format in which the Preliminary Official Statement was delivered meets such electronic format requirements.

(f) Within one (1) business day after receipt of the Official Statement from the District, but by no later than the Closing Date, the Underwriters shall, at their own expense submit the Official Statement to EMMA (as defined below). The Underwriters will comply with the provisions of MSRB Rule G-32, including without limitation the submission of Form G-32 and the Official Statement and notify the District of the date on which the Official Statement has been filed with EMMA.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, or any other electronic municipal securities information access system designated by the MSRB for collecting and disseminating primary offering documents and information.

“EMMA Dataport Manual” means the document(s) designated as such published by the MSRB from time to time setting forth the processes and procedures with respect to submissions to be made to the primary market disclosure service of EMMA by underwriters under Rule G-32(b).

(g) The District hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement, the Resolution, and this Contract of Purchase, and all information contained in each, and all other documents, certificates and statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Contract of Purchase, in connection with the offer and sale of the Bonds.

The District will covenant pursuant to a Continuing Disclosure Agreement dated as of the date of the issuance of the Bonds (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association (the “Trustee”), to provide annual reports and certain notices as described in Appendix F of the Official Statement.

(h) The District acknowledges and agrees that: (i) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriters and the Underwriters have financial and other interests that differ from those of the District; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); (iv) the only contractual obligations the Underwriters, as underwriters, have to the District with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (v) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

(i) At 8:00 A.M., Sacramento time, on [CLOSING DATE] or at such earlier or later time or date as shall be agreed upon by the Underwriters and the District (such time and date being herein referred to as the “Closing Date”), the District will deliver the Bonds to The Depository Trust Company, New York, New York (“DTC”), for the account of the Underwriters,

duly executed by the District, and the other documents herein mentioned; and the Underwriters will (i) accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section by wire transfer in San Francisco, California to the order of the District. Delivery of the documents herein mentioned shall be made at the offices of Orrick, Herrington & Sutcliffe LLP, 400 Capitol Mall, Suite 3000, Sacramento, California 95814, or such other place as shall have been mutually agreed upon by the District and the Underwriters, except that the Bonds shall be delivered at the offices of DTC in New York, New York or at such other place and in such manner as shall have been mutually agreed upon by the District and the Underwriters.

The Bonds shall be issued initially in fully registered book-entry eligible form (which may be typewritten) in the form of a single registered bond for each maturity of the Bonds, shall bear CUSIP numbers and shall be registered in the name of Cede & Co., as nominee of DTC.

**2. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants to and agrees with the Underwriters that:

(a) The District is a political subdivision of the State of California duly organized and validly existing pursuant to the Municipal Utility District Act as contained in Public Utilities Code Section 11501 *et seq.* (the "Act") and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Contract of Purchase, and the Undertaking, (ii) to adopt the Resolution, (iii) to pledge the Net Revenues as set forth in the Resolution, (iv) to issue, sell and deliver the Bonds to the Underwriters pursuant to the Resolution as provided herein, (v) to acquire, construct, operate, maintain, improve and finance and refinance its Electric System (as defined in the Resolution) and conduct the business thereof as set forth in and contemplated by the Preliminary Official Statement and the Official Statement, and (vi) to carry out, give effect to and consummate the transactions contemplated by this Contract of Purchase, the Undertaking, the Resolution, and the Preliminary Official Statement and the Official Statement;

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects, with the Act, the Resolution, and with the obligations in connection with the issuance of the Bonds on its part contained in the Resolution, the Bonds, the Act, the Undertaking and this Contract of Purchase;

(c) The District has duly and validly adopted the Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking and the Official Statement and has duly authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents and, at the Closing Date, the Bonds will have been validly issued and delivered, the Resolution, the Undertaking and this Contract of Purchase will constitute the valid, legal and binding obligations of the District enforceable in accordance with their respective terms (subject to the effect of, and restrictions and limitations imposed by or resulting from, (i) bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors' rights, and (ii) judicial discretion) and the Resolution will be in full force and effect;

(d) The District is not in breach of or in default under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United

States of America, or of any department, division, agency or instrumentality of either or any applicable court or administrative decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Resolution or the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking or the other instruments contemplated by any of such documents to which the District is a party, and the adoption of the Resolution and compliance with the provisions of each will not, as of the date hereof and as of the Closing Date, conflict with or constitute a breach of or default in any material way under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States, or of any department, division, agency or instrumentality of either or any applicable court or administrative judgment, decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District or any of the property or assets of the Electric System (as defined in the Resolution) are otherwise subject or bound, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing;

(e) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations in connection with the issuance of the Bonds under the Resolution, the Undertaking and this Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under, this Contract of Purchase, the Undertaking, the Bonds or the Resolution, or which are necessary to permit the District to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained;

(f) The Bonds, when issued and delivered in accordance with the Resolution and this Contract of Purchase and paid for by the Underwriters on the Closing Date as provided herein, will be validly issued and outstanding special obligations of the District enforceable against the District in accordance with their terms and entitled to all the benefits and security of the Resolution; and, upon the issuance and delivery of the Bonds, the Resolution will provide, for the benefit of the holders from time to time of the Bonds, a legally valid and binding pledge of and lien on Net Revenues pledged under the Resolution, as provided in and contemplated by the Resolution;

(g) The Preliminary Official Statement, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the District's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (i) of Section 2 hereof) at all times subsequent to the date of delivery thereof up to and including the Closing Date, the Official Statement will be true, correct, complete and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If, after the date of this Contract of Purchase and until 25 days after the end of the "underwriting period" (as defined in Rule 15c2-12), any event shall occur that might cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District hereby covenants and agrees, to the extent it has knowledge of such event, to notify the Underwriters (and for the purposes of this clause to provide the Underwriters with such information as they may from time to time reasonably request), and, if in the opinion of the Underwriters and their counsel such event requires the preparation and publication of a supplement or amendment to the Official Statement, at its expense to supplement or amend the Official Statement in a form and manner approved by the Underwriters and furnish to the Underwriters a reasonable number of copies of such supplement or amendment. For purposes of this Contract of Purchase, the District may assume that the end of the "underwriting period" has occurred on the Closing Date unless the District is otherwise notified by the Underwriters on or prior to the Closing Date. If the Underwriters notify the District that the Closing Date is not the end of the "underwriting period", then the Underwriters shall further notify the District of the date that is the end of the "underwriting period" (as defined in Rule 15c2-12);

(j) If the Official Statement is supplemented or amended pursuant to paragraph (i) of Section 2 of this Contract of Purchase, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the "underwriting period", the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading;

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the knowledge of the officer of the District executing this Contract of Purchase after due investigation, threatened (i) in any way affecting the corporate existence of the District or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof in accordance with the Resolution, or the collection or application of Revenues (as defined in the Resolution) or the collection or application of the Net Revenues pledged to pay the principal of and interest on the Bonds under the Resolution or in any way contesting or affecting the validity or enforceability

of any of the Bonds, the Resolution, the Undertaking, this Contract of Purchase or any action of the District contemplated by any of said documents, (iii) which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the District or its authority with respect to the Bonds, the adoption of the Resolution, or the execution and delivery of the Undertaking, or this Contract of Purchase, or any action of the District contemplated by any of said documents, and (v) which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of the District executing this Contract of Purchase is there any basis therefor;

(l) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request (i) to qualify the Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Senior Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided that in connection therewith the District shall not be required to execute or file a general or special consent to service of process or qualify to do business in any jurisdiction and will advise the Senior Underwriter promptly of receipt by the District of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or written notification of the initiation or threat of any proceeding for that purpose;

(m) The audited financial statements of the District for the years ending December 31, 2025 and December 31, 2024 heretofore delivered to the Underwriters and incorporated by reference in the Preliminary Official Statement and the Official Statement as Appendix B fairly present the financial position of the District as of the dates indicated and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis;

(n) Between the date hereof and the Closing Date, the District will not, without the prior written consent of the Senior Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, in either case other than in the ordinary course of its business or as disclosed in the Preliminary Official Statement or the Official Statement or as otherwise disclosed to the Senior Underwriter;

(o) The Bonds, the Resolution and the Undertaking conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement;

(p) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Resolution and as described in the Preliminary Official Statement and the Official Statement, including for payment of District expenses incurred in connection with the negotiation,

marketing, issuance and delivery of the Bonds to the extent required by Section 7 (Expenses), and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(q) Any certificate signed by any official of the District, and delivered to the Underwriters, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein; and

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, during the last five years the District has complied in all material respects with all previous undertakings required by Rule 15c2-12.

**3. Conditions to the Obligations of the Underwriters.** The obligations of the Underwriters to accept delivery of and pay for the Bonds on the Closing Date shall be subject to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the fulfillment of the following conditions:

(a) The representations, warranties and covenants of the District contained herein shall be true, complete and correct on the date hereof and as of the Closing Date as if made on the Closing Date;

(b) At the Closing Date, the Resolution shall have been duly adopted and shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Contract of Purchase, all such actions as, in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“Bond Counsel”), shall be necessary and appropriate;

(c) At the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters;

(d) At or prior to the Closing Date, the Underwriters shall have received copies of the following documents, in each case satisfactory in form and substance to the Underwriters:

(1) The Official Statement executed on behalf of the District by its Chief Executive Officer and General Manager, any Member of its Executive Committee, its Treasurer, its Secretary or its Chief Financial Officer (each an “Authorized Representative”);

(2) The Undertaking executed on behalf of the District by an Authorized Representative;

(3) The Sixty-Ninth Supplemental Resolution, with only such supplements or amendments thereto as may have been agreed to by the Underwriters and certified by an authorized officer of the District under its seal as having been duly adopted by the District and as being in full force and effect, and the Resolution, certified by an authorized officer of the District as being in full force and effect, with such supplements and amendments thereto adopted after the date hereof as may have been agreed to by the Underwriters;

(4) An opinion or opinions relating to the Bonds, dated the Closing Date and addressed to the District, of Bond Counsel, in substantially the form included in the Official Statement as Appendix E, together with a letter or letters of such Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion or opinions addressed to the District may be relied upon by the Underwriters to the same extent as if such opinion or opinions were addressed to them;

(5) An opinion or opinions, dated the Closing Date and addressed to the Senior Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit E;

(6) An opinion, dated the Closing Date and addressed to the Senior Underwriter, of General Counsel to the District, in substantially the form attached hereto as Exhibit C;

(7) An opinion, dated the Closing Date and addressed to the Underwriters, of Nixon Peabody LLP, as counsel for the Underwriters (“Underwriters’ Counsel”), to the effect that (i) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule applicable to the primary offering of the Bonds; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriters and without having undertaken to determine independently, or assuming any responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, they do not believe that (A) the Preliminary Official Statement, as of its date and as of the date of the Contract of Purchase, and (B) the Official Statement as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information relating to Cede & Co., DTC or the operation of the book-entry system, the Appendices to the Official Statement, except Appendices D and F, and summaries thereof and references thereto, and other financial, accounting and statistical data included therein, as to all of which no view need be expressed); and (iii) with respect to such matters as the Underwriters may reasonably require;

(8) A certificate, dated the Closing Date, signed by an Authorized Representative of the District in substantially the form attached hereto as Exhibit D (but in lieu of or in conjunction with such certificate the Underwriters may, in its sole discretion, accept certificates or opinions of General Counsel to the District, or of other counsel acceptable to the Underwriters, that in the opinion of such counsel the issues raised in any pending or threatened litigation referred to in such certificate are without substance or that the contentions of all plaintiffs therein are without merit);

(9) An acceptance of and agreement to the provisions of the Sixty-Ninth Supplemental Resolution executed by the Trustee under the Resolution in form and substance acceptable to the Underwriters;

(10) A tax certificate related to the Bonds in substance and form satisfactory to Bond Counsel;

(11) Ratings of the Bonds from Fitch Ratings, Inc. (“Fitch”) of not less than “[AA (stable outlook)],” and from Moody’s Investors Service Inc. (“Moody’s”) of not less than “[Aa2 (stable outlook)]”;

(12) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriters, to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into, accept and agree to the provisions of the Resolution and to enter into and perform the Undertaking, (ii) the Undertaking has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors’ rights generally, to the application of equitable principals and to the exercise of judicial discretion in appropriate cases, and to enter into and perform the Undertaking, (iii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in this matter that would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Resolution, and the Undertaking have been obtained and are in full force and effect, and (iv) the acceptance of the duties and obligations of the Trustee under the Resolution, and the Undertaking and the consummation of the transactions on the part of the Trustee contemplated therein, and the compliance by the Trustee, as applicable, with the terms, conditions and provisions of such document do not contravene any provisions of applicable law or regulation or any order or decree, writ or injunction or the Articles of Association or Bylaws of the Trustee, and, to the best knowledge of such counsel, will not require the consent under or result in a breach of or a default under, any resolution, agreement or other instrument to which the Trustee is a party or by which it may be bound;

(13) A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by DTC and the District; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy and completeness, as of the date hereof and as of the Closing Date, of the District’s representations and warranties contained herein and of the statements and information contained in the Preliminary Official Statement or the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Resolution and the Preliminary Official Statement or the Official Statement.

If any of the conditions to the obligations of the Underwriters contained in this Section or elsewhere in this Contract of Purchase with respect to the Bonds shall not have been satisfied when and as required herein, all obligations of the Underwriters hereunder with respect to the Bonds may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District.

4. **Offering.** The obligations of the District to sell and to deliver the Bonds on the Closing Date to the Underwriters shall be subject to the following conditions:

(a) The entire \$[PRINCIPAL AMOUNT] aggregate principal amount of the Bonds shall be purchased, accepted and paid for by the Underwriters on the Closing Date; and

(b) The District shall receive an Issue Price Certificate of the Senior Underwriter substantially in the form attached hereto as Exhibit F with respect to the Bonds.

5. **Issue Price of the Bonds.** The Senior Underwriter, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit F, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Senior Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except for the maturities set forth in Schedule A of Exhibit F attached hereto,] the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Senior Underwriter shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Bonds. [If at that time the 10% test has not been satisfied as to any maturity of the Bonds, the Senior Underwriter agrees to promptly report to the District the prices at which Bonds of that maturity have been sold by the Underwriters to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until either (i) all Bonds of that maturity have been sold or (ii) the 10% test has been satisfied as to the Bonds of that maturity, provided that, the Underwriters’ reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Senior Underwriter, the District or bond counsel.] For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) [The Senior Underwriter confirms that the Underwriters have offered the Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in Schedule A of Exhibit F attached hereto. Schedule A of Exhibit F attached hereto sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Senior Underwriter, on behalf of the Underwriters, agree that the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale date as the issue price of that

maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Senior Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Senior Underwriter will advise the District or the District’s municipal advisor promptly after the close of the fifth (5th) business day after the sale date whether it has sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

(d) [The Senior Underwriter confirms that:

(1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the Senior Underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable:

(A)(i) to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Senior Underwriter that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Senior Underwriter, and (ii) to comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Senior Underwriter and as set forth in the related pricing wires,

(B) to promptly notify the Senior Underwriter of any sales of Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below),

(C) acknowledge that, unless otherwise advised by the Underwriter, dealer or broker-dealer, the Senior Underwriter shall assume that each order submitted by the Underwriter, dealer or broker-dealer is a sale to the public, and

(2) any agreement among underwriters or selling group agreement relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each Underwriter or dealer that is party to a third-party distribution agreement to be employed in connection with the initial sale of

the Bonds to the public to require each broker-dealer that is a party to such third-party distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allocated to it, whether or not the Closing Date has occurred, until either all Bonds of that maturity allocated to it have been sold or it is notified by the Senior Underwriter or such Underwriter or dealer that the 10% test has been satisfied as to the Bonds of that maturity, provided that, the reporting obligation after the Closing Date may be at reasonable periodic intervals or otherwise upon request of the Senior Underwriter or such Underwriter or dealer, and (B) comply with the hold-the-offering-price rule, if applicable, if and for so long as directed by the Senior Underwriter or the Underwriter or the dealer and as set forth in the related pricing wires.

The District acknowledges that, in making the representations set forth in this section, the Senior Underwriter will rely on (i) the agreement of each Underwriter to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an Underwriter or dealer who is a member of the selling group is a party to a third-party distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, as set forth in the third-party distribution agreement and the related pricing wires. The District further acknowledges that each Underwriter shall be solely liable for its failure to comply with its agreement regarding the requirements for establishing issue price of the Bonds, including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds, and that no Underwriter shall be liable for the failure of any other Underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a third-party distribution agreement to comply with its corresponding agreement to comply with the requirements for establishing issue price of the Bonds including, but not limited to, its agreement to comply with the hold-the-offering-price rule, if applicable to the Bonds.]

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public

(including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Contract of Purchase by all parties.

6. **Termination.** The Underwriters shall have the right to terminate their obligations under this Contract of Purchase to purchase, accept delivery of and to pay for the Bonds, if,

(a) between the date hereof and the Closing Date, the market price or marketability, or the ability of the Underwriters to enforce contracts for the sale, at the initial offering prices set forth in the Official Statement, of the Bonds have been materially adversely affected, in the judgment of the Underwriters, (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) (x) any legislation which is (A) enacted by Congress, (B) favorably reported for passage to either House of the Congress of the United States by any Committee of such House to which such legislation has been referred for consideration, or (C) recommended to the Congress for passage by the President of the United States or the Treasury Department, but only, however, if the occurrence of any of the foregoing events is generally accepted by the municipal bond market as potentially affecting the federal tax status of the District, its property or income or the interest on its bonds or notes (including the Bonds), (y) any decision rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, or (z) a final order, ruling, regulation or official statement issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the holders of the Bonds, or upon such revenues or other income of the general character expected to be received by the District; provided, however, that the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes will not give the Underwriters the right to terminate their obligations hereunder;

(2) Legislation enacted (or resolution passed) by the Congress or a final order, ruling, regulation or official statement is issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or are not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(3) Any new material outbreak or escalation of hostilities having a material effect on the financial markets of the United States or the declaration by the United States of a national emergency or war or the occurrence of any other local, national or international calamity, crisis or event relating to the effective operation of the government of or the financial community in the United States or an escalation thereof, including, without limitation, a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on the New York Stock Exchange or any other national securities exchange, or any material disruption in commercial banking or securities settlement or payment services or clearing services;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the net capital requirements of, the Underwriters;

(6) the adoption of any amendment to the federal or California Constitution, decision by any federal or California court, or enactment by any federal or California legislative body materially adversely affecting (i) the District or the right of the District to receive or to pledge any of the Net Revenues, or (ii) the validity or enforceability of this Contract of Purchase, the Bonds or the Resolution;

(7) the adoption of any amendment to the California Constitution, decision by any California court, or enactment by any California legislative body adversely affecting the exemption of state or local income tax upon such interest as would be received by the holders of the Bonds, or

(8) (i) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's, S&P, or Fitch of any debt securities issued by the District, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the District, including the Bonds.

(b) an event occurs, or information becomes known, which, in the judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

7. **Expenses.** (a) Except as set forth in paragraph (b) of this Section, the Underwriters shall be under no obligation to pay, and the District shall pay, or cause to be paid, all expenses incident to the performance of the District's obligations hereunder including, but not limited to, the cost of word processing and reproducing, executing and delivering the Bonds to the Underwriters; the cost of preparation, printing (and/or word processing and reproducing), distribution and delivery of the Resolution; the cost of printing and distributing copies of the Preliminary Official Statement and the Official Statement in sufficient quantities for distribution in connection with the sale of the Bonds (including resales in the secondary market); the fees and disbursements of Bond Counsel; the fees and disbursements of PFM Financial Advisors LLC, for its services as Municipal Advisor to the District; the fees and disbursements of any other engineers, accountants, and any other experts or consultants retained in connection with the issuance of the Bonds; the fees and disbursements of the Trustee; fees charged by the rating agencies for rating the Bonds; any advertising expenses; filing fees; CUSIP charges; or fees and expenses of any credit enhancement; expenses incurred by the Underwriters on behalf of the District relating to food, transportation or lodging for District staff members attending the bond pricing are to be reimbursed by the District through proceeds of the Bonds or available funds of the District (the District's obligations in regard to these expenses survive if delivery of the Bonds fails due to one of the conditions set forth in Section 3 hereof or this Contract of Purchase is terminated pursuant to Section 6 hereof) and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance of the Bonds.

(b) The District shall be under no obligation to pay, and the Underwriters shall pay (from the expense component of the underwriting discount), the cost of preparation of the Agreement Among Underwriters and the letter of instructions relating thereto and this Contract of Purchase; the cost of wiring funds for the payment of the purchase price of the Bonds; the fees and expenses of DTC incurred with respect to depositing the Bonds therewith; expenses to qualify the Bonds for sale under any "Blue Sky" laws; fees to the California Debt and Investment Advisory Commission; and all other expenses incurred by the Underwriters in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of Underwriters' Counsel. Notwithstanding that the fees to the California Debt and Investment Advisory Commission are solely the legal obligation of the Underwriters, the District agrees to reimburse the Underwriters for such fees.

8. **Notices.** Any notice or other communication to be given to the District under this Contract of Purchase may be given by delivering the same in writing to Sacramento Municipal Utility District, at 6201 S Street, Sacramento, California 95817-1899; and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to Goldman Sachs & Co. LLC, 555 California Street, 45th Floor San Francisco, California 94104, Attention: Joseph Natoli, Managing Director.

9. **Parties in Interest.** This Contract of Purchase is made solely for the benefit of the District and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The term “successors and assigns” as used in this Section shall not include any purchaser of the Bonds, as such purchaser, from any of the several Underwriters.

10. **Survival of Representations and Warranties.** The representations and warranties of the District, set forth in or made pursuant to this Contract of Purchase, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the closing or termination of this Contract of Purchase and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Bonds.

11. **Counterparts and Electronic Signature.** This Contract of Purchase may be executed in several counterparts, which together shall constitute one and the same instrument.

Each of the parties hereto agrees that the transaction consisting of this Contract of Purchase may be conducted by electronic means. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this Contract of Purchase using an electronic signature, it is signing, adopting, and accepting this Contract of Purchase and that signing this Contract of Purchase using an electronic signature is the legal equivalent of having placed its handwritten signature on this Contract of Purchase on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Contract of Purchase in a usable format.

12. **California Law Governs; Venue.** The validity, interpretation and performance of this Contract of Purchase shall be governed by the laws of the State of California. Any action or proceeding to enforce or interpret this Contract of Purchase shall be brought, commenced or prosecuted in the County of Sacramento, California.

13. **Entire Agreement.** This Contract of Purchase when accepted by you in writing as heretofore specified shall constitute the entire agreement between us.

14. **Effectiveness.** This Contract of Purchase shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by an authorized officer of the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

GOLDMAN SACHS & CO. LLC, BARCLAYS CAPITAL INC., BOFA SECURITIES, INC., J.P. MORGAN SECURITIES LLC, MORGAN STANLEY & CO. LLC, PNC CAPITAL MARKETS LLC and WELLS FARGO BANK, NATIONAL ASSOCIATION

BY: GOLDMAN SACHS & CO. LLC, as Senior Underwriter

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Authorized Officer

Accepted: [PRICING DATE]

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Jennifer Restivo  
Treasurer

[Signature page to 2026 Series P Bonds Contract of Purchase]

Exhibit A

SACRAMENTO MUNICIPAL UTILITY DISTRICT  
\$[PRINCIPAL AMOUNT]  
Electric Revenue Bonds, 2026 Series P [(Green Bonds)]

<u>Maturity</u> <u>(September 15)</u>	<u>Principal</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>General</u> <u>Rule</u> <u>Maturities</u>	<u>Hold the</u> <u>Offering</u> <u>Price Rule</u> <u>Maturities</u>
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<sup>c</sup> Priced to call date of March 15, 20\_\_.

***Optional Redemption.*** On any date on or after March 15, 20\_\_, the Bonds maturing on and after September 15, 20\_\_ are subject to redemption prior to their stated maturities at the option of the District, from any source of available funds, as a whole or in part, by lot, at the principal amount thereof, without premium, together with accrued interest to the date fixed for redemption.

***Selection of Bonds for Redemption.*** If less than all of a maturity of the Bonds is to be redeemed, the Trustee shall select the Bonds of such maturity to be redeemed, from the Outstanding Bonds of such maturity not previously called for redemption, by lot in any manner the Trustee deems fair. For so long as the book-entry only system is in effect with respect to the Bonds, DTC shall select the Bonds to be redeemed in accordance with the procedures of DTC.

***Notice of Redemption.*** Notice of redemption for the Bonds will be given by publication at least once in financial newspapers or journals, selected by the Trustee, of general circulation in San Francisco, California, Chicago, Illinois, and New York, New York, each such publication to be not less than 20 nor more than 60 days before the date fixed for redemption, if at any time the Bonds are not in book entry form. Notice also will be mailed to the registered owners of any Bonds designated for redemption, but failure to mail such notice or any defect therein with respect to any particular Bond will not affect the validity of the proceedings for the redemption of any other Bonds. For so long as the book-entry-only system is in effect with respect to the Bonds, the Trustee will mail notice of redemption solely to DTC or its nominee or its successor. Any failure of DTC or its successor, or of a direct or indirect DTC participant, to notify a beneficial owner of a Bond of any redemption will not affect the sufficiency or validity of the redemption of any Bond. The District may instruct the Trustee to give conditional notice of optional redemption, which may be conditioned upon the receipt of moneys or any other event. The District may rescind any notice of optional redemption of the Bonds by giving written notice to the Trustee of such rescission no later than two business days prior to the date specified for redemption.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit B to the Contract of Purchase  
(Official Statement)**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit C to the Contract of Purchase  
(Opinion of General Counsel to the  
Sacramento Municipal Utility District)**

[CLOSING DATE]

Goldman Sachs & Co. LLC  
555 California Street, 45th Floor  
San Francisco, California 94104

Re: Sacramento Municipal Utility District  
[\$[PRINCIPAL AMOUNT] Electric Revenue Bonds, 2026 Series P [(Green  
Bonds)]

Ladies and Gentlemen:

This opinion is being delivered pursuant to Paragraph 3(d)(6) of the Contract of Purchase (the “Contract of Purchase”), dated [PRICING DATE], between Goldman Sachs & Co. LLC, as Senior Managing Underwriter named therein (the “Senior Underwriter”), and the Sacramento Municipal Utility District (the “District”) relating to the above-captioned bonds (the “Bonds”).

As counsel to the District, I have reviewed (i) Resolution No. 6649 of the District, adopted on January 7, 1971, as amended and supplemented to date, including as amended and supplemented by Resolution No. [26-\_\_-\_\_], adopted on June 18, 2026 (as so amended and supplemented, the “Resolution”); (ii) the Continuing Disclosure Agreement, dated the date hereof (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”); (iii) the Preliminary Official Statement of the District, dated [POS DATE] (the “Preliminary Official Statement”); (iv) the Official Statement of the District, dated [PRICING DATE] (the “Official Statement”) and (v) such other documents, opinions and matters to the extent I deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. I have assumed the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal execution and delivery by, and validity against, any parties other than the District. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. I have further assumed compliance with all covenants and agreements contained in such documents.

I call attention to the fact that the rights and obligations under the Resolution, the Undertaking, and the Contract of Purchase may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors’ rights, to the application of equitable principles, and to the exercise of judicial

discretion in appropriate cases and to the limitations on legal remedies against municipal utility districts in the State of California. I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the opinion that:

1. The District is a political subdivision of the State of California duly organized and validly existing under the Act, as amended, and has full legal right, power and authority to execute and deliver (or adopt, as the case may be), and to perform its obligations under, the Resolution, the Undertaking and the Contract of Purchase.

2. The Contract of Purchase and the Undertaking have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by each of the parties thereto other than the District, constitute the legal, valid and binding obligations of the District, enforceable against the District in accordance with their respective terms.

3. The District is not in breach of or default under any existing constitutional provision, applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject which would have a material adverse effect on the financial condition or operations of the District, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which would have a material adverse effect on the financial condition or operations of the District; and the execution and delivery of the Bonds, the Undertaking and the Contract of Purchase and the adoption of the Resolution, and compliance with any existing constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject will not, as of the date hereof, conflict with or constitute a breach of or default under any such instrument which would have a material adverse effect on the financial condition or operations of the District, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Resolution.

4. The statements contained in the Preliminary Official Statement and the Official Statement which purport to describe certain provisions of the Bonds, the Undertaking, and the Resolution present a fair and accurate summary of such provisions for the purpose of use in the Preliminary Official Statement and the Official Statement.

5. Except as described or referred to in the Preliminary Official Statement and the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body,

pending or, to the best of my knowledge, threatened against the District affecting the corporate existence of the District or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Revenues (as defined in the Resolution) or the Net Revenues (as defined in the Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds or contesting or affecting as to the District the validity or enforceability of the Act, the Bonds, the Resolution, the Contract of Purchase or the Undertaking, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the District or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by the District of the Contract of Purchase, or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act or the authorization, execution, delivery or performance by the District of the Bonds, the Resolution, the Undertaking, or the Contract of Purchase.

6. Based upon my review of the Preliminary Official Statement and the Official Statement as General Counsel to the District and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except as specifically set forth in paragraph 4 hereof), I have no reason to believe that the statements contained in the Preliminary Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Preliminary Official Statement, and other financial and statistical data included therein, as to all of which I express no view) as of its date and as of the date of the Contract of Purchase contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Official Statement, and other financial and statistical data included therein, as to all of which I express no view) (A) as of the date of the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (B) as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

For purposes of the opinions expressed herein, I have assumed that an agreement or other document is “material” to the District if it involves amounts in excess of \$10,000,000 and that a matter would result in a “material adverse change” to the District if the financial consequences involved would exceed \$10,000,000.

I understand that you are relying upon the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, with respect to the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes and the Bonds for purposes of State of California income taxation and, accordingly, render no opinion with respect thereto.

Very truly yours,

## **SACRAMENTO MUNICIPAL UTILITY DISTRICT**

### **Exhibit D to the Contract of Purchase**

#### **CERTIFICATE**

The Sacramento Municipal Utility District (“SMUD”), hereby certifies that:

(1) The representations and warranties of SMUD (excluding those representations and warranties contained in Section 2(e) and Section 2(k) of the hereinafter defined Contract of Purchase) contained in the Contract of Purchase, dated [PRICING DATE], between SMUD and the Underwriters named therein (the “Contract of Purchase”) with respect to the sale by SMUD of \$[PRINCIPAL AMOUNT] aggregate principal amount of its Electric Revenue Bonds, 2026 Series P [(Green Bonds)] (the “Bonds”), are true and correct on and as of the Closing Date as if made on the Closing Date.

(2) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by SMUD of its obligations in connection with the issuance of the Bonds under the Resolution, the Undertaking, and the Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by SMUD of its respective obligations under, the Contract of Purchase, the Undertaking, the Bonds or the Resolution, or which are necessary to permit SMUD to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the best of knowledge of the officer of SMUD executing this Contract of Purchase after due investigation, threatened against SMUD, in any way affecting the corporate existence of SMUD or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds or the collection of the Revenues (as defined in the Resolution) or the Net Revenues (as defined in the Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting as to SMUD the validity or enforceability of the Act, the Bonds, the Resolution, the Contract of

Purchase, the Undertaking, or any action of SMUD contemplated by any of said documents, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to SMUD, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution system, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of SMUD or any authority for the issuance of the Bonds, the adoption of the Resolution, or the execution and delivery by SMUD of the Contract of Purchase or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act of the authorization, execution, delivery or performance by SMUD of the Bonds, the Resolution, the Undertaking, or the Contract of Purchase, or any action of SMUD contemplated by any of said documents, or which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of SMUD executing this Contract of Purchase is there any basis therefor.

(4) No event affecting SMUD has occurred (with respect to the Preliminary Official Statement, from its date to the date of the Contract of Purchase, and with respect to the Official Statement, since the date of the Official Statement) which should have been or should be disclosed in the Preliminary Official Statement or the Official Statement so that the Preliminary Official Statement or the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and which has not been disclosed in a supplement or amendment to the Preliminary Official Statement or the Official Statement.

(5) SMUD has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Contract of Purchase with respect to the issuance of the Bonds.

(6) All capitalized terms employed herein which are not otherwise defined shall have the same meanings as in the Contract of Purchase.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_

Name:

Title:

Dated: [CLOSING DATE]

**Exhibit E to the Contract of Purchase  
(Supplemental Opinion of Bond Counsel)**

[CLOSING DATE]

Goldman Sachs & Co. LLC,  
555 California Street, 45th Floor  
San Francisco, California 94104

Sacramento Municipal Utility District  
Electric Revenue Bonds, 2026 Series P [(Green Bonds)]  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is provided pursuant to Section 3(d)(5) of the Contract of Purchase, dated [PRICING DATE] (the “Purchase Contract”), between you, as Senior Underwriter, and the other underwriters named therein (together, the “Underwriters”) and the Sacramento Municipal Utility District (“SMUD”), providing for the purchase by the Underwriters of \$[PRINCIPAL AMOUNT] aggregate principal amount of Sacramento Municipal Utility District Electric Revenue Bonds, 2026 Series P [(Green Bonds)] (the “2026 Series P Bonds”). The 2026 Series P Bonds are being issued pursuant to Resolution No. 6649 of the Board of Directors of SMUD, adopted January 7, 1971, as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. [26-\_\_-\_\_], adopted on June 18, 2026. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or, if not defined in the Resolution, in the Purchase Contract.

In connection with our role as bond counsel to SMUD, we have reviewed the Purchase Contract; the Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; certain portions of the posted preliminary official statement of SMUD, dated [POS DATE], with respect to the 2026 Series P Bonds (the “Preliminary Official Statement”) and of the posted official statement of SMUD, dated [PRICING DATE], with respect to the 2026 Series P Bonds (the “Official Statement”); opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the 2026 Series P Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the 2026 Series P Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than SMUD and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions

contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the 2026 Series P Bonds, the Resolution, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of Preliminary Official Statement, the Official Statement or other offering material relating to the 2026 Series P Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The 2026 Series P Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, SMUD.

3. The statements contained in the Official Statement under the captions "THE 2026 SERIES P BONDS" (excluding any statements about book-entry or The Depository Trust Company), "SECURITY FOR THE BONDS" and "TAX MATTERS" and in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION" thereto, excluding any material that may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Resolution, and certain matters addressed in our final legal opinion as bond counsel to SMUD concerning the validity of the 2026 Series P Bonds and certain other matters, dated the date hereof and addressed to SMUD, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or (except as explicitly stated in paragraph 3 above) in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to SMUD in connection with the issuance of the 2026 Series P Bonds, we participated in conferences with your representatives, your counsel, representatives of SMUD, its counsel, accountants, and others, during which the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed.

Based on our participation in the above-mentioned conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract), and in reliance thereon, on oral and written statements and representations of SMUD and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to SMUD, we advise you as a matter of fact and not opinion that (a) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement which caused us to believe as of the date of the Purchase Contract, based on the documents, drafts and facts in existence and received as of that date, that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that we expressly exclude from the scope of this paragraph and express no view with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any statements about compliance with prior continuing disclosure undertakings, any management discussion and analysis, any information about Cede & Co., The Depository Trust Company, book-entry, ratings, rating agencies, municipal advisors, underwriters, underwriting, the designation of the 2026 Series P Bonds as “Green Bonds”, and the information contained in Appendices B, C and G included or referred to therein or omitted therefrom. No responsibility is undertaken or conclusion expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel to SMUD. No attorney-client relationship has existed or exists between our firm and you in connection with the 2026 Series P Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Senior Underwriter of the 2026 Series P Bonds, is solely for your benefit as such Senior Underwriter in connection with the original delivery of the 2026 Series P Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the 2026 Series P Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

**Exhibit F to the Contract of Purchase**

**(Form of Issue Price Certificate Of The Senior Underwriter Regarding Offering Prices)**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**[\$[PRINCIPAL AMOUNT]**

**Electric Revenue Bonds, 2026 Series P [(Green Bonds)]**

The undersigned, on behalf of Goldman Sachs & Co. LLC, as representative (the “Representative”) of itself, Barclays Capital Inc., BofA Securities, Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, PNC Capital Markets LLC and Wells Fargo Bank, National Association (together, the “Underwriting Group”), hereby certifies, on its own behalf and on behalf of the other members of the Underwriting Group on the basis of representations and warranties set forth in the agreement among underwriters, as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the [General Rule Maturities][Bonds].*** As of the date of this Certificate, for each Maturity of the [General Rule Maturities][Bonds], the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***[Initial Offering Price of the Hold-the-Offering-Price-Maturities.***

(a) The Underwriting Group offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the Representative has agreed in writing that for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”). Pursuant to such agreement, the Representative has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period.]

3. ***Defined Terms.***

(a) ***[General Rule Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.”]

(b) ***[Hold-the-Offering-Price Maturities*** means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) ***[Holding Period*** means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriters have sold at least 10% of such Hold-

the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.]

(d) *Issuer* means Sacramento Municipal Utility District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party (as such terms are defined below) to an Underwriter.

(g) A purchaser of any of the Bonds is a *Related Party* to any Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [PRICING DATE].

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only, and as it relates to the actions of the other Underwriters, such representations are made to the best of the Representative's knowledge based on the Representative's records. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [CLOSING DATE]

GOLDMAN SACHS & CO. LLC,  
as representative of the Underwriting Group

By: \_\_\_\_\_  
Name: \_\_\_\_\_

**Schedule A**

**Sale Prices**

**\$(PRINCIPAL AMOUNT)  
Electric Revenue Bonds, 2026 Series P [(Green Bonds)]**

<b><u>Maturity</u> <u>(September 15)</u></b>	<b><u>Principal</u> <u>Amount</u></b>	<b><u>Interest</u> <u>Rate</u></b>	<b><u>Yield</u></b>	<b><u>Price</u></b>	<b><u>General</u> <u>Rule</u> <u>Maturities</u></b>	<b><u>Hold the</u> <u>Offering</u> <u>Price Rule</u> <u>Maturities</u></b>
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<sup>c</sup> Priced to call date of March 15, 20\_\_.

**Schedule B**

**Pricing Wire or Equivalent Communication**

Not applicable, because there are no Hold-the-Offering-Price Maturities

Attached

**CONTRACT OF PURCHASE  
SUBORDINATED BONDS**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**[\$[PRINCIPAL AMOUNT]  
Subordinated Electric Revenue Bonds, 2026 Series G  
[(Green Bonds)]**

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**CONTRACT OF PURCHASE**

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[PRICING DATE]

Honorable Board of Directors  
Sacramento Municipal Utility District  
6201 S Street  
Sacramento, California 95817-1899

Dear Directors:

The undersigned PNC Capital Markets LLC, Barclays Capital Inc., BofA Securities, Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (herein collectively referred to as the “Underwriters”), acting for and on behalf of themselves, offer to enter into this Contract of Purchase (the “Contract of Purchase”) with the Sacramento Municipal Utility District (the “District”) which, upon the District’s acceptance, will be binding upon the District and upon the Underwriters. PNC Capital Markets LLC has been duly authorized to execute this Contract of Purchase and to act hereunder by and based on representations made to it under an Agreement Among Underwriters dated [AAU DATE] on behalf of the Underwriters as the Senior Managing Underwriter (the “Senior Underwriter”). This offer is made subject to the District’s acceptance on or before 5:00 p.m., Sacramento time, on the date hereof, and if not so accepted, will be subject to withdrawal by the Underwriters upon notice delivered to the District at any time prior to the acceptance hereof by the District.

**1. Purchase, Sale and Delivery of the Bonds.**

(a) Subject to the terms and conditions and in reliance upon the representations, warranties and agreements herein set forth, the Underwriters, jointly and severally, hereby agree to purchase from the District, and the District hereby agrees to sell to the Underwriters, all (but not less than all) of the \$[PRINCIPAL AMOUNT] aggregate principal amount of the Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)] (the “Bonds”), dated [CLOSING DATE], bearing interest as set forth in the Official Statement (as hereinafter defined) of the District relating to the Bonds in each year until maturity or earlier redemption at the variable rates per annum determined in the manner set forth in the Official Statement. The purchase price for the Bonds shall be \$[ ] (consisting of the principal

amount of the Bonds of \$[PRINCIPAL AMOUNT] plus original issue premium of \$[\_\_\_\_\_] and minus an Underwriters' discount of \$[\_\_\_\_\_]).

(b) The Bonds shall be substantially in the form described in, shall be issued and secured under the provisions of, and shall be payable as provided in, Resolution No. 85-11-1, adopted by the Board of Directors of the District on November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted by the Board of Directors of the District on June 21, 2001 (the "Subordinate Master Resolution"), as heretofore amended and supplemented, including the amendment and supplement thereto made by Resolution No. [\_\_\_\_\_] , adopted by the Board of Directors on June 18, 2026 (the "Twentieth Supplemental Resolution"). The Subordinate Master Resolution, as supplemented and amended as described in this Contract of Purchase, is herein called the "Subordinate Resolution." The Bonds are authorized to be issued pursuant to applicable California law, including the Municipal Utility District Act (Sections 12850 to 12860 of the Public Utilities Code), the Revenue Bond Law of 1941 (Government Code Section 54300 *et seq.*), Article 11 of Chapter 3 of Part 1 of Division 2 of Title 5 of the California Government Code (Section 53580 *et seq.*) and the Subordinate Resolution. The Bonds will be special obligations of the District payable exclusively from, and are secured by a pledge (effected in the manner and to the extent provided in the Subordinate Resolution) of, the Net Subordinated Revenues (as defined in the Subordinate Resolution). The Bonds shall be payable and shall be subject to redemption as provided in the Subordinate Resolution.

(c) The Bonds are being issued to (i) finance and refinance certain improvements and additions to the District's Electric System, including by paying [all] of the outstanding principal amount of SMUD's commercial paper notes at maturity [(ii) refund certain of SMUD's outstanding Senior Bonds], and (iii) pay certain costs associated with the issuance of the Bonds.

(d) The District has heretofore delivered to the Underwriters copies of the Preliminary Official Statement, dated [POS DATE], relating to the Bonds (the "Preliminary Official Statement") in connection with the public offering of the Bonds. The Preliminary Official Statement was deemed final by the District as of the date thereof in accordance with paragraph (b)(1) of Rule 15c2-12 of the Securities and Exchange Commission ("Rule 15c2-12"), except for the information not required to be included therein under Rule 15c2-12.

(e) The District shall prepare and deliver to the Underwriters, as promptly as practicable, but in any event not later than one business day prior to the Closing Date (as defined below) or seven business days from the date hereof, a final official statement, with such changes and amendments as may be agreed to by the Underwriters, in such quantities as the Underwriters may reasonably request in order to comply with paragraph (b)(4) of Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board ("MSRB") (such official statement, including the cover page and Appendices thereto, as the same may be supplemented or amended pursuant to paragraph (i) of Section 2 hereof, is herein referred to as the "Official Statement"). In addition, the District will provide, subject to customary disclaimers regarding the transmission of electronic copies, an electronic copy of the final Official Statement to the Underwriters in the currently required designated electronic format stated in MSRB Rule G-32 and the EMMA Dataport Manual (as defined below). The parties agree that the format in which the Preliminary Official Statement was delivered meets such electronic format requirements.

(f) Within one (1) business day after receipt of the Official Statement from the District, but by no later than the Closing Date, the Underwriters shall, at their own expense submit the Official Statement to EMMA (as defined below). The Underwriters will comply with the provisions of MSRB Rule G-32, including without limitation the submission of Form G-32 and the Official Statement and notify the District of the date on which the Official Statement has been filed with EMMA.

“EMMA” means the MSRB’s Electronic Municipal Market Access system, or any other electronic municipal securities information access system designated by the MSRB for collecting and disseminating primary offering documents and information.

“EMMA Dataport Manual” means the document(s) designated as such published by the MSRB from time to time setting forth the processes and procedures with respect to submissions to be made to the primary market disclosure service of EMMA by underwriters under Rule G-32(b).

(g) The District hereby ratifies, confirms and approves the use and distribution by the Underwriters prior to the date hereof of the Preliminary Official Statement and hereby authorizes the Underwriters to use and distribute the Official Statement, the Subordinate Resolution and this Contract of Purchase, and all information contained in each, and all other documents, certificates and statements furnished by the District to the Underwriters in connection with the transactions contemplated by this Contract of Purchase, in connection with the offer and sale of the Bonds.

The District will covenant pursuant to a Continuing Disclosure Agreement dated as of the date of the issuance of the Bonds (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association (the “Trustee”), to provide annual reports and certain notices as described in Appendix G of the Official Statement.

(h) The District agrees and acknowledges that: (i) the Underwriters are not acting as municipal advisors within the meaning of Section 15B of the Securities Exchange Act, as amended, (ii) the primary role of the Underwriters, as underwriters, is to purchase securities, for resale to investors, in an arm’s length commercial transaction between the District and the Underwriters and the Underwriters have financial and other interests that differ from those of the District; (iii) the Underwriters are acting solely as principals and are not acting as municipal advisors, financial advisors or fiduciaries to the District and have not assumed any advisory or fiduciary responsibility to the District with respect to the transaction contemplated hereby and the discussions, undertakings and procedures leading thereto (irrespective of whether the Underwriters have provided other services or are currently providing other services to the District on other matters); (iv) the only contractual obligations the Underwriters, as underwriters, have to the District with respect to the transaction contemplated hereby expressly are set forth in this Contract of Purchase; and (v) the District has consulted its own financial and/or municipal, legal, accounting, tax and other advisors, as applicable, to the extent it has deemed appropriate.

(i) At 8:00 A.M., Sacramento time, on [CLOSING DATE] or at such earlier or later time or date as shall be agreed upon by the Underwriters and the District (such time and date being herein referred to as the “Closing Date”), the District will deliver the Bonds to The

Depository Trust Company, New York, New York (“DTC”), for the account of the Underwriters, duly executed by the District, and the other documents herein mentioned; and the Underwriters will (i) accept such delivery and pay the purchase price of the Bonds as set forth in paragraph (a) of this Section by wire transfer in San Francisco, California to the order of the District. Delivery of the documents herein mentioned shall be made at the offices of Orrick, Herrington & Sutcliffe LLP, 400 Capitol Mall, Suite 3000, Sacramento, California 95814, or such other place as shall have been mutually agreed upon by the District and the Underwriters, except that the Bonds shall be delivered at the offices of DTC in New York, New York or at such other place and in such manner as shall have been mutually agreed upon by the District and the Underwriters.

The Bonds shall be issued initially in fully registered book-entry eligible form (which may be typewritten) in the form of a single registered bond for each maturity of the Bonds, shall bear CUSIP numbers and shall be registered in the name of Cede & Co., as nominee of DTC.

**2. Representations, Warranties and Agreements of the District.** The District hereby represents, warrants to and agrees with the Underwriters that:

(a) The District is a political subdivision of the State of California duly organized and validly existing pursuant to the Municipal Utility District Act as contained in Public Utilities Code Section 11501 *et seq.* (the “Act”) and has, and at the Closing Date will have, full legal right, power and authority (i) to enter into this Contract of Purchase and the Undertaking, (ii) to adopt the Subordinate Resolution, (iii) to pledge the Net Subordinated Revenues as set forth in the Subordinate Resolution, (iv) to issue, sell and deliver the Bonds to the Underwriters pursuant to the Subordinate Resolution as provided herein, (v) to acquire, construct, operate, maintain, improve and finance and refinance its Electric System (as defined in the Subordinate Resolution) and conduct the business thereof as set forth in and contemplated by the Preliminary Official Statement and the Official Statement, and (vi) to carry out, give effect to and consummate the transactions contemplated by this Contract of Purchase, the Undertaking, the Subordinate Resolution and the Preliminary Official Statement and the Official Statement;

(b) The District has complied, and will at the Closing Date be in compliance, in all material respects, with the Act, the Subordinate Resolution, and with the obligations in connection with the issuance of the Bonds on its part contained in the Subordinate Resolution, the Bonds, the Act, the Undertaking and this Contract of Purchase;

(c) The District has duly and validly adopted the Subordinate Resolution, has duly authorized and approved the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking and the Official Statement and has duly authorized and approved the performance by the District of its obligations contained in, and the taking of any and all action as may be necessary to carry out, give effect to and consummate the transactions contemplated by, each of said documents and, at the Closing Date, the Bonds will have been validly issued and delivered, the Subordinate Resolution, the Undertaking and this Contract of Purchase will constitute the valid, legal and binding obligations of the District enforceable in accordance with their respective terms (subject to the effect of, and restrictions and limitations imposed by or resulting from, (i) bankruptcy, insolvency, debt adjustment, moratorium, reorganization or other similar laws affecting creditors’ rights, and (ii) judicial discretion) and the Subordinate Resolution will be in full force and effect;

(d) The District is not in breach of or in default under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States of America, or of any department, division, agency or instrumentality of either or any applicable court or administrative decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District is otherwise subject or bound which in any material way, directly or indirectly, affects the issuance of the Bonds or the validity thereof, the validity or adoption of the Subordinate Resolution or the execution and delivery of the Bonds, this Contract of Purchase, the Undertaking or the other instruments contemplated by any of such documents to which the District is a party, and the adoption of the Subordinate Resolution and compliance with the provisions of each will not, as of the date hereof and as of the Closing Date, conflict with or constitute a breach of or default in any material way under any existing constitutional provision, applicable law or administrative rule or regulation of the State of California, the United States, or of any department, division, agency or instrumentality of either or any applicable court or administrative judgment, decree or order, or any loan agreement, bond, note, ordinance, resolution, indenture, contract, agreement or other instrument to which the District is a party or to which the District or any of the property or assets of the Electric System (as defined in the Subordinate Resolution) are otherwise subject or bound, and no event which would have a material and adverse effect upon the financial condition of the District has occurred and is continuing which constitutes or with the passage of time or the giving of notice, or both, would constitute a default or event of default by the District under any of the foregoing;

(e) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by the District of its obligations in connection with the issuance of the Bonds under the Subordinate Resolution, the Undertaking and this Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by the District of its respective obligations under, this Contract of Purchase, the Undertaking, the Bonds or the Subordinate Resolution, or which are necessary to permit the District to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained;

(f) The Bonds, when issued and delivered in accordance with the Subordinate Resolution and this Contract of Purchase and paid for by the Underwriters on the Closing Date as provided herein, will be validly issued and outstanding special obligations of the District enforceable against the District in accordance with their terms and entitled to all the benefits and security of the Subordinate Resolution; and, upon the issuance and delivery of the Bonds, the Subordinate Resolution will provide, for the benefit of the holders from time to time of the Bonds,

a legally valid and binding pledge of and lien on Net Subordinated Revenues pledged under the Subordinate Resolution, as provided in and contemplated by the Subordinate Resolution;

(g) The Preliminary Official Statement, as of its date and as of the date hereof, did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(h) At the time of the District's acceptance hereof and (unless the Official Statement is amended or supplemented pursuant to paragraph (i) of Section 2 hereof) at all times subsequent to the date of delivery thereof up to and including the Closing Date, the Official Statement will be true, correct, complete and final in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(i) If, after the date of this Contract of Purchase and until 25 days after the end of the "underwriting period" (as defined in Rule 15c2-12), any event shall occur that might cause the Official Statement to contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, the District hereby covenants and agrees, to the extent it has knowledge of such event, to notify the Underwriters (and for the purposes of this clause to provide the Underwriters with such information as they may from time to time reasonably request), and, if in the opinion of the Underwriters and their counsel such event requires the preparation and publication of a supplement or amendment to the Official Statement, at its expense to supplement or amend the Official Statement in a form and manner approved by the Underwriters and furnish to the Underwriters a reasonable number of copies of such supplement or amendment. For purposes of this Contract of Purchase, the District may assume that the end of the "underwriting period" has occurred on the Closing Date unless the District is otherwise notified by the Underwriters on or prior to the Closing Date. If the Underwriters notify the District that the Closing Date is not the end of the "underwriting period", then the Underwriters shall further notify the District of the date that is the end of the "underwriting period" (as defined in Rule 15c2-12);

(j) If the Official Statement is supplemented or amended pursuant to paragraph (i) of Section 2 of this Contract of Purchase, at the time of each supplement or amendment thereto and (unless subsequently again supplemented or amended pursuant to such paragraph) at all times subsequent thereto during the "underwriting period", the Official Statement as so supplemented or amended will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which made, not misleading.

(k) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the knowledge of the officer of the District executing this Contract of Purchase after due investigation, threatened (i) in any way affecting the corporate existence of the District or the titles of its officers to their respective offices, (ii) affecting or seeking to prohibit, restrain or enjoin the issuance, sale or delivery of any of the Bonds, the application of the proceeds thereof in accordance

with the Subordinate Resolution, or the collection or application of Revenues (as defined in the Subordinate Resolution) or the collection or application of the Net Subordinated Revenues pledged to pay the principal of and interest on the Bonds under the Subordinate Resolution or in any way contesting or affecting the validity or enforceability of any of the Bonds, the Subordinate Resolution, the Undertaking, this Contract of Purchase or any action of the District contemplated by any of said documents, (iii) which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, (iv) contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or the powers of the District or its authority with respect to the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery of the Undertaking, or this Contract of Purchase, or any action of the District contemplated by any of said documents, and (v) which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of the District executing this Contract of Purchase is there any basis therefor;

(l) The District will furnish such information, execute such instruments and take such other action in cooperation with the Underwriters as the Underwriters may reasonably request (i) to qualify the Bonds for offer and sale under the “Blue Sky” or other securities laws and regulations of such states and other jurisdictions of the United States as the Senior Underwriter may designate, and (ii) to determine the eligibility of the Bonds for investment under the laws of such states and other jurisdictions and will use its best efforts to continue such qualifications in effect so long as required for the distribution of the Bonds; provided that in connection therewith the District shall not be required to execute or file a general or special consent to service of process or qualify to do business in any jurisdiction and will advise the Senior Underwriter promptly of receipt by the District of any written notification with respect to the suspension of the qualification of the Bonds for sale in any jurisdiction or written notification of the initiation or threat of any proceeding for that purpose;

(m) The audited financial statements of the District for the years ending December 31, 2025 and December 31, 2024 heretofore delivered to the Underwriters and incorporated by reference in the Preliminary Official Statement and the Official Statement as Appendix B fairly present the financial position of the District as of the dates indicated and such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis;

(n) Between the date hereof and the Closing Date, the District will not, without the prior written consent of the Senior Underwriter, offer or issue any bonds, notes or other obligations for borrowed money, or incur any material liabilities, direct or contingent, nor will there be any adverse change of a material nature in the financial position, results of operations or condition, financial or otherwise, of the District, in either case other than in the ordinary course of its business or as disclosed in the Preliminary Official Statement or the Official Statement or as otherwise disclosed to the Senior Underwriter;

(o) The Bonds, the Subordinate Resolution, and the Undertaking conform to the descriptions thereof contained in the Preliminary Official Statement and the Official Statement;

(p) The District has the legal authority to apply and will apply, or cause to be applied, the proceeds from the sale of the Bonds as provided in and subject to all of the terms and provisions of the Subordinate Resolution and as described in the Preliminary Official Statement and the Official Statement, including for payment of District expenses incurred in connection with the negotiation, marketing, issuance and delivery of the Bonds to the extent required by Section 7 (Expenses), and will not take or omit to take any action which action or omission will adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Bonds;

(q) Any certificate signed by any official of the District, and delivered to the Underwriters, shall be deemed a representation and warranty by the District to the Underwriters as to the statements made therein; and

(r) Except as disclosed in the Preliminary Official Statement and the Official Statement, during the last five years the District has complied in all material respects with all previous undertakings required by Rule 15c2-12.

**3. Conditions to the Obligations of the Underwriters.** The obligations of the Underwriters to accept delivery of and pay for the Bonds on the Closing Date shall be subject to the performance by the District of its obligations to be performed hereunder at or prior to the Closing Date and to the fulfillment of the following conditions:

(a) The representations, warranties and covenants of the District contained herein shall be true, complete and correct on the date hereof and as of the Closing Date as if made on the Closing Date;

(b) At the Closing Date, the Subordinate Resolution shall have been duly adopted and shall be in full force and effect, and shall not have been repealed, amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters, and there shall have been taken in connection therewith, with the issuance of the Bonds and with the transactions contemplated thereby and by this Contract of Purchase, all such actions as, in the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel (“Bond Counsel”), shall be necessary and appropriate;

(c) At the Closing Date, the Official Statement shall not have been amended, modified or supplemented, except as may have been agreed to in writing by the Underwriters;

(d) At or prior to the Closing Date, the Underwriters shall have received copies of the following documents, in each case satisfactory in form and substance to the Underwriters:

(1) The Official Statement executed on behalf of the District by its Chief Executive Officer and General Manager, any Member of its Executive Committee, its Treasurer, its Secretary or its Chief Financial Officer (each an “Authorized Representative”);

(2) The Undertaking executed on behalf of the District by an Authorized Representative;

(3) The Twentieth Supplemental Resolution, with only such supplements or amendments thereto as may have been agreed to by the Underwriters and certified by an authorized officer of the District under its seal as having been duly adopted by the District and as being in full force and effect, and the Subordinate Resolution, certified by an authorized officer of the District as being in full force and effect, with such supplements and amendments thereto adopted after the date hereof as may have been agreed to by the Underwriters;

(4) An opinion or opinions relating to the Bonds, dated the Closing Date and addressed to the District, of Bond Counsel, in substantially the form included in the Official Statement as Appendix F, together with a letter or letters of such Bond Counsel, dated the Closing Date and addressed to the Underwriters, to the effect that the foregoing opinion or opinions addressed to the District may be relied upon by the Underwriters to the same extent as if such opinion or opinions were addressed to them;

(5) An opinion or opinions, dated the Closing Date and addressed to the Senior Underwriter, of Bond Counsel, in substantially the form attached hereto as Exhibit E;

(6) An opinion, dated the Closing Date and addressed to the Senior Underwriter, of General Counsel to the District, in substantially the form attached hereto as Exhibit C;

(7) An opinion, dated the Closing Date and addressed to the Underwriters, of Nixon Peabody LLP, as counsel for the Underwriters (“Underwriters’ Counsel”), to the effect that (i) the Bonds are exempt from the registration requirements of the Securities Act of 1933, as amended, and the Subordinate Resolution is exempt from qualification under the Trust Indenture Act of 1939, as amended; (ii) the Undertaking complies as to form in all material respects with the requirements of paragraph (b)(5) of the Rule applicable to the primary offering of the Bonds; and (iii) based upon the information made available to them in the course of their participation in the preparation of the Preliminary Official Statement and the Official Statement as counsel to the Underwriters and without having undertaken to determine independently, or assuming any responsibility for, the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement, they do not believe that (A) the Preliminary Official Statement, as of its date and as of the date of the Contract of Purchase, and (B) the Official Statement as of its date and as of the Closing Date, contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except for the information relating to Cede & Co., DTC or the operation of the book-entry system, the Appendices to the Official Statement, except Appendices D, E and G, and summaries thereof and references thereto, and other financial, accounting and statistical data included therein, as to all of which no view need be expressed); and (iii) with respect to such matters as the Underwriters may reasonably require;

(8) A certificate, dated the Closing Date, signed by an Authorized Representative of the District in substantially the form attached hereto as Exhibit D (but in

lieu of or in conjunction with such certificate the Underwriters may, in its sole discretion, accept certificates or opinions of General Counsel to the District, or of other counsel acceptable to the Underwriters, that in the opinion of such counsel the issues raised in any pending or threatened litigation referred to in such certificate are without substance or that the contentions of all plaintiffs therein are without merit);

(9) An acceptance of and agreement to the provisions of the Twentieth Supplemental Resolution executed by the Trustee under the Subordinate Master Resolution in form and substance acceptable to the Underwriters;

(10) A tax certificate related to the Bonds in substance and form satisfactory to Bond Counsel;

(11) Ratings of the Bonds from Fitch Ratings, Inc. (“Fitch”) of not less than “[AA (stable outlook)],” and from Moody’s Investors Service Inc. (“Moody’s”) of not less than “[Aa3 (stable outlook)]”;

(12) An opinion of counsel to the Trustee, dated the Closing Date, addressed to the Underwriters, to the effect that (i) the Trustee is a national banking association duly organized and validly existing under the laws of the United States of America having full power and being qualified to enter into, accept and agree to the provisions of the Subordinate Resolution and to enter into and perform the Undertaking (ii) the Undertaking has been duly authorized, executed and delivered by the Trustee and, assuming due authorization, execution and delivery by the other parties thereto, constitutes the valid and binding obligation of the Trustee enforceable in accordance with its terms, subject to laws relating to bankruptcy, insolvency, moratorium, reorganization or other similar laws affecting creditors’ rights generally, to the application of equitable principals and to the exercise of judicial discretion in appropriate cases, and to enter into and perform the Undertaking (iii) all approvals, consents and orders of any governmental authority or agency having jurisdiction in this matter that would constitute a condition precedent to the performance by the Trustee of its duties and obligations under the Subordinate Resolution and the Undertaking have been obtained and are in full force and effect, and (iv) the acceptance of the duties and obligations of the Trustee under the Subordinate Resolution and the Undertaking and the consummation of the transactions on the part of the Trustee contemplated therein, and the compliance by the Trustee, as applicable, with the terms, conditions and provisions of such document do not contravene any provisions of applicable law or regulation or any order or decree, writ or injunction or the Articles of Association or Bylaws of the Trustee, and, to the best knowledge of such counsel, will not require the consent under or result in a breach of or a default under, any resolution, agreement or other instrument to which the Trustee is a party or by which it may be bound;

(13) A copy of the Blanket Letter of Representations to DTC relating to the Bonds signed by DTC and the District; and

(14) Such additional legal opinions, certificates, instruments and other documents as the Underwriters may reasonably request to evidence the truth and accuracy and completeness, as of the date hereof and as of the Closing Date, of the District’s

representations and warranties contained herein and of the statements and information contained in the Preliminary Official Statement or the Official Statement, and the due performance or satisfaction by the District at or prior to the Closing Date of all agreements then to be performed and all conditions then to be satisfied by the District in connection with the transactions contemplated hereby and by the Subordinate Resolution and the Preliminary Official Statement or the Official Statement.

If any of the conditions to the obligations of the Underwriters contained in this Section or elsewhere in this Contract of Purchase with respect to the Bonds shall not have been satisfied when and as required herein, all obligations of the Underwriters hereunder with respect to the Bonds may be terminated by the Underwriters at, or at any time prior to, the Closing Date by written notice to the District.

**4. Offering.** The obligations of the District to sell and to deliver the Bonds on the Closing Date to the Underwriters shall be subject to the following conditions:

(a) The entire \$[PRINCIPAL AMOUNT] aggregate principal amount of the Bonds shall be purchased, accepted and paid for by the Underwriters on the Closing Date; and

(b) The District shall receive an Issue Price Certificate of the Senior Underwriter substantially in the form attached hereto as Exhibit F with respect to the Bonds.

**5. Issue Price of the Bonds.**

(a) The Senior Underwriter, on behalf of the Underwriters, agrees to assist the District in establishing the issue price of the Bonds and shall execute and deliver to the District at Closing an “issue price” or similar certificate substantially in the form attached hereto as Exhibit F, together with the supporting pricing wires or equivalent communications, with modifications to such certificate as may be deemed appropriate or necessary, in the reasonable judgment of the Senior Underwriter, the District and Bond Counsel, to accurately reflect, as applicable, the sales price or prices or the initial offering price or prices to the public of the Bonds.

(b) [Except for the maturities set forth in Schedule A attached hereto,] the District will treat the first price at which 10% of each maturity of the Bonds (the “10% test”) is sold to the public as the issue price of that maturity. At or promptly after the execution of this Contract of Purchase, the Senior Underwriter shall report to the Issuer the price or prices at which the Underwriters have sold to the public each maturity of Bonds. For purposes of this Section, if Bonds mature on the same date but have different interest rates, each separate CUSIP number within that maturity will be treated as a separate maturity of the Bonds.

(c) [The Underwriter confirms that it has offered the Bonds to the public on or before the date of this Contract of Purchase at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the final Official Statement. Schedule A sets forth, as of the date of this Contract of Purchase, the maturities, if any, of the Bonds for which the 10% test has not been satisfied and for which the District and the Underwriter agrees that (i) the Underwriter will retain all unsold Bonds of each maturity for which the 10% test has not been satisfied and (ii) the restrictions set forth in the next sentence shall apply, which will allow the District to treat the initial offering price to the public of each such maturity as of the sale

date as the issue price of that maturity (the “hold-the-offering-price rule”). So long as the hold-the-offering-price rule remains applicable to any maturity of the Bonds, the Underwriter will neither offer nor sell unsold Bonds of that maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- (1) the close of the fifth (5th) business day after the sale date; or
- (2) the date on which the Underwriter has sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The Underwriter shall promptly advise the District or the District’s municipal advisor when the Underwriter has sold 10% of that maturity of the Bonds to the public at [a price] that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.]

(d) [The Underwriter confirms that:

(1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the underwriter is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (A)(i) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (ii) comply with the hold-the-offering-price rule, if applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires, (B) promptly notify the Underwriter of any sales of the Bonds that, to its knowledge, are made to a purchaser who is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) and (C) acknowledge that, unless otherwise advised by the dealer or broker-dealer, each order submitted by the dealer or broker-dealer is a sale to the public; and

(2) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating the Underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (A) report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the Underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public and (B) comply with the hold-the-offering-price rule, if

applicable, in each case if and for so long as directed by the Underwriter and as set forth in the related pricing wires.]

(e) The Underwriters acknowledge that sales of any Bonds to any person that is a related party to an underwriter participating in the initial sale of the Bonds to the public (each such term being used as defined below) shall not constitute sales to the public for purposes of this section. Further, for purposes of this section:

(1) “public” means any person other than an underwriter or a related party,

(2) “underwriter” means (A) any person that agrees pursuant to a written contract with the District (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a third-party distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (A) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (B) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (C) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) “sale date” means the date of execution of this Contract of Purchase by all parties.

**6. Termination.** The Underwriters shall have the right to terminate their obligations under this Contract of Purchase to purchase, accept delivery of and to pay for the Bonds, if,

(a) between the date hereof and the Closing Date, the market price or marketability, or the ability of the Underwriters to enforce contracts for the sale, at the initial offering prices set forth in the Official Statement, of the Bonds have been materially adversely affected, in the judgment of the Underwriters, (evidenced by a written notice to the District terminating the obligation of the Underwriters to accept delivery of and pay for the Bonds), by reason of any of the following:

(1) (x) any legislation which is (A) enacted by Congress, (B) favorably reported for passage to either House of the Congress of the United States by any Committee of such House to which such legislation has been referred for consideration, or (C) recommended to the Congress for passage by the President of the United States or the

Treasury Department, but only, however, if the occurrence of any of the foregoing events is generally accepted by the municipal bond market as potentially affecting the federal tax status of the District, its property or income or the interest on its bonds or notes (including the Bonds), (y) any decision rendered by a court established under Article III of the Constitution of the United States or the Tax Court of the United States, or (z) a final order, ruling, regulation or official statement issued or made by or on behalf of the Treasury Department of the United States or the Internal Revenue Service with the purpose or effect, directly or indirectly, of imposing federal income taxation upon such interest as would be received by the holders of the Bonds, or upon such revenues or other income of the general character expected to be received by the District, provided, however, that the enactment of legislation which only diminishes the value of, as opposed to eliminating the exclusion from gross income for federal income tax purposes will not give the Underwriters the right to terminate their obligations hereunder.

(2) Legislation enacted (or resolution passed) by the Congress or a final order, ruling, regulation or official statement is issued or made by or on behalf of the Securities and Exchange Commission, or any other governmental agency having jurisdiction of the subject matter, to the effect that obligations of the general character of the Bonds are not exempt from registration under or other requirements of the Securities Act of 1933, as amended, or are not exempt from qualification under, or other requirements of, the Trust Indenture Act of 1939, as amended, or that the issuance, offering or sale of the Bonds or obligations of the general character of the Bonds, including any or all underlying arrangements, as contemplated hereby or by the Preliminary Official Statement or the Official Statement, otherwise is or would be in violation of the federal securities laws as amended and then in effect;

(3) Any new material outbreak or escalation of hostilities having a material effect on the financial markets of the United States or the declaration by the United States of a national emergency or war or the occurrence of any other local, national or international calamity, crisis or event relating to the effective operation of the government of or the financial community in the United States or an escalation thereof, including, without limitation, a downgrade of the sovereign debt rating of the United States by any major credit rating agency or payment default on United States Treasury obligations;

(4) the declaration of a general banking moratorium by federal, New York or California authorities, or the general suspension of trading on the New York Stock Exchange or any other national securities exchange, or any material disruption in commercial banking or securities settlement, or payment services or clearing services;

(5) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, of any material restrictions not now in force with respect to the Bonds or obligations of the general character of the Bonds or securities generally, or the material increase of any such restrictions now in force, including those relating to the net capital requirements of, the Underwriters;

(6) the adoption of any amendment to the federal or California Constitution, decision by any federal or California court, or enactment by any federal or

California legislative body materially adversely affecting (i) the District or the right of the District to receive or to pledge any of the Net Subordinated Revenues, or (ii) the validity or enforceability of this Contract of Purchase, the Bonds or the Subordinate Resolution;

(7) the adoption of any amendment to the California Constitution, decision by any California court, or enactment by any California legislative body adversely affecting the exemption of state or local income tax upon such interest as would be received by the holders of the Bonds, or

(8) (i) a downgrading or suspension of any rating (without regard to credit enhancement) by Moody's, S&P, or Fitch of any debt securities issued by the District, or (ii) there shall have been any official statement as to a possible downgrading (such as being placed on "credit watch" or "negative outlook" or any similar qualification) of any rating by Moody's, S&P or Fitch of any debt securities issued by the District, including the Bonds.

(b) an event occurs, or information becomes known, which, in the judgment of the Underwriters, makes untrue in any material respect any statement or information contained in the Official Statement, or has the effect that the Official Statement contains any untrue statement of material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

## **7. Expenses.**

(a) Except as set forth in paragraph (b) of this Section, the Underwriters shall be under no obligation to pay, and the District shall pay, or cause to be paid, all expenses incident to the performance of the District's obligations hereunder including, but not limited to, the cost of word processing and reproducing, executing and delivering the Bonds to the Underwriters; the cost of preparation, printing (and/or word processing and reproducing), distribution and delivery of the Subordinate Resolution; the cost of printing and distributing copies of the Preliminary Official Statement and the Official Statement in sufficient quantities for distribution in connection with the sale of the Bonds (including resales in the secondary market); the fees and disbursements of Bond Counsel; the fees and disbursements of PFM Financial Advisors LLC for its services as Municipal Advisor to the District; the fees and disbursements of any other engineers, accountants, and any other experts or consultants retained in connection with the issuance of the Bonds; the fees and disbursements of the Trustee; fees charged by the rating agencies for rating the Bonds; any advertising expenses; filing fees; CUSIP charges; or fees and expenses of any credit enhancement; expenses incurred by the Underwriters on behalf of the District relating to food, transportation or lodging for District staff members attending the bond pricing are to be reimbursed by the District through proceeds of the Bonds or available funds of the District (the District's obligations in regard to these expenses survive if delivery of the Bonds fails due to one of the conditions set forth in Section 3 hereof or this Contract of Purchase is terminated pursuant to Section 6 hereof) and any other expenses not specifically enumerated in paragraph (b) of this Section incurred in connection with the issuance of the Bonds.

(b) The District shall be under no obligation to pay, and the Underwriters shall pay (from the expense component of the underwriting discount), the cost of preparation of the Agreement Among Underwriters and the letter of instructions relating thereto and this Contract of Purchase; the cost of wiring funds for the payment of the purchase price of the Bonds; the fees and expenses of DTC incurred with respect to depositing the Bonds therewith; expenses to qualify the Bonds for sale under any “Blue Sky” laws; fees to the California Debt and Investment Advisory Commission; and all other expenses incurred by the Underwriters in connection with its public offering and distribution of the Bonds not specifically enumerated in paragraph (a) of this Section, including the fees and disbursements of Underwriters’ Counsel. Notwithstanding that the fees to the California Debt and Investment Advisory Commission are solely the legal obligation of the Underwriters, the District agrees to reimburse the Underwriters for such fees.

**8. Notices.** Any notice or other communication to be given to the District under this Contract of Purchase may be given by delivering the same in writing to Sacramento Municipal Utility District, at 6201 S Street, Sacramento, California 95817-1899; and any notice or other communication to be given to the Underwriters under this Contract of Purchase may be given by delivering the same in writing to PNC Capital Markets LLC, 1600 Market Street, 21<sup>st</sup> Floor, Philadelphia, Pennsylvania 19103, Attention: Christopher D. Roberts, Managing Director.

**9. Parties in Interest.** This Contract of Purchase is made solely for the benefit of the District and the Underwriters (including successors or assigns of any Underwriter) and no other person shall acquire or have any right hereunder or by virtue hereof. The term “successors and assigns” as used in this Section shall not include any purchaser of the Bonds, as such purchaser, from any of the several Underwriters.

**10. Survival of Representations and Warranties.** The representations and warranties of the District, set forth in or made pursuant to this Contract of Purchase, shall not be deemed to have been discharged, satisfied or otherwise rendered void by reason of the closing or termination of this Contract of Purchase and regardless of any investigations or statements as to the results thereof made by or on behalf of the Underwriters and regardless of delivery of and payment for the Bonds.

**11. Counterparts.** This Contract of Purchase may be executed in several counterparts, which together shall constitute one and the same instrument.

Each of the parties hereto agrees that the transaction consisting of this Contract of Purchase may be conducted by electronic means. Each party agrees, and acknowledges that it is such party’s intent, that if such party signs this Contract of Purchase using an electronic signature, it is signing, adopting, and accepting this Contract of Purchase and that signing this Contract of Purchase using an electronic signature is the legal equivalent of having placed its handwritten signature on this Contract of Purchase on paper. Each party acknowledges that it is being provided with an electronic or paper copy of this Contract of Purchase in a usable format.

**12. California Law Governs; Venue.** The validity, interpretation and performance of this Contract of Purchase shall be governed by the laws of the State of California. Any action or proceeding to enforce or interpret this Contract of Purchase shall be brought, commenced or prosecuted in the County of Sacramento, California.

**13. Entire Agreement.** This Contract of Purchase when accepted by you in writing as heretofore specified shall constitute the entire agreement between us.

[remainder of page intentionally left blank]

**14. Effectiveness.** This Contract of Purchase shall become effective and binding upon the respective parties hereto upon the execution of the acceptance hereof by an authorized officer of the District and shall be valid and enforceable as of the time of such acceptance.

Very truly yours,

PNC CAPITAL MARKETS LLC, BARCLAYS  
CAPITAL INC., BOFA SECURITIES, INC.,  
GOLDMAN SACHS & CO. LLC, J.P. MORGAN  
SECURITIES LLC, MORGAN STANLEY & CO.  
LLC and WELLS FARGO BANK, NATIONAL  
ASSOCIATION

BY: PNC CAPITAL MARKETS LLC, as Senior  
Underwriter

\_\_\_\_\_  
Christopher D. Roberts  
Managing Director

Accepted: \_\_\_\_\_, 2026

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_  
Jennifer Restivo  
Treasurer

[Signature page to 2026 Series G Bonds Contract of Purchase]

**Exhibit A**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**[\$[PRINCIPAL AMOUNT]**

**Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)]**

Maturity Date:  
Initial Interest Rate Mode:  
End of Initial Term Rate Period:  
Initial Scheduled Mandatory Purchase Date:  
Call Protection Date for Initial Term Rate Period:  
Initial Interest Rate:  
Price:  
Yield for Initial Term Rate Period:  
CUSIP:

**Optional Redemption**

The Bonds in the Term Rate Mode are subject to redemption at the option of SMUD in whole or in part (provided that no Bonds shall remain Outstanding except in Authorized Denominations) on any date on or after the Call Protection Date for the Term Rate Period at a Redemption Price equal to the principal amount, or portions thereof, of the Bonds to be redeemed, without premium, plus accrued interest, if any, to the Redemption Date.

**Mandatory Sinking Fund Redemption**

The Bonds are subject to mandatory redemption in part, by lot, on August 15 in the years shown in the following table, at a Redemption Price equal to the principal amount thereof, plus accrued interest, if any, to the date of redemption in an amount equal to the Sinking Fund Installments for such Bonds for such date:

<u>Years</u> <u>(August 15)</u>	<u>Sinking Fund</u> <u>Installment</u>	<u>Years</u> <u>(August 15)</u>	<u>Sinking Fund</u> <u>Installment</u>
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<sup>†</sup> Stated Maturity.

**DRAFT**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit B to the Contract of Purchase  
(Official Statement)**

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit C to the Contract of Purchase  
(Opinion of General Counsel to the  
Sacramento Municipal Utility District)**

[CLOSING DATE]

PNC Capital Markets LLC  
1600 Market Street, 21<sup>st</sup> Floor  
Philadelphia, Pennsylvania 19103

Re: Sacramento Municipal Utility District  
\$[PRINCIPAL AMOUNT] Subordinated Electric Revenue Bonds, 2026  
Series G [(Green Bonds)]

Ladies and Gentlemen:

This opinion is being delivered pursuant to Paragraph 3(d)(6) of the Contract of Purchase (the “Contract of Purchase”), dated [PRICING DATE] between PNC Capital Markets LLC, as Senior Managing Underwriter named therein (the “Senior Underwriter”), and the Sacramento Municipal Utility District (the “District”) relating to the above-captioned bonds (the “Bonds”).

As counsel to the District, I have reviewed (i) Resolution No. 85-11-1 of the District, adopted on November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted by the Board of Directors of the District on June 21, 2001, as amended and supplemented to date, including as amended and supplemented by Resolution No. [\_\_\_\_\_], adopted on June 18, 2026 (as so amended and supplemented, the “Subordinate Resolution”); (ii) the Continuing Disclosure Agreement, dated the date hereof (the “Undertaking”), between the District and U.S. Bank Trust Company, National Association, as trustee (in such capacity, the “Trustee”); (iii) the Preliminary Official Statement of the District, dated [POS DATE] (the “Preliminary Official Statement”); (iv) the Official Statement of the District, dated [PRICING DATE] (the “Official Statement”); and (v) such other documents, opinions and matters to the extent I deemed necessary to provide the opinions set forth herein.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. I have assumed the genuineness of all documents and signatures presented to me (whether as originals or as copies) and the due and legal execution and delivery by, and validity against, any parties other than the District. I have not undertaken to verify independently, and have assumed, the accuracy of the factual matters represented, warranted or certified in the documents referred to in the second paragraph hereof. I have further assumed compliance with all covenants and agreements contained in such documents.

I call attention to the fact that the rights and obligations under the Subordinate Resolution, the Undertaking, and the Contract of Purchase may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, and to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal utility districts in the State of California. I express no opinion with respect to any indemnification, contribution, choice of law, choice of forum or waiver provisions contained therein.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, I am of the opinion that:

1. The District is a political subdivision of the State of California duly organized and validly existing under the Act, as amended, and has full legal right, power and authority to execute and deliver (or adopt, as the case may be), and to perform its obligations under, the Subordinate Resolution, the Undertaking and the Contract of Purchase.

2. The Contract of Purchase and the Undertaking have been duly authorized, executed and delivered by the District, and, assuming due authorization, execution and delivery by each of the parties thereto other than the District, constitute the legal, valid and binding obligations of the District, enforceable against the District in accordance with their respective terms.

3. The District is not in breach of or default under any existing constitutional provision, applicable law or administrative regulation of the State of California or the United States or any applicable judgment or decree or any loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject which would have a material adverse effect on the financial condition or operations of the District, and no event has occurred and is continuing which with the passage of time or the giving of notice, or both, would constitute a default or event of default under any such instrument which would have a material adverse effect on the financial condition or operations of the District; and the execution and delivery of the Bonds, the Undertaking and the Contract of Purchase and the adoption of the Subordinate Resolution, and compliance with any existing constitutional provision, law, administrative regulation, judgment, decree, loan agreement, indenture, bond, note, resolution, agreement or other instrument known to me after reasonable inquiry to which the District is a party or to which the District or any of its property or assets is otherwise subject will not, as of the date hereof, conflict with or constitute a breach of or default under any such instrument which would have a material adverse effect on the financial condition or operations of the District, nor will any such execution, delivery, adoption or compliance result in the creation or imposition of any lien, charge or other security interest or encumbrance of any nature whatsoever upon any of the property or assets of the District or under the terms of any such law, regulation or instrument, except as expressly provided by the Bonds and the Subordinate Resolution.

4. The statements contained in the Preliminary Official Statement and the Official Statement which purport to describe certain provisions of the Bonds, the Undertaking, and

the Subordinate Resolution present a fair and accurate summary of such provisions for the purpose of use in the Preliminary Official Statement and the Official Statement.

5. Except as described or referred to in the Preliminary Official Statement and the Official Statement, as of the date hereof, there is no action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, public board or body, pending or, to the best of my knowledge, threatened against the District affecting the corporate existence of the District or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of the Bonds or the collection of the Revenues (as defined in the Subordinate Resolution) or the Net Subordinated Revenues (as defined in the Subordinate Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds or contesting or affecting as to the District the validity or enforceability of the Act, the Bonds, the Subordinate Resolution, the Contract of Purchase or the Undertaking, or contesting the tax exempt status of interest on the Bonds, or which may result in any material adverse change relating to the District, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution facilities, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of the District or any authority for the issuance of the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery by the District of the Contract of Purchase or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act or the authorization, execution, delivery or performance by the District of the Bonds, the Subordinate Resolution, the Undertaking or the Contract of Purchase.

6. Based upon my review of the Preliminary Official Statement and the Official Statement as General Counsel to the District and without having undertaken to determine independently the accuracy, completeness or fairness of the statements contained in the Preliminary Official Statement and the Official Statement (except as specifically set forth in paragraph 4 hereof), I have no reason to believe that the statements contained in the Preliminary Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Preliminary Official Statement, and other financial and statistical data included therein, as to all of which I express no view) as of its date and as of the date of the Contract of Purchase contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading and the Official Statement (except for information relating Cede & Co., DTC or the operation of the book-entry system, the Appendices (except Appendix A) to the Official Statement, and other financial and statistical data included therein, as to all of which I express no view) (A) as of the date of the Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or (B) as of the date hereof contains any untrue statement of a material fact or omits to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

For purposes of the opinions expressed herein, I have assumed that an agreement or other document is “material” to the District if it involves amounts in excess of \$10,000,000 and

that a matter would result in a “material adverse change” to the District if the financial consequences involved would exceed \$10,000,000.

I understand that you are relying upon the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, with respect to the validity of the Bonds and the exclusion of interest on the Bonds from gross income for federal income tax purposes and the Bonds for purposes of State of California income taxation and, accordingly, render no opinion with respect thereto.

Very truly yours,

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**

**Exhibit D to the Contract of Purchase**

**CERTIFICATE**

The Sacramento Municipal Utility District (“SMUD”), hereby certifies that:

(1) The representations and warranties of SMUD (excluding those representations and warranties contained in Section 2(e) and Section 2(k) of the hereinafter defined Contract of Purchase) contained in the Contract of Purchase, dated [PRICING DATE], between SMUD and the Underwriters named therein (the “Contract of Purchase”) with respect to the sale by SMUD of \$[PRINCIPAL AMOUNT] principal amount of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)] (the “Bonds”), are true and correct on and as of the Closing Date as if made on the Closing Date.

(2) All approvals, consents, authorizations, licenses and permits, elections and orders of or filings or registrations with any governmental authority, legislative body, board, agency or commission having jurisdiction which would constitute a condition precedent to, or the absence of which would materially adversely affect, the due performance by SMUD of its obligations in connection with the issuance of the Bonds under the Subordinate Resolution, the Undertaking and the Contract of Purchase have been duly obtained or made and are in full force and effect, except for such approvals, consents and orders as may be required under the “Blue Sky” or other securities laws of any state in connection with the offering and sale of the Bonds; and, except as disclosed in the Preliminary Official Statement and the Official Statement, all authorizations, approvals, licenses, permits, consents and orders of any governmental authority, board, agency or commission having jurisdiction in the matters which are required for the due authorization of, which would constitute a condition precedent to, or the absence of which would materially adversely affect the due performance by SMUD of its respective obligations under, the Contract of Purchase, the Undertaking, the Bonds or the Subordinate Resolution, or which are necessary to permit SMUD to carry out the transactions contemplated by the Preliminary Official Statement and the Official Statement to acquire, construct, operate, maintain, improve and finance the Electric System have been duly obtained or, where required for future performance, are expected to be obtained.

(3) Except as disclosed in the Preliminary Official Statement and the Official Statement, no litigation, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, government agency, regulatory agency, public board or body, is pending or, to the best of knowledge of the officer of SMUD executing this Contract of Purchase after due investigation, threatened against SMUD, in any way affecting the corporate existence of SMUD or the titles of its officers to their respective offices, or affecting or seeking to prohibit, restrain or enjoin the sale, issuance or delivery of any of the Bonds or the collection of the Revenues (as defined in the Subordinate Resolution) or the Net Subordinated Revenues (as defined in the Subordinate Resolution) pledged or to be pledged to pay the principal of and interest on the Bonds, or in any way contesting or affecting as to SMUD the validity or enforceability of the Act, the Bonds, the Subordinate Resolution, the Contract of Purchase, the Undertaking, or any action of SMUD contemplated by any of said documents, or contesting the tax exempt status of interest on

the Bonds, or which may result in any material adverse change relating to SMUD, other than routine litigation of the type which normally accompanies its operation of its generation, transmission and distribution system, or contesting the completeness or accuracy of the Preliminary Official Statement or the Official Statement or any supplement or amendment thereto, or contesting the powers of SMUD or any authority for the issuance of the Bonds, the adoption of the Subordinate Resolution, or the execution and delivery by SMUD of the Contract of Purchase or the Undertaking, nor, to the best of my knowledge, is there any basis for any such action, suit, proceeding, inquiry or investigation wherein an unfavorable decision, ruling or finding would materially adversely affect the validity or enforceability of the Act of the authorization, execution, delivery or performance by SMUD of the Bonds, the Subordinate Resolution, the Undertaking, or the Contract of Purchase, or any action of SMUD contemplated by any of said documents, or which would adversely affect the exclusion from gross income for federal income tax purposes of interest paid on the Bonds, nor to the knowledge of the officer of SMUD executing this Contract of Purchase is there any basis therefor.

(4) No event affecting SMUD has occurred (with respect to the Preliminary Official Statement, from its date to the date of the Contract of Purchase, and with respect to the Official Statement, since the date of the Official Statement) which should have been or should be disclosed in the Preliminary Official Statement or the Official Statement so that the Preliminary Official Statement or the Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading, and which has not been disclosed in a supplement or amendment to the Preliminary Official Statement or the Official Statement.

(5) SMUD has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied at or prior to the date hereof pursuant to the Contract of Purchase with respect to the issuance of the Bonds.

(6) All capitalized terms employed herein which are not otherwise defined shall have the same meanings as in the Contract of Purchase.

SACRAMENTO MUNICIPAL UTILITY DISTRICT

By: \_\_\_\_\_

Name:

Title:

Dated: [CLOSING DATE]

**Exhibit E to the Contract of Purchase  
(Supplemental Opinion of Bond Counsel)**

[CLOSING DATE]

PNC Capital Markets LLC  
1600 Market Street, 21st Floor  
Philadelphia, Pennsylvania 19103

Sacramento Municipal Utility District  
Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)]  
(Supplemental Opinion)

Ladies and Gentlemen:

This letter is provided pursuant to Section 3(d)(5) of the Contract of Purchase, dated [PRICING DATE] (the “Purchase Contract”), between you, as Senior Underwriter, and the other underwriters named therein (together, the “Underwriters”) and the Sacramento Municipal Utility District (“SMUD”), providing for the purchase by the Underwriters of \$[PRINCIPAL AMOUNT] aggregate principal amount of Sacramento Municipal Utility District Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)] (the “2026G Subordinated Bonds”). The 2026G Subordinated Bonds are being issued pursuant to Resolution No. 85-11-1 of the Board of Directors of SMUD, adopted November 7, 1985, as amended and restated pursuant to Resolution No. 01-06-10, adopted June 21, 2001, as supplemented and amended by later resolutions of said Board of Directors (as so supplemented and amended, the “Resolution”), including Resolution No. [\_\_\_\_\_], adopted June 18, 2026 (the “Twentieth Supplemental Resolution”). Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution or, if not defined in the Resolution, in the Purchase Contract.

In connection with our role as bond counsel to SMUD, we have reviewed the Purchase Contract; the Resolution; the Master Resolution; the Tax Certificate, dated the date hereof (the “Tax Certificate”), executed by SMUD; certain portions of the posted preliminary official statement of SMUD, dated [POS DATE], with respect to the 2026G Subordinated Bonds (the “Preliminary Official Statement”) and of the posted official statement of SMUD, dated [PRICING DATE], with respect to the 2026G Subordinated Bonds (the “Official Statement”); opinions of counsel to SMUD and the Trustee; certificates of SMUD, the Trustee and others; and such other documents, opinions and matters to the extent we deemed necessary to render the opinions and conclusions set forth herein.

The opinions and conclusions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions or conclusions may be affected by actions taken or omitted or events occurring after the original delivery of the 2026G Subordinated Bonds on the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the original delivery of the 2026G Subordinated Bonds on the date hereof. We have assumed the genuineness of all documents and signatures provided to us and the due and legal execution and delivery of each such document by each party thereto other than SMUD and that each such document constitutes a valid and binding agreement of such party. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the second paragraph hereof. We have further assumed compliance with all covenants and agreements contained in such documents. In addition, we call attention to the fact that the rights and obligations under the 2026G Subordinated Bonds, the Resolution, the Tax Certificate and the Purchase Contract and their enforceability may be subject to bankruptcy, insolvency, receivership, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against governmental entities such as SMUD in the State of California. We express no opinion with respect to any indemnification, contribution, liquidated damages, penalty (including any remedy deemed to constitute a penalty), right of set-off, arbitration, judicial reference, choice of law, choice of forum, choice of venue, non-exclusivity of remedies, waiver or severability provisions contained in the foregoing documents, nor do we express any opinions with respect to the state or quality of title to or interest in any property described in or as subject to the lien of the Resolution or the accuracy or sufficiency of the description contained therein of, or the remedies available to enforce liens on, any such property. Finally, we undertake no responsibility for the accuracy, except as expressly set forth in numbered paragraph 3 below, completeness or fairness of the Preliminary Official Statement, Official Statement or other offering material relating to the 2026G Subordinated Bonds and express no view with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions and conclusions:

1. The 2026G Subordinated Bonds are not subject to the registration requirements of the Securities Act of 1933, as amended, and the Resolution is exempt from qualification pursuant to the Trust Indenture Act of 1939, as amended.

2. The Purchase Contract has been duly executed and delivered by, and constitutes a valid and binding agreement of, SMUD.

3. The statements contained in the Official Statement under the captions "THE 2026G SUBORDINATED BONDS" (excluding any statements about book-entry or The Depository Trust Company), "SECURITY FOR THE SUBORDINATED BONDS" and "TAX MATTERS" and in APPENDIX D – "SUMMARY OF CERTAIN PROVISIONS OF THE SUBORDINATE RESOLUTION" and APPENDIX E – "SUMMARY OF CERTAIN PROVISIONS OF THE SENIOR BOND RESOLUTION" thereto, excluding any material that

may be treated as included under such captions by cross-reference or reference to other documents or sources, insofar as such statements expressly summarize certain provisions of the Resolution and, the Master Resolution and certain matters addressed in our final legal opinion as bond counsel to SMUD concerning the validity of the 2026G Subordinated Bonds and certain other matters, dated the date hereof and addressed to SMUD, are accurate in all material respects.

4. We are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of any of the statements contained in the Preliminary Official Statement or (except as explicitly stated in paragraph 3 above) in the Official Statement and make no representation that we have independently verified the accuracy, completeness or fairness of any such statements. In our capacity as bond counsel to SMUD in connection with issuance of the 2026G Subordinated Bonds, we participated in conferences with your representatives, your counsel, representatives of SMUD, its counsel, accountants, and others, during which the contents of the Preliminary Official Statement or the Official Statement and related matters were discussed. Based on our participation in the above-mentioned conferences (which, with respect to the Preliminary Official Statement, did not extend beyond the date of the Purchase Contract), and in reliance thereon, on oral and written statements and representations of SMUD and others and on the records, documents, certificates, opinions and matters herein mentioned, subject to the limitations on our role as bond counsel to SMUD, we advise you as a matter of fact and not opinion that (a) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Preliminary Official Statement which caused us to believe as of the date of the Purchase Contract, based on the documents, drafts and facts in existence and received as of that date, that the Preliminary Official Statement contained any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading (except any information marked as preliminary or subject to change, any information permitted to be omitted by Securities and Exchange Commission Rule 15c2-12 or otherwise left blank and any other differences with the information in the Official Statement), and (b) no facts had come to the attention of the attorneys in our firm rendering legal services with respect to the Official Statement which caused us to believe as of the date of the Official Statement and as of the date hereof that the Official Statement contained or contains any untrue statement of a material fact or omitted or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; provided that we expressly exclude from the scope of this paragraph and express no view with respect to both the Preliminary Official Statement and the Official Statement, about any CUSIP numbers, financial, accounting, statistical, economic, engineering or demographic data or forecasts, numbers, charts, tables, graphs, estimates, projections, assumptions or expressions of opinion, any statements about compliance with prior continuing disclosure undertakings, any management discussion and analysis, any information about Cede & Co., The Depository Trust Company, book-entry, ratings, rating agencies, municipal advisors, underwriters, underwriting, [the designation of the 2026G Subordinated Bonds as “Green Bonds,”] and the information contained in Appendices B, C and H included or referred to therein or omitted therefrom. No responsibility is undertaken or conclusion expressed with respect to any other disclosure document, materials or activity, or as to any information from another document or source referred to by or incorporated by reference in the Preliminary Official Statement or the Official Statement.

This letter is furnished by us as bond counsel to SMUD. No attorney-client relationship has existed or exists between our firm and you in connection with the 2026G Subordinated Bonds or by virtue of this letter. We disclaim any obligation to update this letter. This letter is delivered to you as Senior Underwriter of the 2026G Subordinated Bonds, is solely for your benefit as such Senior Underwriter in connection with the original delivery of the 2026G Subordinated Bonds on the date hereof, and is not to be used, circulated, quoted or otherwise referred to or relied upon for any other purpose or by any other person. This letter is not intended to, and may not, be relied upon by owners of the 2026G Subordinated Bonds or by any other party to whom it is not specifically addressed.

Very truly yours,

ORRICK, HERRINGTON & SUTCLIFFE LLP

**Exhibit F to the Contract of Purchase**

**(Form of Issue Price Certificate Of The Senior Underwriter Regarding Offering Prices)**

\$[PRINCIPAL AMOUNT]  
Sacramento Municipal Utility District  
Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)]

The undersigned, on behalf of PNC Capital Markets LLC, as representative (the “Representative”) of itself, Barclays Capital Inc., BofA Securities, Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and Wells Fargo Bank, National Association (together, the “Underwriting Group”), hereby certifies, on its own behalf and on behalf of the other members of the Underwriting Group on the basis of representations and warranties set forth in the agreement among underwriters, as set forth below with respect to the sale and issuance of the above-captioned obligations (the “Bonds”).

1. ***Sale of the [General Rule Maturities][Bonds].*** As of the date of this Certificate, for each Maturity of the [General Rule Maturities][Bonds], the first price at which at least 10% of such Maturity was sold to the Public is the respective price listed in Schedule A.

2. ***[Initial Offering Price of the Hold-the-Offering-Price-Maturities.***

(a) The Underwriter offered the Hold-the-Offering-Price Maturities to the Public for purchase at the respective initial offering prices listed in Schedule A (the “Initial Offering Prices”) on or before the Sale Date. A copy of the pricing wire or equivalent communication for the Bonds is attached to this Certificate as Schedule B.

(b) As set forth in the Bond Purchase Agreement for the Bonds, the Underwriter has agreed in writing that, (i) for each Maturity of the Hold-the-Offering-Price Maturities, it would neither offer nor sell any of the unsold Bonds of such Maturity to any person at a price that is higher than the Initial Offering Price for such Maturity during the Holding Period for such Maturity (the “hold-the-offering-price rule”), and (ii) unsold Bonds of the Hold-the-Offering-Price Maturities shall be retained by the Underwriter. Pursuant to such agreement, the Underwriter has not offered or sold any unsold Bonds of any Maturity of the Hold-the-Offering-Price Maturities at a price that is higher than the respective Initial Offering Price for that Maturity of the Bonds during the Holding Period. ]

3. ***Defined Terms.***

(a) *[General Rule Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “General Rule Maturities.” ]

(b) *[Hold-the-Offering-Price Maturities* means those Maturities of the Bonds listed in Schedule A hereto as the “Hold-the-Offering-Price Maturities.”]

(c) *[Holding Period* means, with respect to a Hold-the-Offering-Price Maturity, the period starting on the Sale Date and ending on the earlier of (i) the close of the fifth business day after the Sale Date, or (ii) the date on which the Underwriter has sold at least 10% of such Hold-

the-Offering-Price Maturity to the Public at prices that are no higher than the Initial Offering Price for such Hold-the-Offering-Price Maturity.

(d) *Issuer* means Sacramento Municipal Utility District.

(e) *Maturity* means Bonds with the same credit and payment terms. Bonds with different maturity dates, or Bonds with the same maturity date but different stated interest rates, are treated as separate maturities.

(f) *Public* means any person (including an individual, trust, estate, partnership, association, company, or corporation) other than an Underwriter or a Related Party (as such terms are defined below) to an Underwriter.

(g) A purchaser of any of the Bonds is a *Related Party* to any Underwriter if the Underwriter and the purchaser are subject, directly or indirectly, to (i) more than 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other).

(h) *Sale Date* means the first day on which there is a binding contract in writing for the sale of a Maturity of the Bonds. The Sale Date of the Bonds is [PRICING DATE].

(i) *Underwriter* means (i) any person that agrees pursuant to a written contract with the Issuer (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the Public, and (ii) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (i) of this paragraph to participate in the initial sale of the Bonds to the Public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the Public).

The representations set forth in this certificate are limited to factual matters only, and as it relates to the actions of the other Underwriters, such representations are made to the best of the Representative's knowledge based on the Representative's records. Nothing in this certificate represents the Representative's interpretation of any laws, including specifically Sections 103 and 148 of the Internal Revenue Code of 1986, as amended, and the Treasury Regulations thereunder. The undersigned understands that the foregoing information will be relied upon by the Issuer with respect to certain of the representations set forth in the Tax Certificate and with respect to compliance with the federal income tax rules affecting the Bonds, and by Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the Issuer, in connection with rendering its opinion that the interest on the Bonds is excluded from gross income for federal income tax purposes, the preparation of the Internal Revenue Service Form 8038-G, and other federal income tax advice that it may give to the Issuer from time to time relating to the Bonds.

Dated: [CLOSING DATE]

PNC CAPITAL MARKETS LLC,  
as representative of the Underwriting Group

By: \_\_\_\_\_

Name: \_\_\_\_\_

**Schedule A**

**Sale Prices**

**\$(PRINCIPAL AMOUNT)**

**Subordinated Electric Revenue Bonds, 2026 Series G [(Green Bonds)]**

Maturity Date:

Initial Interest Rate Mode:

End of Initial Term Rate Period:

Initial Scheduled Mandatory Purchase Date:

Call Protection Date for Initial Term Rate Period:

Initial Interest Rate:

Price:

Yield for Initial Term Rate Period:

CUSIP:

**Schedule B**

**Pricing Wire or Equivalent Communication**

- Not applicable, because there are no Hold-the-Offering-Price Maturities
- Attached



SSS No. SCS 26-110

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date
Finance & Audit – 6/16/2026
Board Meeting Date
N/A

TO	TO
1. Casey Fallon	6.
2. Jose Bodipo-Memba	7.
3. Farres Everly	8.
4. Scott Martin	9. <b>Legal</b>
5.	10. <b>CEO &amp; General Manager</b>

<b>Consent Calendar</b>		<b>Yes</b>	<b>No</b> <i>If no, schedule a dry run presentation.</i>	<b>Budgeted</b>		<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>
FROM (IPR) Jaimee Lutz	DEPARTMENT Supply Chain Strategy & Fleet Operations			MAIL STOP EA310	EXT. 6407	DATE SENT 5/21/2026	

**NARRATIVE:**

**Requested Action:** Quarterly Procurement Report for First Quarter 2026.

**Summary:** In August 2003, the Board of Directors approved the SMUD Procurement Policy which included a commitment for staff to report on the SMUD Procurement Activities on a quarterly basis.

**Board Policy:** This report is provided to demonstrate compliance with SMUD Policy BL-8 and the following Policy Elements:  
*(Number & Title)*

a) Competition	h) Contractor Code of Conduct
b) Direct Procurement	i) Best Value Procurement
c) Sole Source Procurement	j) Leveraged Procurement Agreement (LPA)
d) Inclusiveness (participation)	k) Strategic Alliances
e) Economic Development	l) Supply Chain Risk
f) Environmental Procurement	m) Protest Policy
g) Responsible Bidder	n) Delegation of Authority to the CEO

**Benefits:** Ensures compliance with public contracting and best value procurement principles.

**Cost/Budgeted:** N/A

**Alternatives:** Provide quarterly procurement report to Board members via written memo from the Chief Executive Officer & General Manager.

**Affected Parties:** SMUD

**Coordination:** Procurement Operations and Supply Chain Strategy & Fleet Operations

**Presenter:** Casey Fallon, Director, Supply Chain Strategy & Fleet Operations

**Additional Links:**

SUBJECT <b>2026 First Quarter Procurement Report</b>	ITEM NO. (FOR LEGAL USE ONLY)
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.



SSS No. CFO 25-023

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date <b>FINANCE &amp; AUDIT - 2026</b>
Board Meeting Date N/A

TO				TO							
1.	Scott Martin	6.									
2.	Farres Everly	7.									
3.	Jose Bodipo-Memba	8.									
4.		9.	<b>Legal</b>								
5.		10.	<b>CEO &amp; General Manager</b>								
<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Lisa Limcaco				DEPARTMENT Accounting				MAIL STOP B352	EXT. 7045	DATE SENT 12/30/25	

**NARRATIVE:**

**Requested Action:** Provide the Board with SMUD’s financial results for the year-to-date period and a summary of SMUD’s current Power Supply Costs.

**Summary:** Staff will present SMUD’s financial results for the year-to-date period and a summary of SMUD’s current Power Supply Costs to the Board of Directors.

**Board Policy:** Governance Process GP-3, Board Job Description  
*(Number & Title)*

**Benefits:** Provide Board members with information regarding SMUD’s financial position and SMUD’s current power supply costs.

**Cost/Budgeted:** Included in budget for internal labor.

**Alternatives:** Provide information via written memo/report to the Board.

**Affected Parties:** Accounting

**Coordination:** Accounting

**Presenter:** George Vaughn, Interim Director of Accounting and Controller

**Additional Links:**

SUBJECT	<b>SMUD’s Financial Results &amp; Power Supply Costs</b>	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
OFFICE MEMORANDUM**

TO: Distribution

DATE: May 28, 2026  
ACC 26-007

FROM: Michael Wilson / George Vaughn

**SUBJECT: APRIL 2026 FINANCIAL RESULTS AND OPERATIONS DATA**

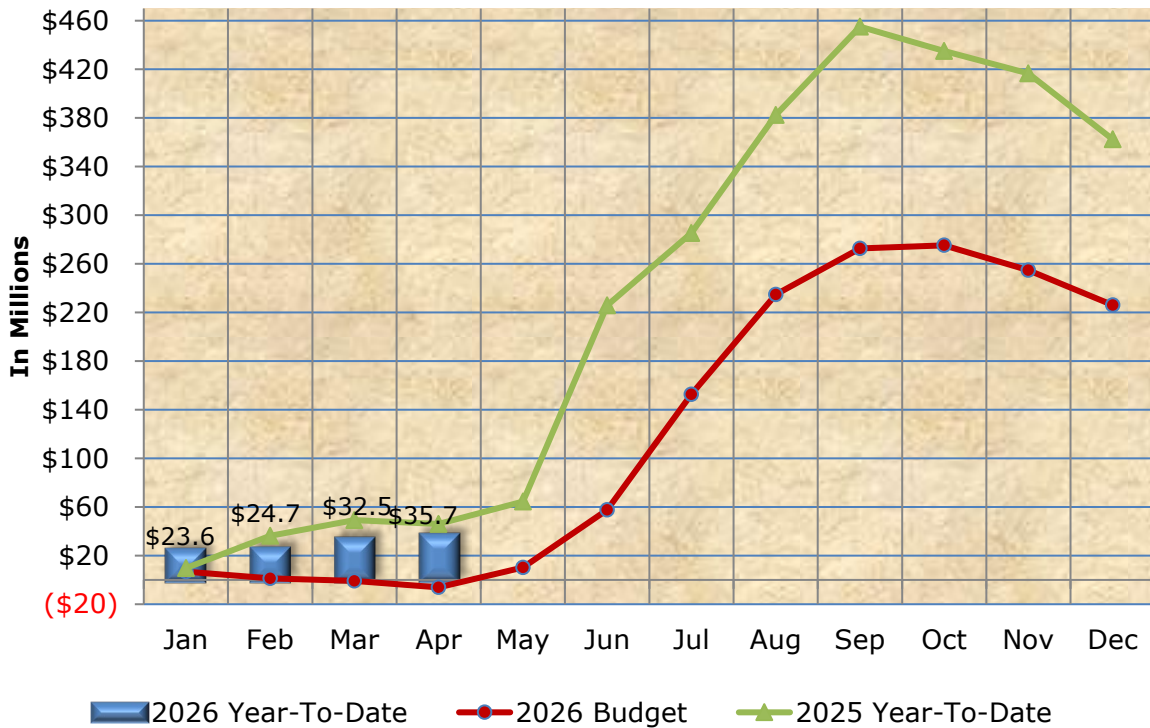
We are attaching the financial and operating reports for the four months of 2026. They include sales and generation statistics and other selected data.

The change in net position is an increase of \$35.7 million compared to a budgeted decrease of \$6.1 million, resulting in a favorable variance of \$41.8 million.

We prepared these statements on the accrual basis of accounting, and they conform to generally accepted accounting principles. The bases for the budget amounts are:

- 1) Budgeted electric revenues are based on the Forecast of Revenues by the Pricing Department, adjusted for unbilled revenues; and
- 2) Budgeted operating expenses reflect the 2026 Budget approved by the Board of Directors on December 11, 2025.

**Change in Net Position Year To Date**



**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
EXECUTIVE SUMMARY  
For the Four Months Ended April 30, 2026**

Net Position

- The change in net position is an increase of \$35.7 million compared to a budgeted decrease of \$6.1 million, resulting in a favorable variance of \$41.8 million.

Revenues

- Customer sales revenues of \$508.4 million were on target with the plan.
- Revenues under the California Global Warming Solutions Act (Assembly Bill [AB32]) were \$5.6 million. This is due to carbon allowances sold through the state sanctioned quarterly actions.
- Low Carbon Fuel Standards (LCFS) revenues were \$2.8 million due to LCFS credit sales.
- Other electric revenues increased by \$7.5 million, primarily from eFuel project billings, construction fees for customer work, increased transmission revenue, and unbudgeted interconnection fees.
- Non-cash revenues transferred to the stabilization fund were \$11.3 million, of which \$5.6 million was for AB-32, \$2.9 million was for the annual WAPA Hydro Generation Adjustment and \$2.8 million was for LCFS revenues. Funds are deferred until SMUD has qualified program expenses (projects that reduce carbon emissions or electric vehicle programs) to recognize revenue.
- Non-cash revenues transferred from the rate stabilization fund were \$15.4 million, which is \$8.6 million higher than planned. The increase is primarily due to \$9.0 million for revenue recognized for the annual Hydro Generation Adjustment.

Commodities, Purchased Power, and Production

- SMUD's generation was lower by 416 GWh (16.5 percent); JPA and other generation was lower by 419 GWh (23.0 percent); and Hydro generation was higher by 3 GWh (0.4 percent).
- Purchased power expense of \$101.4 million, less surplus power sales of \$21.5 million was \$79.9 million, which was \$11.4 million higher than planned. Increased precipitation boosted hydro generation in the first quarter as well as lowered market power prices, making it more economical to reduce thermal plant generation and supplement generation with additional power purchases.
- Production operations cost of \$110.0 million less surplus gas sales of \$28.0 million, was \$82.0 million, which was \$22.8 million lower than planned.
  - Fuel costs of \$65.2 million less surplus gas sales of \$28.0 million, were \$37.2 million, which was \$15.2 million lower than planned, primarily due to lower fuel prices and a decrease in thermal generation, as purchasing power proved to be more cost-effective.
  - Carbon allowances decreased by \$7.0 million, primarily due to reduced thermal generation and reduced Calpine Sutter generation, resulting in a lower obligation for allowance usage.
- The "power margin", or sales to customers less cost of purchased power, production operations costs and gas hedges included in investment revenue was \$348.3 million, which was \$13.1 million higher than planned. The power margin as a percentage of sales to customers was 68.5 percent, which was 2.6 percent higher than planned. This is primarily due to lower production costs due to lower fuel costs and carbon allowances.

Other Operating Expenses

- All other operating expenses were \$339.4 million, which was \$10.1 million lower than planned.
  - Transmission and distribution operations expenses were down \$2.5 million primarily due to lower cost of transmission fees than planned.
  - Customer service and information expenses were down \$5.5 million mainly due to the delays in the REACH 2.0 Grant, which is still pending CEQA approval, and underspending on transportation electrification initiatives.
  - Administrative expenses were \$2.9 million higher than planned, primarily due to the earlier start to the Replacement for SAP DSM project, higher uncollectible expenses in non-electric accounts, and higher than expected IT project costs.

- Public good expenses were \$3.6 million lower than planned, mainly due to fewer projects than planned in distributed energy solutions building electrification program resulting from seasonal variations.
- Transmission and distribution maintenance expenses were \$4.4 million lower than planned, primarily due to lower vegetation management costs driven by reduced unit costs, less tree work than planned, and improved efficiency in tree trimming and lower substation maintenance costs.

#### Non-operating Revenues and Expenses

- Other revenue, net, exceeded the plan by \$4.1 million, primarily due to higher interest income from investments.
- Interest charges were \$3.2 million lower than planned mainly because SMUD has benefited from lower interest rates on its existing long-term debt and has not issued any commercial paper.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Month Ended April 30, 2026  
(thousands of dollars)

	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 119,375	\$ 121,819	\$ (2,444)	(2.0) %
Sales of surplus power	3,652	6,408	(2,756)	(43.0)
Sales of surplus gas	5,976	9,048	(3,072)	(34.0)
LCFS revenue	2,065	-	2,065	*
Other electric revenue	6,282	4,872	1,410	28.9
Revenue to rate stabilization fund	(4,960)	-	(4,960)	*
Revenue from rate stabilization fund	11,380	1,854	9,526	513.8
<b>Total operating revenues</b>	<b>143,770</b>	<b>144,001</b>	<b>(231)</b>	<b>(0.2)</b>
<b>OPERATING EXPENSES</b>				
Operations				
Purchased power	29,979	30,014	(35)	(0.1)
Production	23,325	26,255	(2,930)	(11.2)
Transmission and distribution	7,871	9,241	(1,370)	(14.8)
Customer accounts	5,677	5,202	475	9.1
Customer service and information	10,080	10,436	(356)	(3.4)
Administrative and general	14,905	16,509	(1,604)	(9.7)
Public good	4,750	5,373	(623)	(11.6)
<b>Total operations</b>	<b>96,587</b>	<b>103,030</b>	<b>(6,443)</b>	<b>(6.3)</b>
Maintenance				
Production	3,709	3,959	(250)	(6.3)
Transmission and distribution	9,122	10,371	(1,249)	(12.0)
<b>Total maintenance</b>	<b>12,831</b>	<b>14,330</b>	<b>(1,499)</b>	<b>(10.5)</b>
Depreciation and amortization				
Depreciation and amortization	23,046	22,489	557	2.5
Amortization of regulatory asset	4,716	4,570	146	3.2
<b>Total depreciation and amortization</b>	<b>27,762</b>	<b>27,059</b>	<b>703</b>	<b>2.6</b>
<b>Total operating expenses</b>	<b>137,180</b>	<b>144,419</b>	<b>(7,239)</b>	<b>(5.0)</b>
<b>OPERATING INCOME (LOSS)</b>	<b>6,590</b>	<b>(418)</b>	<b>7,008</b>	<b>*</b>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Other revenues/(expenses)				
Interest income	3,498	2,429	1,069	44.0
Unrealized holding gains (losses)	(357)	-	(357)	*
Revenue - CIAC	1,885	1,842	43	2.3
Other income (expense) - net	704	306	398	130.1
<b>Total other revenues/(expenses)</b>	<b>5,730</b>	<b>4,577</b>	<b>1,153</b>	<b>25.2</b>
Interest charges				
Interest on long-term debt	8,531	8,923	(392)	(4.4)
Interest on commercial paper and other	602	600	2	0.3
<b>Total interest charges</b>	<b>9,133</b>	<b>9,523</b>	<b>(390)</b>	<b>(4.1)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 3,187</b>	<b>\$ (5,364)</b>	<b>\$ 8,551</b>	<b>159.4 %</b>

\* Equals 1000% or greater.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
For the Four Months Ended April 30, 2026  
(thousands of dollars)

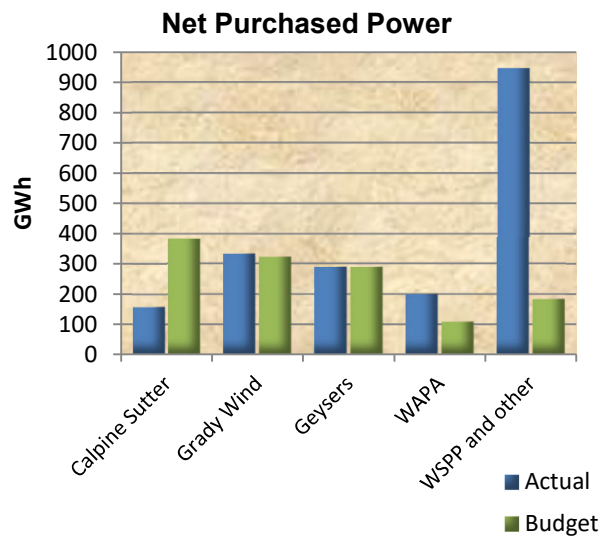
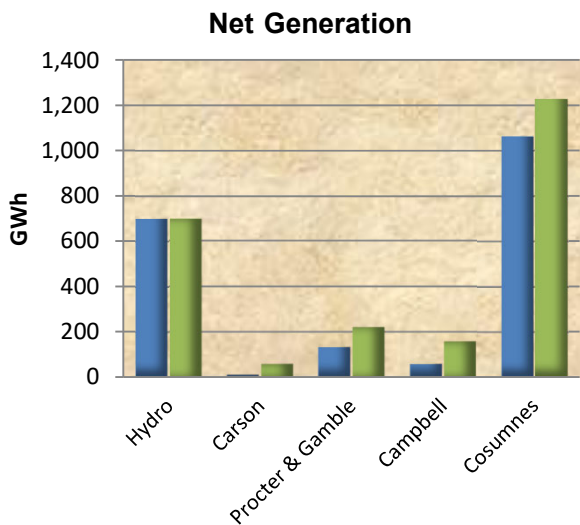
	Actual	Budget	Over (Under)	Percent of Increase (Decrease)
<b>OPERATING REVENUES</b>				
Sales to customers	\$ 508,394	\$ 508,524	\$ (130)	(0.0) %
Sales of surplus power	21,509	51,031	(29,522)	(57.9)
Sales of surplus gas	28,005	23,712	4,293	18.1
SB-1 revenue (deferral)/recognition, net	(4)	-	(4)	*
AB32 revenue	5,588	-	5,588	*
LCFS revenue (expense)	2,832	-	2,832	*
Other electric revenue	27,120	19,626	7,494	38.2
Revenue to rate stabilization fund	(11,315)	-	(11,315)	*
Revenue from rate stabilization fund	15,406	6,855	8,551	124.7
<b>Total operating revenues</b>	<b>597,535</b>	<b>609,748</b>	<b>(12,213)</b>	<b>(2.0)</b>
<b>OPERATING EXPENSES</b>				
Operations				
Purchased power	101,445	119,568	(18,123)	(15.2)
Production	110,040	128,548	(18,508)	(14.4)
Transmission and distribution	30,676	33,144	(2,468)	(7.4)
Customer accounts	20,643	19,768	875	4.4
Customer service and information	37,823	43,320	(5,497)	(12.7)
Administrative and general	69,825	66,883	2,942	4.4
Public good	17,279	20,905	(3,626)	(17.3)
<b>Total operations</b>	<b>387,731</b>	<b>432,136</b>	<b>(44,405)</b>	<b>(10.3)</b>
Maintenance				
Production	17,889	19,487	(1,598)	(8.2)
Transmission and distribution	34,635	39,031	(4,396)	(11.3)
<b>Total maintenance</b>	<b>52,524</b>	<b>58,518</b>	<b>(5,994)</b>	<b>(10.2)</b>
Depreciation and amortization				
Depreciation and amortization	91,352	88,662	2,690	3.0
Amortization of regulatory asset	19,232	18,280	952	5.2
<b>Total depreciation and amortization</b>	<b>110,584</b>	<b>106,942</b>	<b>3,642</b>	<b>3.4</b>
<b>Total operating expenses</b>	<b>550,839</b>	<b>597,596</b>	<b>(46,757)</b>	<b>(7.8)</b>
<b>OPERATING INCOME</b>	<b>46,696</b>	<b>12,152</b>	<b>34,544</b>	<b>284.3</b>
<b>NON-OPERATING REVENUES AND EXPENSES</b>				
Other revenues/(expenses)				
Interest income	16,497	9,692	6,805	70.2
Investment revenue	1,844	-	1,844	*
Unrealized holding gains (losses)	(2,197)	-	(2,197)	*
Revenue - CIAC	7,488	7,353	135	1.8
Other income (expense) - net	(406)	2,103	(2,509)	(119.3)
<b>Total other revenues/(expenses)</b>	<b>23,226</b>	<b>19,148</b>	<b>4,078</b>	<b>21.3</b>
Interest charges				
Interest on long-term debt	33,647	35,689	(2,042)	(5.7)
Interest on commercial paper and other	619	1,750	(1,131)	(64.6)
<b>Total interest charges</b>	<b>34,266</b>	<b>37,439</b>	<b>(3,173)</b>	<b>(8.5)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ 35,656</b>	<b>\$ (6,139)</b>	<b>\$ 41,795</b>	<b>680.8 %</b>

\* Equals 1000% or greater.

**SACRAMENTO MUNICIPAL UTILITY DISTRICT**  
**SOURCES AND USES OF ENERGY - COMPARED TO BUDGET**  
For the Period Ended April 30, 2026

Sources of Energy (GWh)	Month		Increase (Decrease)	Year to Date		Increase (Decrease)
	Actual	Budget	Percentage	Actual	Budget	Percentage
<b>Net Generated</b>						
Hydro	176	209	(15.8)	699	696	0.4
Carson Power Plant	-	18	(100.0)	11	59	(81.4)
Procter & Gamble Power Plant	39	67	(41.8)	132	220	(40.0)
Campbell Power Plant	25	42	(40.5)	59	158	(62.7)
Cosumnes Power Plant	82	40	105.0	1,064	1,228	(13.4)
Other	53	78	(32.1)	138	158	(12.7)
<b>Total net generation</b>	<b>375</b>	<b>454</b>	<b>(17.4)</b>	<b>2,103</b>	<b>2,519</b>	<b>(16.5)</b>
<b>Purchased Power less transmission losses:</b>						
CalEnergy	10	18	(44.4)	60	73	(17.8)
Calpine Sutter	73	60	21.7	157	382	(58.9)
Drew Solar	29	29	0.0	97	90	7.8
Feed in Tariff	17	21	(19.0)	51	60	(15.0)
Geysers	72	72	0.0	288	288	0.0
Grady Wind	100	88	13.6	332	321	3.4
Hatchet Ridge	23	25	(8.0)	95	100	(5.0)
Rancho Seco PV II	23	33	(30.3)	80	92	(13.0)
WAPA	65	76	(14.5)	198	109	81.7
WSPP and other	295	100	195.0	946	183	416.9
Other long term power	47	55	(14.5)	167	187	(10.7)
<b>Total net purchases</b>	<b>754</b>	<b>577</b>	<b>30.7</b>	<b>2,471</b>	<b>1,885</b>	<b>31.1</b>
<b>Total sources of energy</b>	<b>1,129</b>	<b>1,031</b>	<b>9.5</b>	<b>4,574</b>	<b>4,404</b>	<b>3.9</b>
<b>Uses of energy:</b>						
SMUD electric sales and usage	716	746	(4.0)	3,144	3,155	(0.3)
Surplus power sales	383	254	50.8	1,335	1,118	19.4
System losses	30	31	(3.2)	95	131	(27.5)
<b>Total uses of energy</b>	<b>1,129</b>	<b>1,031</b>	<b>9.5 %</b>	<b>4,574</b>	<b>4,404</b>	<b>3.9 %</b>

\* Change equals 1000% or more.



Net generation is lower than planned for the four-month period.

- Hydro generation is higher than planned (0.4 percent).
- JPA generation is lower than planned (24 percent).

Purchased power, less surplus power sales, is higher than plan (48.1 percent).

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
STATEMENTS OF NET POSITION**

	April 30,	
	2026	2025
	(thousands of dollars)	
<b>ASSETS</b>		
<b>ELECTRIC UTILITY PLANT</b>		
Plant in service	\$ 8,183,901	\$ 7,883,513
Less accumulated depreciation and amortization	(4,169,700)	(3,907,380)
Plant in service - net	4,014,201	3,976,133
Construction work in progress	874,160	595,139
Total electric utility plant - net	4,888,361	4,571,272
<b>RESTRICTED AND DESIGNATED ASSETS</b>		
Revenue bond and debt service reserves	149,026	159,725
Nuclear decommissioning trust fund	10,450	10,049
Rate stabilization fund	346,082	339,235
Escrow fund	19,577	18,530
Collateral fund	6,298	8,314
Insurance captive fund	26,501	25,784
Other funds	12,173	19,074
Less current portion	(200,310)	(216,663)
Total restricted and designated assets	369,797	364,048
<b>CURRENT ASSETS</b>		
Unrestricted cash and cash equivalents	357,027	348,430
Unrestricted investments	209,990	181,118
Restricted and designated cash, cash equivalents, and investments	200,310	216,663
Receivables - net	246,972	263,261
Regulatory costs to be recovered within one year	113,471	93,900
Hedging derivative instruments maturing within one year	14,383	18,394
Inventories	213,968	187,948
Prepaid gas to be delivered within one year	46,794	42,707
Prepayments and other	47,378	49,168
Total current assets	1,450,293	1,401,589
<b>NONCURRENT ASSETS</b>		
Regulatory costs for future recovery	1,106,620	1,027,544
Prepaid gas	678,475	725,269
Hedging derivative instruments	32,561	32,894
Credit support collateral deposits	23,686	20,750
Due from affiliated entity	40,681	35,490
Investment in TANC	42,920	40,051
Prepayments and other	47,881	52,473
Total noncurrent assets	1,972,824	1,934,471
<b>TOTAL ASSETS</b>	<b>8,681,275</b>	<b>8,271,380</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Accumulated decrease in fair value of hedging derivative instruments	90,575	24,903
Deferred pension outflows	57,849	143,317
Deferred other postemployment benefits outflows	55,931	50,990
Deferred asset retirement obligations outflows	188	797
Unamortized bond losses	24,471	28,504
TOTAL DEFERRED OUTFLOWS OF RESOURCES	229,014	248,511
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 8,910,289</b>	<b>\$ 8,519,891</b>

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
STATEMENTS OF NET POSITION**

April 30,

2026                      2025

(thousands of dollars)

**LIABILITIES**

<b>LONG-TERM DEBT - net</b>	\$	3,228,300	\$	3,235,889
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**CURRENT LIABILITIES**

Accounts payable		146,282		154,577
Purchased power payable		36,511		34,540
Long-term debt due within one year		130,825		138,065
Accrued decommissioning		8,661		7,471
Interest payable		39,949		40,892
Accrued salaries and compensated absences		68,535		65,016
Hedging derivative instruments maturing within one year		66,475		18,776
Advanced payments on construction		47,499		52,757
Lease liability		18,063		26,475
Customer deposits and other		29,735		20,227
Total current liabilities		592,535		608,796

**NONCURRENT LIABILITIES**

Net pension liability		209,662		308,407
Net other postemployment benefits liability		35,245		24,135
Accrued decommissioning		122,674		109,359
Hedging derivative instruments		25,068		6,807
Advanced payments on construction		49,416		38,735
Self insurance and other		101,454		123,977
Total noncurrent liabilities		543,519		611,420

TOTAL LIABILITIES		4,364,354		4,456,105
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**DEFERRED INFLOWS OF RESOURCES**

Accumulated increase in fair value of hedging derivative instruments		46,943		51,209
Regulatory credits		1,155,085		1,084,460
Deferred pension inflows		62,114		765
Deferred other postemployment benefits inflows		24,080		15,238
Deferred lease inflows		15,447		16,159
Unamortized bond gains		28,663		34,174
Unearned revenue		3,406		3,667

TOTAL DEFERRED INFLOWS OF RESOURCES		1,335,738		1,205,672
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**NET POSITION**

Balance at beginning of year		3,174,541		2,812,119
Net increase for the year		35,656		45,995
TOTAL NET POSITION		3,210,197		2,858,114

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$	8,910,289	\$	8,519,891
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SSS No. BOD 2026-002

# BOARD AGENDA ITEM

## STAFFING SUMMARY SHEET

Committee Meeting & Date <b>FINANCE &amp; AUDIT - 2026</b>
Board Meeting Date N/A

TO				TO							
1.	Farres Everly	6.									
2.	Jose Bodipo-Memba	7.									
3.	Scott Martin	8.									
4.		9.	<b>Legal</b>								
5.		10.	<b>CEO &amp; General Manager</b>								
<b>Consent Calendar</b>		<b>Yes</b>	<input checked="" type="checkbox"/>	<b>No</b> <i>If no, schedule a dry run presentation.</i>		<b>Budgeted</b>	<input checked="" type="checkbox"/>	<b>Yes</b>	<b>No</b> <i>(If no, explain in Cost/Budgeted section.)</i>		
FROM (IPR) Marythony Sohl / Crystal Henderson				DEPARTMENT Board Office				MAIL STOP B304	EXT. 5424	DATE SENT 12/18/25	

**NARRATIVE:**

**Requested Action:** A summary of directives is provided to staff during the committee meeting.

**Summary:** The Board requested an ongoing opportunity to do a wrap up period at the end of each committee meeting to summarize various Board member suggestions and requests that were made at the meeting to make clear the will of the Board. The Finance & Audit Committee Chair will summarize Board member requests that come out of the committee presentations for this meeting.

**Board Policy:** *(Number & Title)* Governance Process GP-4, Board/Committee Work Plan and Agenda Planning, states the Board will focus on the results the Board wants the organization to achieve.

**Benefits:** Having an agendized opportunity to summarize the Board’s requests and suggestions that arise during the committee meeting will help clarify the will of the Board.

**Cost/Budgeted:** Included in budget.

**Alternatives:** Not to summarize the Board’s requests at this meeting.

**Affected Parties:** Board of Directors and Executive Office

**Coordination:** Board Office

**Presenter:** Brandon Rose, Finance & Audit Committee Chair

**Additional Links:**

SUBJECT <b>Summary of Committee Direction – Finance &amp; Audit Committee</b>	ITEM NO. <i>(FOR LEGAL USE ONLY)</i>
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ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.