

Exhibit to Agenda Item #2b

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, February 19, 2019, 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 1.5 times.

Comment:

I’m not opposed to this language, but want to think on it a bit more. – RH

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:

This is good! – RH

I support these and do not have any recommended changes. - HS