

Exhibit to Agenda Item #7

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, October 17, 2018, scheduled to begin at 5:30 p.m.
Customer Service Center, Rubicon Room

GP- 5 Election of the Board President and Vice President

5 Board Members responded to the survey

The Board shall elect each year a president and vice president to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in January.**
- b) The president and vice president shall be elected upon a vote of four or more Board members voting in approval.**
- c) The terms of president and vice president shall be for a period of one year or until such time as a successor has been selected pursuant to these rules.**

Compliance Scores:

High 5

Med

Low

d) The president may serve no more than one term in succession.

Compliance Scores:

High 5

Med

Low

Comment:

We should talk about this. – BS

e) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.

f) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.

g) The president and/or vice president shall be recalled upon a vote of four or more Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

Compliance Scores:

High 5

Med

Low

GP- 6 Role of the Board President

5 Board Members responded to the survey

The President of the Board shall assure the integrity of the Board's processes and assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board behaves consistently within its own rules and policies, and those legitimately imposed on it from outside the organization.**
- b) The President shall preside over and facilitate Board meetings.**
- c) The President shall ensure that meeting discussion focuses on those issues which, according to Board policy, belong to the Board to decide.**
- d) The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.**
- e) The President shall appoint the chairs of standing committees.**
- f) The President shall schedule and coordinate the annual process of evaluating the General Manager.**
- g) The President shall ensure that the Board's agendas meet the goals of the annual work plan.**

Compliance Scores:

High 5

Med

Low

- h) The President shall ensure a process is in place for regularly evaluating the Board's adherence to Board policies.**
- i) The President shall appoint one or more Board members to meet with the external auditor.**

Compliance Scores:

High 4

Med 1

Low

Comment:

I haven't done this this year! (yet) - GF

- j) The President (or Vice President, as appropriate) shall approve expense reimbursement requests of other Board members.**
- k) The President shall assure a Board meeting procedures manual is adopted.**

Compliance Scores:

High 4

Med 1

Low

Comment:

...or this yet. - GF

l) The President shall ensure the Board is effectively represented to outside stakeholders, organizations, and other groups.

m) The President has no authority to supervise or direct the General Manager, apart from authority expressly granted him or her by the Board.

n) The President may delegate his or her authority, but remains accountable for its use.

Compliance Scores:

High 5

Med

Low

GP- 9 Board Committee Chairs

5 Board Members responded to the survey

The committee chairs shall preside over and facilitate committee meetings.

- a) Standing committee chairs shall approve the annual calendar of committee meetings.**
- b) Committee chairs shall ensure that committee meetings focus on those issues which, according to Board policy, belong to the Board to decide.**
- c) Committee chairs shall ensure that discussion is fair, open and thorough, but also timely, orderly, and kept to the point.**
- d) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.**

Compliance Scores:

High 5

Med

Low

- e) **Committee chairs shall schedule and cancel meetings.**
- f) **Standing committee chairs shall review the committee agenda prior to circulation of the public notice of the meeting.**

Compliance Scores:

High 4

Med 1

Low

BL-12 Delegation to the CEO/GM with Respect to Transmission, Wholesale Electricity and Natural Gas Transactions

5 Board Members responded to the survey

As part of prudently managing energy related risks, providing retail rate stability and serving customers, SMUD is required to enter into: (i) contracts to purchase and sell wholesale electricity and natural gas; (ii) contracts for transmission, natural gas transportation and natural gas storage; and (iii) contracts to financially hedge or mitigate risks associated with wholesale electricity and natural gas prices, supplies and markets.

Compliance Scores:

High 4

Med 1

Low

Comment:

Should this be expanded to include bio gas, or, more generally, "commodities?" - GF

Delegation of Authority: The General Manager and CEO is delegated decision making authority consistent with the Energy Risk Management and Energy Trading Standards adopted by this Board.

Compliance Scores:

High 5

Med

Low

BL-13 Delegation to the CEO/GM with Respect to Grants

5 Board Members responded to the survey

SMUD's participation in state and federal grants as a prime-recipient or sub-recipient provides a unique opportunity for SMUD to leverage state and federal funds to advance SMUD's policies, conduct research and development projects, and provide benefits to the Sacramento community. SMUD's grant participation shall further SMUD's strategic directives, provide benefits to SMUD's customers and the community, and shall be consistent with the following principles.

a) Competitive Advantage: Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.

Compliance Scores:

High 5

Med

Low

b) Viable Grant Partners: SMUD shall only contract with reputable and financially viable grant partners.

Compliance Scores:

High 5

Med

Low

Comment:

While this minimizes risk does it allow sufficient flexibility to support emerging technologies/companies? – BR

c) Local Grant Partners: All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.

Compliance Scores:

High 5

Med

Low

d) Delegation of Authority to the General Manager and CEO: The General Manager and CEO is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD's commitment of financial and in-kind resources to the grant does not exceed \$1million.

Compliance Scores:

High 5

Med

Low

Comment:

Is this dollar limit working – or is it too low? - GF

BL-14 Delegation to the CEO/GM with Respect to Products, Services and Programs

3 Board Members responded to the survey

SMUD provides customers with innovative products, services and programs to enable multi-directional customer business relationships. Customer offerings include, but are not limited to energy efficiency, distributed generation, storage, electricity used as transportation fuel, micro grids, smart grid applications, and emerging technologies and applications.

Compliance Scores:

High 3

Med

Low

a) Delegation of Authority: The General Manager and CEO is delegated decision making and approval authority for customer and third party transactions related to retail products, services and programs.

In addition, the General Manager and CEO is authorized to enter into strategic partnerships related to innovative technologies, new business models, programs or services intended to provide value to SMUD's customers.

The goals of a partnership should include one or more of the following: • Allow for proof of concept for new programs, services or technologies; • Create energy solutions, options, products or services for customers; • Create or monetize SMUD intellectual property; • Generate revenue for SMUD; • Gain intelligence around industry transformation; • Enhance market competitiveness.

Compliance Scores:

High 3

Med

Low

Comment:

Would like to discuss reporting format and frequency. - BS

b) Reporting: The General Manager and CEO shall provide advance notice to the Board prior to entering into new strategic partnerships.

Compliance Scores:

High 3

Med

Low