

# Exhibit to Agenda Item #7

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and execute any and all contracts and documents necessary to effectuate the transfer to the **Sacramento Municipal Utility District (SMUD)** of assets and obligations of the **Sacramento Municipal Utility District Financing Authority (SFA)**, including the **Cosumnes Power Plant**, the **Carson Power Plant**, the **Procter & Gamble Power Plant**, the **Campbell Power Plant**, and the **McClellan Power Plant**.

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting  
Tuesday, June 17, 2025, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

# Background

- As of May 2025, all debt related to Sacramento Municipal Utility District Financing Authority (SFA) has been defeased, eliminating requirements of bond documents, providing flexibility to consolidate the thermal generation power plants into SMUD.
- Purpose of asset and obligation transfer from SFA to SMUD is to benefit from **internal administrative efficiencies** and **external cost savings**.
- SFA will continue to exist for potential future use and member of Northern California Energy Authority (NCEA) Joint Powers Authority (JPA).

# Benefits

Substantial administrative efficiencies and cost savings will be attained by transferring SFA assets and obligations to SMUD

- Cost savings from eliminating external auditor fees for SFA
- Removes the administrative responsibility of managing SFA
  - Streamline and simplify financial reporting
  - Eliminate efforts to generate SFA yearly financial statements
  - Simplify annual budget process; eliminates process of preparing SFA annual budget
  - Reduce efforts related to audit and administrative requirements for SFA
- Minor reduction to JPA Commissioners' meeting time
- No increase to legal or regulatory risk or any financial metric impact

# Key Steps

- File with regulatory agencies to change the name of power plants owner from SFA to SMUD
- Assign or amend various contracts with SFA to SMUD
- Update internal systems to accommodate revised accounting and budget work process
- Internal accounting treatment to transfer SFA assets and liabilities to SMUD
- Administrative tasks such as closing SFA bank accounts and updating budget process