

SMUD BOARD POLICY

Category: Strategic Direction	Title: Access to Credit Markets
	Policy Number: SD-3
Adoption Date: May 1, 2003	Resolution No. 03-05-07
Revision: October 16, 2003	Resolution No. 03-10-14
Revision: May 6, 2004	Resolution No. 04-05-06
Revision: February 3, 2005	Resolution No. 05-02-04
Revision: January 24, 2008	Resolution No. 08-01-08
Revision: August 7, 2008	Resolution No. 08-08-03
Revision: October 16, 2008	Resolution No. 08-10-09

Maintaining access to credit is a core value of SMUD. Therefore, SMUD shall comply with all bond indenture requirements and develop budgets in a fiscally sound manner.

Therefore:

- a) For SMUD's annual budgets, the Board establishes a target of cash coverage of all debt service payments (fixed charge ratio) of 1.3 to 1.5 times.
- b) SMUD's electric system, employees and board members shall be reasonably insured against risks and claims of liability.

Monitoring Method: GM Report
Frequency: Annual