

Exhibit to Agenda Item #2b

Board Policy Committee and Special SMUD Board of Directors Meeting

Wednesday, January 17, 2018, scheduled to begin at 5:30 p.m.

Customer Service Center, Rubicon Room

SD-3 Access to Credit Markets

Maintaining access to credit is a core value of SMUD. Therefore: a) For SMUD's annual budgets, the Board establishes a minimum target of cash coverage of all debt service payments (fixed charge ratio) of 1.45 times.

Comment:

Any value to raising this target? - BS

b) When making resource decisions, SMUD shall weigh the impacts on long-term revenue requirements, debt, financial risk and flexibility. c) SMUD's goal is to maintain at least an "A" rating with credit rating agencies.

Comment:

Now that we are AA, should we revisit this? - BS