

RESOLUTION NO. 22-09-02

WHEREAS, in September 2019, the Legislature approved Assembly Bill 689 amending section 12773 of the California Public Utilities Code (“MUD Act”) effective January 1, 2020, to January 1, 2025, granting SMUD authority to hold nonstock security in a corporation or other private entity if the security is acquired as part of a procurement of goods or services from that entity, provided no separate funding is expended solely for the nonstock security, and not more than three nonstock security acquisitions are made during the effective period; and

WHEREAS, by Resolution No. 20-12-11, adopted on December 10, 2020, this Board authorized SMUD to operate a pilot project and policy governing the acquisition of nonstock security, the **Nonstock Security Pilot Project Program (“Policy”)**, from January 1, 2020, to January 1, 2025; and

WHEREAS, SMUD policy for the acquisition of nonstock security is set forth in the **Policy** guidelines and minor changes to the guidelines are requested in **Section 2. Definitions** to define “Financial Interest” (which had previously been undefined); and

WHEREAS, **Section 3. Conflict of interest** of the **Policy** includes detailed requirements to address the Legislature’s concern of financial self-dealing, as it may relate to SMUD’s authority to acquire nonstock security; and

WHEREAS, as currently written, **Section 3.** may broadly prevent SMUD from using reasonable and lawful due diligence to determine whether to enter into a particular acquisition; and

WHEREAS, staff’s recommendation is to revise **Section 2.** of the **Policy** to define “Financial Interest” and **Section 3.** of the **Policy** to clarify the strict parameters under which SMUD may use non-public information, and to ensure the **Policy** both allows for informed acquisition of the nonstock security while affirmatively prohibiting insider trading; **NOW, THEREFORE,**

**BE IT RESOLVED BY THE BOARD OF DIRECTORS
OF THE SACRAMENTO MUNICIPAL UTILITY DISTRICT:**

Section 1. This Board approves the revisions to **Section 2. Definitions** and **Section 3. Conflict of interest** of the **Nonstock Security Pilot Project Program (“Policy”)**, substantially in the form as set forth in **Attachment A**, with all other **Policy** provisions remaining in full force and effect.

Approved: September 15, 2022

INTRODUCED: DIRECTOR BUI-THOMPSON				
SECONDED: DIRECTOR FISHMAN				
DIRECTOR	AYE	NO	ABSTAIN	ABSENT
ROSE	X			
BUI-THOMPSON	X			
FISHMAN	X			
HERBER	X			
KERTH	X			
TAMAYO	X			
SANBORN	X			