Exhibit to Agenda Item #3

Discuss authorizing the Chief Executive Officer and General Manager to negotiate and award a contract to **KPMG, LLP**, to provide Project Assurance/Quality Assurance Services for SAP S/4HANA Implementation during the period of November 1, 2026, through December 31, 2028, in an amount not to exceed $6 million.

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

Tuesday, October 13, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Engagement Objectives and Scope

Provide independent oversight and assurance across all phases of the SAP upgrade project.

Identify risks, issues, and gaps early to support successful and timely project delivery.

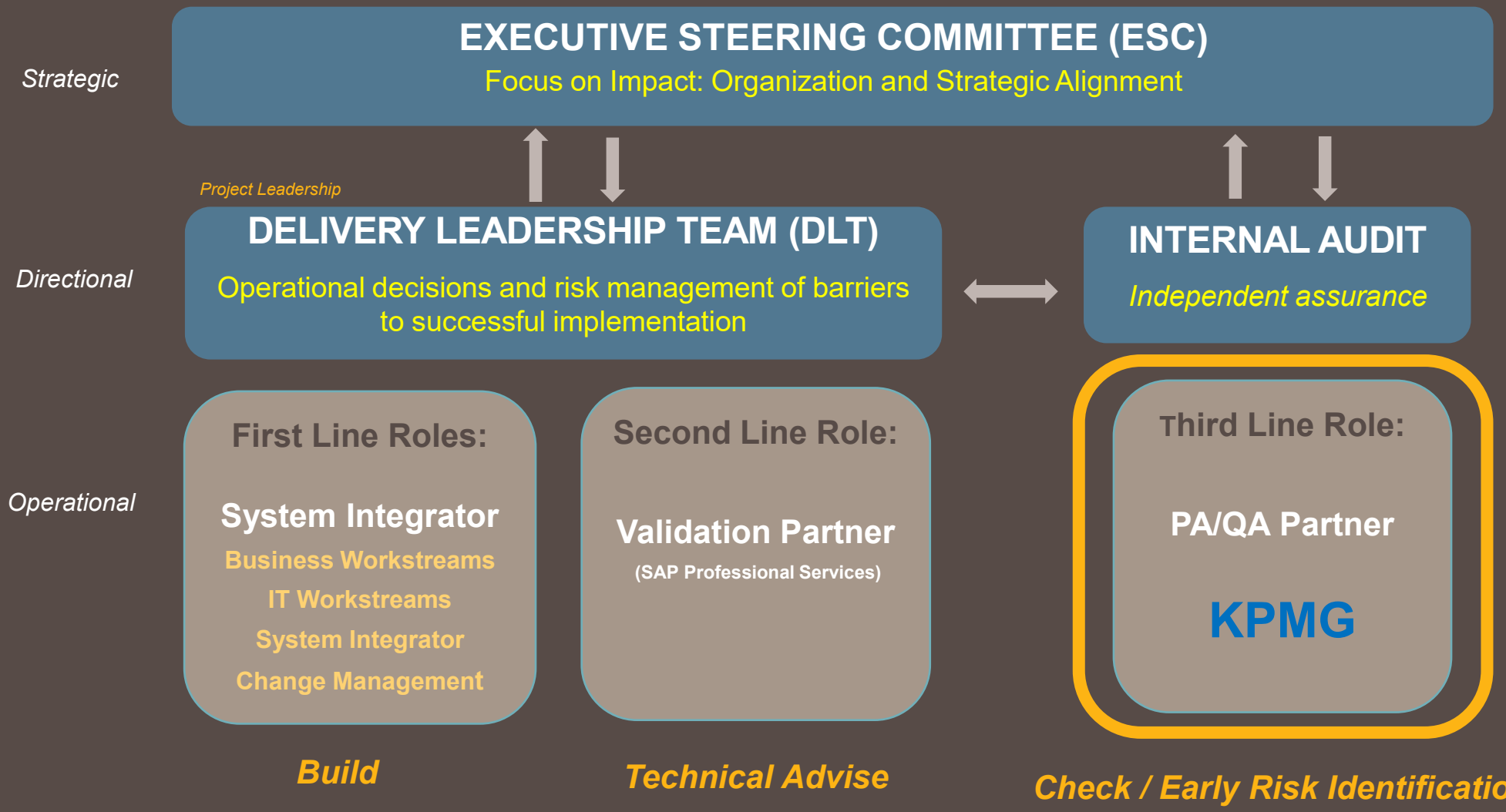
Review and evaluate technical and functional requirements, test plans and results, operational readiness, go-live readiness and cutover plans to confirm they are complete, accurate, and aligned with project objectives.

Verify adherence to fit-to-standard guiding principles and proper documentation of exceptions.

Evaluate the effectiveness of stakeholder engagement, training and change management activities, and user adoption initiatives.

Provide objective and transparent, executive-level reporting to enable informed decision-making.

Three Lines Model for S/4HANA



Vendor Selection Process & Timeline

Procurement Strategy and Award Outcome

Responsive Proposals	P/F	SEED	Technical	Price	Total	Rank	Proposal Amount	SEED Credit	Evaluated Proposal Amount	Proposed Award
		10	70	20	100					
KPMG, LLP	P	10	63.07	20	93.07	1	$5,825,000	$250,000	$5,575,000	$6,000,000

- RFP released in May 2026
  - Pre-Proposal meeting May 2025
  - 39 vendors attended
  - Proposals received June 2026
    - 11 Proposals received
    - 2 shortlisted for Interview/Validation in August 2026
    - 1 proposer met pass/fail requirements and Minimum Score Threshold

Requested Action

Authorize the Chief Executive Officer and General Manager to negotiate and award a contract to KPMG, LLP, to provide Project Assurance/Quality Assurance Services for SAP S/4HANA Implementation during the period of November 1, 2026, through December 31, 2028, in an amount not to exceed $6 million.