Board of Directors Meeting Agenda

Date: September 10, 2020
Time: 5:30 p.m.
Location: Virtual Meeting (online)
AGENDA
SACRAMENTO MUNICIPAL UTILITY DISTRICT
BOARD OF DIRECTORS MEETING

In accordance with the Governor’s Executive Order N-29-20 and the Emergency Board Meeting Procedures adopted by the SMUD Board of Directors, the regular Board meeting and other public meetings are closed to the public to align with state, local, and federal guidelines and social distancing recommendations for the containment of the coronavirus.

Live video streams and indexed archives of meetings are available at:
http://smud.granicus.com/ViewPublisher.php?view_id=16

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by e-mailing a request to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.

Members of the public may provide written public comments on a specific agenda item or on items not on the agenda (general public comment) by submitting comments via e-mail. Comments may be submitted to PublicComment@smud.org and will be placed into the record of the meeting.

Members of the public that are listening to or watching the live stream of a Board meeting and wish to submit written comments on a specific agenda item as it is being heard may submit their comments, limited to 250 words or less, to PublicComment@smud.org, noting the agenda item number in the subject line. The Board President may read comments for items on the agenda into the record, in his discretion, based upon such factors as the length of the agenda or the number of e-mail comments received. General public comment for items not on the agenda will not be read into the record but will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

September 10, 2020 – 5:30 p.m.
Zoom Webinar Link: Join SMUD Board Meeting Here
Webinar ID: 161 997 4926
Password: 097547
Phone Dial-in Number: 1-669-254-5252

Call to Order.
a. Roll Call.

1. Approval of the Agenda.
Comments from the public are welcome when these agenda items are called.

Consent Calendar:

2. Approve Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of August 16, 2020, through August 31, 2020.

3. Approval of the minutes of the special meeting of August 18, 2020.

4. Approval of the minutes of the regular meeting of August 20, 2020.

5. Approval of the minutes of the special meeting of August 24, 2020

Discussion Calendar:

6. Approve the Employment Agreement between SMUD and Paul Lau, CEO and General Manager, and authorize the Board President to execute the contract. Closed Session 8/28. Presenter: President Kerth

Public Comment:

7. Items not on the agenda.

Board and CEO Reports:

8. Directors' Reports.


10. CEO's Report.

Summary of Board Direction

* * * * * * *
**Board Committee Meetings and Special Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento**

*The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In response to local, state, and federal directives, the following meetings will be held virtually (online).*

<table>
<thead>
<tr>
<th>Date</th>
<th>Committee and Board Meetings</th>
<th>Location</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 15, 2020</td>
<td>Finance and Audit Committee and Special SMUD Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
</tr>
<tr>
<td>September 16, 2020</td>
<td>Energy Resources &amp; Customer Services Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
</tr>
<tr>
<td>October 6, 2020</td>
<td>Strategic Development Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
</tr>
<tr>
<td>October 7, 2020</td>
<td>Policy Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
</tr>
<tr>
<td>October 13, 2020</td>
<td>Finance and Audit Committee and Special SMUD Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
</tr>
<tr>
<td>October 14, 2020</td>
<td>Energy Resources &amp; Customer Services Committee and Special Board of Directors Meeting</td>
<td>Virtual Meeting (online)</td>
<td>5:30 p.m.</td>
</tr>
</tbody>
</table>

* * * * * * *
Regular Meetings of the Board of Directors are held at the SMUD Headquarters Building, 6201 S Street, Sacramento

The SMUD Board of Directors is currently operating under Emergency Board Meeting Procedures. In response to local, state, and federal directives, the following meeting will be held virtually (online).

- September 17, 2020  Virtual Meeting (online)  5:30 p.m.
- October 15, 2020  Virtual Meeting (online)  5:30 p.m.

Pursuant to Resolution No. 20-06-08 adopted on June 18, 2020, Emergency Board Meeting Procedures are in effect:

Members of the public may make either a general public comment or comment on a specific agenda item by submitting comments via email. Comments may be submitted to PublicComment@smud.org. Comments will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

Members of the public that are listening or watching the live stream of a Board meeting and wish to comment on a specific agenda item as it is being heard, may submit their comments, limited to 250 words or less, to PublicComment@smud.org. The Board President may read the comments into the record, in his discretion, based upon such factors as the length of the agenda, the number of email comments received, and whether the Board is in danger of losing a quorum. Comments will be provided to the Board and placed into the record of the Board meeting if it is received within two hours after the meeting ends.

Members of the public may register to provide verbal comments at an upcoming Board or Committee meeting by emailing a request to speak to PublicComment@smud.org. Please include the date of the meeting, name, and topic or agenda item the requestor wishes to speak on. The request may also be submitted while the meeting is in progress during the standard time for the agenda item or topic. Pre-registration is strongly encouraged by no later than 3:00 p.m. on the day of the meeting.

ADA Accessibility Procedures: Upon request, SMUD will generally provide appropriate aids and services leading to effective communication for qualified persons with disabilities so that they can participate equally in this virtual meeting. If you need a reasonable auxiliary aid or service for effective communication to participate, please email Toni.Stelling@smud.org, or contact by phone at (916) 732-7143, no later than 48 hours before this virtual meeting.
RESOLUTION NO. _____________

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of August 16, 2020, through August 31, 2020.
Sacramento, California  
August 18, 2020

The Board of Directors of the Sacramento Municipal Utility District met in special session via virtual meeting (online) at 5:32 p.m.

Roll Call:

Presiding: President Kerth

Present: Directors Rose, Bui-Thompson, Fishman, Herber, Tamayo, and Sanborn

Present also were Arlen Orchard, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal Officer and General Counsel and Secretary, and members of SMUD’s executive management; and SMUD employees and visitors.

President Kerth called for approval of the agenda. Director Tamayo moved for approval of the agenda, Director Herber seconded, and the agenda was unanimously approved.

President Kerth then turned the meeting to Discussion Calendar Item 2, to appoint the following persons who filed the only declaration of candidacy for SMUD Wards 1 and 2 to serve on the SMUD Board of Directors for the four-year term commencing January 1, 2021, through December 31, 2024, pursuant to Section 11852.5 of the Public Utilities Code: Ward 1, Brandon D. Rose; Ward 2, Nancy Bui-Thompson.

No public comment was forthcoming on agenda item 2.

There being no discussion, Director Fishman moved for approval of Discussion Calendar Item 2, Director Herber seconded, and Resolution No. 20-08-01 was unanimously approved.
WHEREAS, Section 11852.5 of the Public Utilities Code, provides that the county elections official shall submit a Certificate of Facts to the SMUD Board when no one or only one person has filed for candidacy in a particular ward by 5:00 p.m. on the 83rd day prior to the fixed day for the general election; and

WHEREAS, Section 11852.5 further states that, at the time that it submits the Certificate of Facts, the county elections official shall inform the Board that it may make an appointment if only one person has filed a declaration of candidacy for a ward; and

WHEREAS, the 83rd day prior to the day for the general election fell on August 12, 2020; and

WHEREAS, the county elections official has delivered a Certificate of Facts to SMUD stating that, as of August 12, 2020, only one person filed a declaration of candidacy for Wards 1 and 2 and requesting that the Board make an appointment; and

WHEREAS, the Board must make the appointment at a special or regular meeting on or before the 76th day prior to the general election; and

WHEREAS, making the appointment will save SMUD ratepayers the expense of an election in a circumstance in which the candidates were unopposed; and

WHEREAS, the Board convened a special meeting on August 18, 2020 for the purpose of making the appointments; NOW, THEREFORE,

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

That this Board hereby acknowledges receipt of the Certificate of Facts set forth in Attachment A from the county elections official, and pursuant to Section 11852.5 of the California Public Utilities Code hereby appoints the following persons to serve as members of the SMUD Board of Directors for the Wards indicated, and who shall take office and serve exactly as if elected at the general district election:
Approved: August 18, 2020

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>Y</th>
<th>N</th>
<th>A</th>
<th>A</th>
</tr>
</thead>
<tbody>
<tr>
<td>KERTH</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROSE</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUI-THOMPSON</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FISHMAN</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HERBER</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>TAMAYO</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SANBORN</td>
<td>X</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
CERTIFICATE OF FACTS

I, COURTNEY BAILEY-KANELOS, Registrar of Voters of the County of Sacramento, State of California, do hereby certify that the number of nominees for the offices of Director, Sacramento Municipal Utility District Wards 1 and 2 did not exceed the number of offices to be filled at the November 3, 2020 Presidential General Election.

Ward 1
Number of positions: 1
Number of qualified candidates: 1

Ward 2
Number of positions: 1
Number of qualified candidates: 1

A petition signed by 10% of the voters or 50 voters, whichever is the smaller number, in the district or division if elected by division, requesting that the Presidential General Election be held has not been presented to me.

In accordance with §11852.5 of the Public Utilities Code, I hereby request Sacramento Municipal Utility District board will appoint to such office the following persons who filed a declaration of candidacy, and who shall take office and serve exactly as if elected at the Presidential General Election.

Brandon D. Rose – Ward 1
Nancy Bui Thompson – Ward 2

Witness My Hand and Seal this 13th day of August, 2020.

COURTNEY BAILEY-KANELOS
REGISTRAR OF VOTERS
County of Sacramento
State of California
President Kerth then turned to agenda item 3, statements from the public regarding items not on the agenda. He stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended. No public comment was forthcoming for agenda item 3.

No further business appearing, President Kerth adjourned the meeting at 5:38 p.m.

Approved:

_________________________  _____________________________

President                            Secretary
Sacramento, California
August 20, 2020

The Board of Directors of the Sacramento Municipal Utility District met in regular session via virtual meeting (online) at 5:32 p.m.

Roll Call:

   Presiding: President Kerth
   Present: Directors Rose, Bui-Thompson, Fishman, Herber, Tamayo, and Sanborn

Present also were Arlen Orchard, Chief Executive Officer and General Manager; Laura Lewis, Chief Legal Officer and General Counsel and Secretary, and members of SMUD’s executive management; and SMUD employees and visitors.

Vice President Bui-Thompson shared the safety tip.

President Kerth called for approval of the agenda. Director Herber moved for approval of the agenda, Director Sanborn seconded, and the agenda was unanimously approved.

Director Rose, Chair, presented the report on the Energy Resources & Customer Services Committee meeting held on August 18, 2020.

Director Herber, Chair, presented the report on the Finance and Audit Committee meeting held on August 19, 2020.

President Kerth then addressed the consent calendar consisting of Items 3 through 11. No public comment was forthcoming. Vice President Bui-Thompson moved for approval of the consent calendar, Director Rose seconded, and Resolution Nos. 20-08-02 through 20-08-09 were unanimously approved.
RESOLUTION NO. 20-08-02

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

That this Board hereby approves Board member compensation for service rendered at the request of the Board (pursuant to Resolution 18-12-15) for the period of July 16, 2020, through August 15, 2020.

Approved: August 20, 2020

INTRODUCED: DIRECTOR BUI-THOMPSON
SECONDED: DIRECTOR ROSE

VOTE: AYE NO ABSTAIN ABSENT

KERTH    X    
ROSE     X    
BUI-THOMPSON X
FISCHMANN X
HERBER   X    
TAMAYO   X    
SANBORN  X    

RESOLUTION NO. 20-08-03

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

This Board accepts the monitoring report for Strategic Direction SD-5, Customer Relations, substantially in the form set forth in Attachment A hereto and made a part hereof.

Approved: August 20, 2020

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>AYE</th>
<th>NO</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>KERTH</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROSE</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BUI-THOMPSON</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>FISHMAN</td>
<td>X</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>HERBER</td>
<td>X</td>
<td></td>
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<tr>
<td>TAMAYO</td>
<td>X</td>
<td></td>
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</tr>
<tr>
<td>SANBORN</td>
<td>X</td>
<td></td>
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</tr>
</tbody>
</table>
SACRAMENTO MUNICIPAL UTILITY DISTRICT
OFFICE MEMORANDUM

TO: Board of Directors

FROM: Claire Rogers CR 8/11/20

DATE: August 11, 2020

SUBJECT: Audit Report No. 28007209
Board Monitoring Report; SD-05: Customer Relations

Audit and Quality Services (AQS) reviewed the SD-05 Customer Relations 2019 Annual Board Monitoring Report and performed the following:

- Reviewed the information presented in the report to determine the possible existence of material misstatements;
- Interviewed report contributors and verified the methodology used to prepare the monitoring report; and
- Validated the reasonableness of a selection of the report’s statements and assertions.

During the course of the review, nothing came to AQS’ attention that would suggest the report did not fairly represent the source data available at the time of the review.

CC:
Arlen Orchard
1) Background

Strategic Direction 5 states that:

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent.

In addition, the Board establishes an overall customer experience “value for what you pay” target of 80 percent by the end of 2021, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

   a) SMUD customers shall be treated in a respectful, dignified and civil manner.

   b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

2) Executive summary

To ensure customers are receiving the highest quality of service, SMUD measures the satisfaction of key interactions with SMUD: Outages, Tree Trimming, Bill Inquiries, New Connections, IVR Payments, and IVR Payment Arrangements.

In addition, we measure Value for What You Pay as value drives customer loyalty. Value is defined as the trade-off between the perceived benefits a customer gets to the cost they have to pay for the benefits. Knowing what customers value allows SMUD to tailor services, products, and offerings to sustain customer relationships as the utility market evolves. SMUD is measuring customer perceived value because SMUD believes it is an effective early indicator of customer loyalty. When customers have options to choose alternatives, whether alternatives in energy, energy advisement, and other related services, we want our customers to continue choosing SMUD.

High satisfaction in these key interactions below and a high Value for What You Pay score supports SMUD’s purpose and vision to act in the best interests of our customers and community.
SMUD is in compliance with the policy and has exceeded the targets set forth by the Board in all instances for SD-5.

SMUD has exceeded the target of 95% with an overall Customer Satisfaction of 97%. All four components exceeded the expectation set.

SMUD achieved a 67% overall Value for What You Pay score, with neither Residential nor Commercial falling below their prescribed floors. Although this is 2% above the 2016 baseline score of 65%, we recognize this is a 4% decrease from the 2018 score of 71%. As expected, we experienced volatility within our Residential segment resulting from the transition to and first summer of our Time of Day rates. What was not anticipated but necessary, was a complex rate proposal impacting both Commercial and Net Energy Metering customers. The compounding impacts drove down our overall score and this is expected to continue as we make further pricing changes. Enterprise priorities, driving large investments in other strategic initiatives, prevents the significant investments needed to offset pricing impacts and sustain Best in Class customer experience scores in the future.

<table>
<thead>
<tr>
<th>Metric</th>
<th>Status</th>
<th>Compliance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Service Level</td>
<td>Overall Satisfaction 97%</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td>Tree Trimming 95%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>New Connects 98%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bill Inquiries 96%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Outage Communication 96%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IVR Payment 96%</td>
<td></td>
</tr>
<tr>
<td></td>
<td>IVR Payment Arrangement 98%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Value for What You Pay Addendum</th>
<th>Overall VFP 67%</th>
<th>Yes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>69%</td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>66%</td>
<td></td>
</tr>
</tbody>
</table>

Respectful Customer Treatment: Compliant

SMUD customers are treated in a respectful, dignified and civil manner. SMUD employees are trained to deliver quality customer experience through extensive, multi-channel employee competency development.
**Hearing Appeal Process:** Compliant

Customers are made aware of SMUD’s Hearing and Appeal process through multiple channels. The back page of every paper bill describes the process. In addition, the process is described in detail on the SMUD website and is linked from the digital bill in My Account.

Link: [https://www.smud.org/assets/documents/pdf/Board-Meeting- Procedures.pdf](https://www.smud.org/assets/documents/pdf/Board-Meeting-Procedures.pdf)

Zero hearings were conducted in 2019, as staff successfully resolved all escalations within standard customer communication channels.

3) **Additional supporting information**

See Appendix A for supporting information.

<table>
<thead>
<tr>
<th>2019 Accomplishments</th>
<th>Supportive SD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exceeded Weatherization and EAPR pilots goal while maintaining 89% avg. pilot satisfaction with an overall EAPR satisfaction &gt;95%.</td>
<td>SD-5</td>
</tr>
<tr>
<td>Met customer EE goals saving our customers 157 GWh of energy representing approximately $14.5 Million in bill savings.</td>
<td>SD-5</td>
</tr>
<tr>
<td>Small and Midsize Business team created and launched an “Easy Business Tools” campaign. The Easy Business Tools message educated customers to the benefits of SMUD My Account, the variety of billing and payment options available, and information on how a customer could connect with their personal Strategic Account Advisor.</td>
<td>SD-5</td>
</tr>
<tr>
<td>2019-2020 partnership with Habitat for Humanity incentivizing electrification and solar, including new, rebuilds and repairs up to 50 homes and 50 multi-family residences.</td>
<td>SD-5</td>
</tr>
<tr>
<td>Successfully launched redesigned Sacramento Shade Program providing 10,697 free trees to customers (avg. of 4.15 /customer) with a concentration in low income communities.</td>
<td>SD-5</td>
</tr>
<tr>
<td>“Lighting for the Spectrum” focused on impact of circadian lighting on people with autism. 36 families installed/tested in their homes.</td>
<td>SD-5</td>
</tr>
<tr>
<td>SMUD Energy Store finalized 5-yr. expansion of partnership with City of Sac. on water rebates and incentives.</td>
<td>SD-5</td>
</tr>
<tr>
<td>21,000+ total touchpoints made by commercial street teams. Including a Commercial Blitz where employees from across SMUD met with Small and Midsize Businesses to share quarterly messages.</td>
<td>SD-5</td>
</tr>
</tbody>
</table>
Developed Commercial Rate Restructure Impact Tool that was leveraged to educate customers on the future impacts to their business. The tool provides current and future bill impacts for the duration of the transition.

The SEED team held 12 workshops, orientations or panel discussions and coordinated participation in over 112 outreach events, reaching approximately 13,750 small business representatives with information about SEED and other SMUD programs.

Provided incentives for the installation of more than 130 workplace chargers at commercial customer locations.

SAAs engaged with several Sustainable Communities initiatives to provide energy efficiency guidance and advisory services including City of Refuge, Pioneer Church, Volunteers of America, Salvation Army and Roberts Family Community Center.

Updated Commercial MyAccount dashboard to be more intuitive and easier to navigate. Added customized features that populated the contact information of the SAA, as well as proactive suggestions based on account preferences and/or past program participation.

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Respectful Customer Treatment Supporting Information:

Classroom Training Attendees: 936

Web/ E-Learning: 436

Real Time Training – 2019 Bulletins: 43 Bulletins

Customer Journey Mapping: 32

4) **Challenges**

The next few years will continue to bring price increases, complex rate structures, and a strong effort to incentivize customers to electrify their homes and businesses. In addition, customer needs and expectations will continue to evolve. Investing in customer experience enhancements will be critical if we intend to maintain Best in Class customer experience outcomes.

5) **Recommendation**

It is recommended that the Board accept the Monitoring Report for SD-5
### Appendix A

#### Customer Satisfaction

<table>
<thead>
<tr>
<th>Service</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tree Trimming</td>
<td>95%</td>
<td>95%</td>
<td>95%</td>
</tr>
<tr>
<td>New Connects</td>
<td>98%</td>
<td>98%</td>
<td>97%</td>
</tr>
<tr>
<td>Bill Inquires</td>
<td>96%</td>
<td>96%</td>
<td>95%</td>
</tr>
<tr>
<td>Outage</td>
<td>96%</td>
<td>96%</td>
<td>N/A</td>
</tr>
<tr>
<td>IVR Payment</td>
<td>96%</td>
<td>96%</td>
<td>95%</td>
</tr>
<tr>
<td>IVR Payment Arrangement</td>
<td>98%</td>
<td>98%</td>
<td>N/A</td>
</tr>
</tbody>
</table>

#### Value for What You Pay

<table>
<thead>
<tr>
<th>Segment Thresholds</th>
<th>2019</th>
<th>2018</th>
<th>2017</th>
<th>2016</th>
<th>2015*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commercial</td>
<td>69%</td>
<td>73%</td>
<td>72%</td>
<td>74%</td>
<td>67%</td>
</tr>
<tr>
<td>69% Minimum</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>66%</td>
<td>69%</td>
<td>68%</td>
<td>66%</td>
<td>63%</td>
</tr>
<tr>
<td>65% Minimum</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>
Weatherization & EAPR

Three Year Partnership with Habitat for Humanity
Circadian Lighting

Circadian Lighting and You

Learn what circadian lighting is and how to apply it in your home.

SMUD
SAAs Support Sustainable Communities

Building sustainable communities

The need for equity

Commercial MyAccount

Good afternoon!

Your billing history

Account

Your account advisor

Update your profile

Would you like to receive a bill or statement in power outage impacts your account?

Yes No
RESOLUTION NO. 20-08-04

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

This Board approves the revisions to the Strategic Direction SD-5, Customer Relations, substantially in the form as set forth in Attachment B.

Approved: August 20, 2020
### SMUD BOARD POLICY

<table>
<thead>
<tr>
<th>Category:</th>
<th>Strategic Direction</th>
<th>Title: Customer Relations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy Number:</td>
<td>SD-5</td>
<td></td>
</tr>
<tr>
<td>Date of Adoption:</td>
<td>August 21, 2003</td>
<td>Resolution No. 03-08-11</td>
</tr>
<tr>
<td>Revision:</td>
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<td>Resolution No. 03-10-14</td>
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<td>Resolution No. 16-04-08</td>
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<tr>
<td>Revision:</td>
<td>August 20, 2020</td>
<td>Resolution No. 20-08-04</td>
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</tbody>
</table>

Maintaining a high level of customer relations is a core value of SMUD. Additionally, the Board sets a customer satisfaction target of 95 percent with no individual component measured falling below 85 percent. In addition, the Board establishes an overall customer experience “value for what you pay” target of 70 percent by the end of 2025 and 80 percent by the end of 2030, with neither the average commercial customer score falling below 69 percent nor the average residential customer score falling below 65 percent in any year.

As part of this policy:

a) SMUD customers shall be treated in a respectful, dignified and civil manner.

b) SMUD shall communicate a procedure for customers who believe they have not received fair treatment from SMUD to be heard.

**Monitoring Method:** GM Report  
**Frequency:** Annual
RESOLUTION NO. 20-08-05

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

This Board accepts the monitoring report for Strategic Direction SD-15, Outreach and Communication, substantially in the form set forth in Attachment C hereto and made a part hereof.

Approved: August 20, 2020

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>AYE</th>
<th>NO</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
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<tbody>
<tr>
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<td>FISHMAN</td>
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<td>SANBORN</td>
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</tr>
</tbody>
</table>
TO:        Board of Directors  DATE:  August 11, 2020

FROM:  Claire Rogers CR 8/11/20

SUBJECT:  Audit Report No. 28007210
Board Monitoring Report; SD-15: Outreach and Communication

Audit and Quality Services (AQS) reviewed the SD-15 Outreach and Communication 2019 Annual Board Monitoring Report and performed the following:

- Reviewed the information presented in the report to determine the possible existence of material misstatements;
- Interviewed report contributors and verified the methodology used to prepare the monitoring report; and
- Validated the reasonableness of a selection of the report’s statements and assertions.

During the course of the review, nothing came to AQS’ attention that would suggest the report did not fairly represent the source data available at the time of the review.

CC:

Arlen Orchard
1) **Background**

Strategic Direction 15 states:

Providing broad outreach and communication to SMUD’s customers and the community is a key value of SMUD.

Specifically:

a. SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.

b. SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.

c. SMUD’s communication and community outreach activities shall reflect the diversity of the communities we serve. SMUD shall use a broad mix of communication channels to reach all customer segments. This communication shall be designed to ensure that all groups are aware of SMUD’s major decisions and programs.

2) **Executive summary**

Strategic Direction 15 requires SMUD’s communication and community outreach activities to reflect the diversity of SMUD, using a broad mix of communication channels. In accordance, we look at the level of our marketing and outreach activities by communication channel, as well as the customer awareness of various programs and services by ethnicity, household income and Value for What You Pay.

**SMUD is in compliance with SD-15 Outreach and Communication.**

2019 was a very active year for outreach and communications. The Time-of-Day (TOD) Rate campaign and transition support was the largest outreach and communication in SMUD’s history. Additionally, we were actively promoting helpful tools and tips for our customers, along with our ongoing promotion of programs and services.

We could be seen or heard in 15 customer-facing communication channels, including information in more than 10 languages. We implemented over 20 marketing campaigns...
in total and participated in 1,416 community events, workshops, and partnerships (see Appendix A for overview of community events and partnerships).

Our activities accounted for more than 868,232,984 customer impressions in 2019. Of these, 437,589,424 were ethnic customer impressions. Just looking at TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 73 times in 2019.

We look at trends related to the overall awareness of a cross-section of SMUD’s programs and services, segmented by ethnicity. The segments include Asian Pacific Islander, Hispanic, African American and Caucasian. The programs measured are Rebates, Energy Assistance Program Rate (EAPR), Greenergy, Electric Vehicle (EV) discount, My Energy Tools, SMUD Energy Store, SMUD Mobile App and the TOD Rate.

2019 proved to be a good year for awareness as we saw year-over-year increases for all programs for all ethnicities. See charts in Appendix B.

<table>
<thead>
<tr>
<th>SD Requirement</th>
<th>Program/initiative/policy</th>
<th>Purpose</th>
<th>Outcome</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education and tools to manage energy use</td>
<td>In 2019, we implemented a robust multi-channel and multi-phased campaign to support TOD, along with more than 20 others promoting customer programs and services. Some of those include EVs/Drive Electric, SMUD Energy Store, Rebates, Billing/Payment options and Greenergy.</td>
<td>To increase customer engagement and awareness of major initiatives such as TOD, as well as our programs, services and tools to help manage energy use and support the environment.</td>
<td>A successful transition of residential customers to the TOD rate, and year-over-year increases in awareness among all ethnic segments for all of the programs measured. (Appendix B)</td>
<td>Phases 2 and 3 of the Time-of-Day education campaign ran from January through September, with broad awareness tactics as well as highly targeted, personalized communications.</td>
</tr>
</tbody>
</table>
3) Additional supporting information for SD-15, Outreach and Communication

   a) SMUD shall provide its customers the information, education and tools they need to best manage their energy use according to their needs.

   In 2019, we developed and implemented over 20 marketing and communication campaigns, including:

   - Time-of-Day
   - Bill Alerts/My Energy Tools
   - Bill Pay Your Way
   - Safety (Car Pole, 811, Wildfire)
   - Community-Owned, Not-For-Profit
   - Complete Energy Solutions
   - EAPR
   - Economic Development
   - Electric Vehicles
   - EnergyHELP

   - Express Energy Solutions
   - Greenergy
   - HomePower
   - Paperless Billing
   - Powering Futures
   - Rebates
   - Refrigerator Recycling
   - SMUD Energy Store
   - Shade Trees
   - Shine Neighborhood Awards
b) SMUD will use an integrated and consistent communication strategy that recognizes the unique customer segments that SMUD serves.

In 2019, our marketing and communications could be seen and heard in more than 10 languages in 15 customer-facing channels, including:

- TV
- Online
- Radio
- Print
- Direct Mail
- Email
- Community Events
- Surveys, focus groups
- News Media
- SMUD.org
- Billboards
- Buses
- Social Media
- Door-to-door
- Partnerships
- Workshops

With millions of bill inserts and emails, tens of thousands of websites and multiple social media channels where customers could see our ads, hundreds of occasions SMUD had a presence at a community event or conducted a class, and our robust schedule of TV, radio, and print advertisements, it’s clear that we used a broad mix of channels to reach all of our customers in the channels they prefer. This includes in-language media such as TV, radio, print and digital in more than 10 languages.

These tactics account for 868,232,984 customer impressions in 2019. Of these, 437,589,424 were ethnic impressions. Just measuring TV and radio, the average SMUD customer had the opportunity to see or hear a SMUD commercial 73 times in 2019.

- 12,966,094 bill package inserts
- 1,416 sponsorships & events
- 2,609,851 direct mail pieces
- 29 radio stations

GM 20-158 Board Monitoring Report – SD-15, Outreach and Communication Page 4 of 8
4) Challenges

It's important that we reach customers in the communication channels they prefer and we continue to look for new opportunities and channels to reach our customers. However, channels can be limited based on our service territory and especially when trying to reach customers that prefer communications in certain languages we have limited opportunities.

Additionally, not all programs and services are intended for all customers, which is why target marketing and segmentation is necessary to reach customers most likely to qualify and benefit from a particular program or service.

5) Recommendation

It is recommended that the Board accept the Monitoring Report for SD-15 Outreach and Communication.

6) Appendices
APPENDIX A

Community Outreach and Engagement

In 2019, we continued to be very active in the community through our support of efforts that improve the quality of life in our region. SMUD participated in 1,416 events and sponsorships, and SMUD employees volunteered 16,121 hours.

<table>
<thead>
<tr>
<th>Total events &amp; partnerships</th>
<th>Total volunteer hours</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,416</td>
<td>16,121</td>
</tr>
</tbody>
</table>

Following is the overview of total events, sponsorships, partnerships, workshops and other outreach that are included in total events and partnerships in 2019.

<table>
<thead>
<tr>
<th>18</th>
<th>178</th>
<th>222</th>
<th>144</th>
<th>107</th>
</tr>
</thead>
<tbody>
<tr>
<td>18</td>
<td>Business booths, tradeshows, and conferences</td>
<td>178</td>
<td>Business sponsorships, networking events, and mixers</td>
<td>222</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>381</th>
<th>205</th>
<th>86*</th>
<th>161</th>
<th>1,104*</th>
</tr>
</thead>
<tbody>
<tr>
<td>381</td>
<td>Residential booths or community events</td>
<td>205</td>
<td>School outreach, education, or career fairs</td>
<td>86*</td>
</tr>
</tbody>
</table>

*These events are already included in the other categories but noted separately to highlight volunteerism and events for ethnic and special audiences including Arts, Disabilities, Education, Environmental, Health & safety, LGBTQ, Military, Seniors, Stem/Robotics.
APPENDIX B
Awareness of Programs by Ethnicity

Hispanic – Overall Awareness 2019
Awareness trends over the last five years among Hispanic customers. All programs show a year-over-year increase from 2018 to 2019.

African American – Overall Awareness 2019
For African-American customers, awareness of all programs and services was up from 2018 to 2019.
Caucasian – Overall Awareness 2019
Among Caucasians, all programs and services saw increases in awareness year-over-year.

Asian Pacific Islander – Overall Awareness 2019
All programs and services had increases in awareness from 2018 to 2019 with Asian Pacific Islander customers.
RESOLUTION NO. 20-08-06

WHEREAS, by Resolution No. 19-06-13, adopted June 24, 2019, this Board approved several rate action items including a Commercial Rate Restructure (CRR) that would be effective no later than May 31, 2021; and

WHEREAS, due to the COVID-19 (coronavirus) crisis that began in mid-March 2020 and currently continues, the crisis response has shifted SMUD’s focus and altered the original planned rates implementation work for the remainder of 2020; and

WHEREAS, although staff has made progress on rate implementation work, the CRR requires significant effort and delaying the CRR rate transition for one year will not materially impact SMUD’s long term goals and rates trajectory adopted by the Board; and

WHEREAS, the delay does not adversely impact SMUD’s revenue collection as the CRR is designed to be revenue neutral by rate category; and

WHEREAS, staff recommends that the necessary changes to the rate schedules be included in the planned 2021 rate action under miscellaneous rate changes with the CRR effective no later than May 31, 2022; NOW, THEREFORE,

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

Section 1. That this Board approves a delay of one year for the implementation of the Commercial Rate Restructure (CRR) such that the CRR will be effective no later than May 31, 2022.

Approved: August 20, 2020

INTRODUCED: DIRECTOR BUI-THOMPSON
SECONDED: DIRECTOR ROSE

DIRECTOR     AYE     NO     ABSTAIN     ABSENT
KERTH        X
ROSE         X
BUI-THOMPSON X
FISHMAN      X
HERBER       X
TAMAYO       X
SANBORN      X
RESOLUTION NO. 20-08-07

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

This Board accepts the monitoring report for Strategic Direction

SD-8, Employee Relations, substantially in the form set forth in Attachment D

hereto and made a part hereof.

Approved: August 20, 2020

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<thead>
<tr>
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TO: Board of Directors  DATE: August 12, 2020

FROM: Claire Rogers  CR 8/12/20

SUBJECT: Audit Report No. 28007204  
Board Monitoring Report; SD-08: Employee Relations

Audit and Quality Services (AQS) reviewed the SD-08 Employee Relations 2019 Annual Board Monitoring Report and performed the following:

• Reviewed the information presented in the report to determine the possible existence of material misstatements;
• Interviewed report contributors and verified the methodology used to prepare the monitoring report; and
• Validated the reasonableness of a selection of the report’s statements and assertions.

During the course of the review, nothing came to AQS’ attention that would suggest the report did not fairly represent the source data available at the time of the review.

CC: Arlen Orchard
1. **Background**

Strategic Direction 8 (SD-8) states that:

Developing and maintaining a high quality, diverse and inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision and values is a core value of SMUD.

SMUD is committed to diversity and inclusion and will foster and support a workplace that values employees representing a variety of backgrounds, including but not limited to, race, ethnicity, gender, gender identification and/or expression, sexual orientation and identification, national origin, age, physical abilities, veteran status, socio-economic status, life experiences, talents, and thinking styles.

Therefore:

a) SMUD shall attract and retain a highly qualified and diverse workforce.
b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.
c) SMUD shall engage its workforce in personal and professional development.
d) SMUD’s percentage of engaged employees as measured through the Engagement Index shall exceed 80%.
e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.
f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.
g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics and trends of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD’s workforce.

2. **Executive Summary**

*In February 2020, SMUD formally added specific diversity and inclusion (D&I) components into SD-8, Employee Relations. The SD-8 additions further illustrate SMUD’s commitment to diversity and inclusion as we continue the evolution of SMUD’s culture, support an engaged workforce, and attract and retain high-quality talent.*

The SD-8 additions also speak to the need for SMUD to continue to promote inclusion and diversity activities internally and use a mix of communication and outreach channels to ensure new employee recruitment activities reflect the diversity of our larger community. The updated SD-8 (stated below) will be used for the 2019 monitoring report.
SMUD is in full compliance with SD-8, Employee Relations.

In 2019, as outlined in this report, we demonstrated a targeted focus on growing a quality, diverse talent pipeline along with executing strategies for empowering our current talent through mentoring, training and development.

<table>
<thead>
<tr>
<th>SD Requirement</th>
<th>SD Support (Program, Policy, Procedure or Initiative)</th>
<th>Purpose</th>
<th>Outcome</th>
<th>Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a)</td>
<td>Career Ambassador Program</td>
<td>Early outreach &amp; connection with future pipeline (youth) to increase future workforce talent while simultaneously engaging employees</td>
<td>Reached <strong>35,422 students</strong> and community members</td>
<td>Increased focus on diverse and underserved communities</td>
</tr>
<tr>
<td>b)</td>
<td>Employee Resource Groups</td>
<td>Contribute to an inclusive work culture by creating a sense of community and promoting education and awareness in alignment with SMUD’s mission and values.</td>
<td>69 ERG events supported business initiatives. Be Safe. Always (1) Treasure Our EE’s (37) Value Our Customers &amp; Community (29) Financially Fit (1) Sustainable Future (1)</td>
<td><strong>35% increase</strong> in the number of activities &amp; events from 2018</td>
</tr>
<tr>
<td>c)</td>
<td>Corporate Learning &amp; Development Curriculum</td>
<td>Develop skills and leadership competencies that will support SMUD’s current and future business strategy</td>
<td>2,487 active employees averaged 38 hours of training</td>
<td>Average hours up from 33 hrs in 2018. Expected to continue increasing in 2020 with increase in remote work &amp; the rollout of LinkedIn Learning.</td>
</tr>
<tr>
<td></td>
<td>Internal &amp; External Leadership Programs</td>
<td>Provide experiential learning opportunities to develop leadership, and support collaboration and philanthropy in the community</td>
<td>20 employees participated in local and regional development programs</td>
<td>Enhanced candidate screening to now include development potential and focused consideration to succession plans.</td>
</tr>
<tr>
<td></td>
<td>Education Assistance</td>
<td>Support employee continued education to attract &amp; retain a highly qualified workforce</td>
<td>150 employees utilized the program. 60 employees completed one or more classes with Ashford University.</td>
<td><strong>10% increase over 2018</strong> Ashford University enrollment increased 82% over 2018.</td>
</tr>
<tr>
<td></td>
<td>Service Area</td>
<td>Description</td>
<td>Results</td>
<td>Focus</td>
</tr>
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<td>---------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>d)</td>
<td>Engagement Index Pulse Survey</td>
<td>Understand the employee level of engagement and support leaders in sustaining high levels of engagement while identifying continuous improvement opportunities</td>
<td>Overall employee engagement is <strong>87% engaged</strong>, which also placed SMUD in the 85th percentile (all companies) Pulse survey with limited # of questions in 2019</td>
<td>Focus is on increasing trust as a foundation for improving collaboration and communication</td>
</tr>
<tr>
<td>e)</td>
<td>Workforce Outreach &amp; Partnerships</td>
<td>Promote job opportunities, grow diversity of talent pipeline and talent pool, raise awareness of SMUD's employer brand</td>
<td>Participated in <strong>female</strong> (5), LGBTQ (2), culture &amp; ethnic focused (86), low income (25), veteran (3) and disabled (2) employment-related events</td>
<td>Increased focus in 2019 on workforce outreach to broader community (2018 was primarily with education partners)</td>
</tr>
<tr>
<td></td>
<td>Internships</td>
<td>Strengthen talent pipeline by immersing students of varied backgrounds in SMUD’s culture and careers</td>
<td>1,695 college intern applicants, <strong>76 interns hired</strong>; 25 high summer school interns; 5 high school students during the school year</td>
<td>There was an increase of intern applicants. There was the same number of college interns.</td>
</tr>
<tr>
<td></td>
<td>Powering Futures Scholarships</td>
<td>Support diverse talent pipeline in community and STEM disciplines</td>
<td><strong>21 scholarships</strong> awarded</td>
<td>The scholarships ranged from $1,5000 (for Community College students) to $5,000 for 4-year University students).</td>
</tr>
<tr>
<td></td>
<td>CSUS Powering Hornets and UCD Powering Aggies Scholarships</td>
<td>Support talent pipeline and STEM disciplines in community</td>
<td><strong>1 scholarship</strong> awarded to each university</td>
<td>These contributions are in the form of endowments managed by each university.</td>
</tr>
<tr>
<td></td>
<td>Hornet Leadership Program - SMUD cohort</td>
<td>Support talent pipeline and STEM disciplines in community</td>
<td><strong>10 students</strong> from diverse backgrounds majoring in critical IT majors</td>
<td>SMUD donated to this program at the $25,000 sponsorship level, used to fund scholarships and assist with program administration</td>
</tr>
<tr>
<td>f)</td>
<td>Code of Business Ethics and Employee Conduct</td>
<td>Provide an easy-to-read explanation of SMUD’s values and expectations for employee behavior</td>
<td><strong>100% compliance</strong></td>
<td>Code supplements SMUD’s state law-mandated Conflict of Interest Code</td>
</tr>
</tbody>
</table>
3. **Additional Supporting Information**

Please see attached Appendix for additional information related to the SD-8 metrics.

4. **Challenges**

In 2019, there were incremental changes in some areas of SMUD’s workforce demographics. Low employee turnover inhibits the speed at which there can be substantial change, however, we anticipate that an increase in focused outreach, continued assessment, and updates to our talent processes will help with progress.

5. **Recommendations**

As reflected in this report, SMUD has achieved the goals set forth in SD-8 for ensuring SMUD develops and maintains a high quality, inclusive workplace that engages and inspires employees to commit to SMUD’s purpose, vision and values. In 2019, we increased talent outreach and our focus on the diversification of our talent pool and underserved communities. We worked to educate leaders education on workforce demographics, and also improved talent acquisition processes to address bias in hiring practices. Since 2013, SMUD has achieved increasing high levels of engagement, yet we know that as our industry becomes much more complex, we need to increase our capabilities in how we collaborate and communicate to have a culture that supports our strategic plan. We began complementing engagement work with deep work on a culture of trust in 2019-2020. We are focused on building higher levels of trust, diversity and inclusiveness as a foundation for realizing our desired culture in the 2020-2024 Strategic Plan goal to “foster a culture of collaboration, inclusion, accountability and trust, and recognize and value employees’ ideas.”

*It is recommended the Board accept the monitoring report for Strategic Direction 8.*
Appendix

a) SMUD shall attract and retain a highly qualified workforce.

Attracting and Retaining our Workforce
In 2019, we implemented a variety of procedural changes to address the potential for inequity within the talent acquisition process, including incorporating unconscious bias training for interviewing panels, developing guidelines for hiring managers to improve the diversity of interview panels, and pay equity analysis for all new hires and promotions. Additionally, our succession planning efforts now feature increased visibility of demographics pertaining to leadership diversity, women, and minorities.

A variety of activities and events throughout the year also delivered on SMUD’s commitment to improve cultural understanding across the organization. In addition to educational, social, and celebratory events sponsored by our Employee Resource Groups, we also hosted events such as: the Touch of Understanding workshop to improve disability awareness among our internship cohorts; an Authentic Voices workshop highlighting current social issues; and a Multiracial Voices keynote from the Robertson Center for Intercultural Leadership during Employee Learning Week, which highlighted a multifaceted approach to embracing diversity in the workplace to include diversity of thought and conflict. Additionally, a member of our GRAIN ERG arranged for the on-site screening of a documentary titled “Angst: Raising Awareness Around Anxiety” at each of the East Campus and Customer Service Center locations. Through interviews with teens, educators, experts, parents, and Olympic gold medalist Michael Phelps, the film addressed ways to identify symptoms of anxiety and seek help with mental wellness. It was followed by an employee-led discussion including personal testimony, associated stigma, and resources available to employees and their families.

Retention
Despite an increase from 6.9% in 2018 to 8.5% in 2019, SMUD’s turnover continues to rank below the industry benchmark of 11.1%. This increase can be attributed to an uptick in retirements – from 78 in 2018 to 103 in 2019. In addition to the fact SMUD’s Baby Boomer workforce is entering retirement eligibility, this data also aligns with the cyclical pattern we’ve seen in retirements over time. Historically, we see these numbers rise in small waves that crest every three to four years.

Career Ambassadors – Talent Pipeline
SMUD Career Ambassadors participate in a wide range of workforce-related events in the community. These events include career fairs, career exploration, mock interviews, resume reviews, competition judging and student mentoring. In 2019, 295 SMUD employees were listed as Career Ambassadors. They participated in 147 career events, invested 397 hours, and reached over 34,000 members of the community.

Career Ambassadors led information sessions in all the Los Rios Community Colleges, CSU Sacramento and Chico, UC Davis, University of the Pacific, and William Jessup University; promoted SMUD’s College Internship Program, Powering Futures Scholarship, and provided students with resume writing tips. In addition to promoting
careers to students, Career Ambassadors also promoted SMUD career opportunities at events such as the LGBTQ community at the Sol Collective’s Transgender Job Fair, the UC Davis Veteran Networking Fair, the Honor a Hero Hire a Vet Job & Resource Fair, and Travis Air Force Base’s Career Summit.

b) SMUD shall promote inclusion and diversity and engage its workforce in activities that demonstrate and support inclusion and diversity across the organization.

D&I Strategy
Our diversity and inclusion strategy is a comprehensive approach and attention is ongoing. In 2019, we continued to align our strategy with *Global Diversity & Inclusion Benchmarks*, which focuses on four key pillars: Foundational, Internal, External and Bridging (data, culture & communications). While we have grown our D&I strategy execution team to include all areas of HRD&I, Corporate Communications, Business Unit Members and expanded Employee Resource Groups, we look forward to creating more opportunity for stakeholder input on the strategy in 2020. This approach will ensure our strategy accounts for the many diverse perspectives and experiences throughout SMUD, thereby increasing our ability to effect meaningful change for our employees and surrounding community. Specifically, we see areas of opportunity in our review and analysis of current systems with an equity lens, as well as the pace with which we’ve historically made progress in these areas.

Employee Resource Groups
The below-listed Employee Resource Groups (ERGs) provide mentoring, professional development, diverse workforce recruiting and volunteer hours at SMUD and in the community.

- Black Employee Resource Group (BERG)
- Asian Pacific Islander (GRAIN ERG)
- Latinos Unity Network for Action (LUNA)
- Military Employee Resource Group (MERG)
- People Reaffirming Inclusion Diversity and Equality (PRIDE)
- Women’s Employee Resource Group (WERG)
- Young Professionals Employee Resource Group (YP ERG)

We continue to increase the opportunities for our ERGs to contribute to SMUD’s business practices. In 2019, they provided valuable resources and insight for diverse workforce recruiting and volunteerism, wellness and dependent care, SMUD’s Sustainable Communities Initiative, and internships.

c) SMUD shall engage its workforce in personal and professional development.

Learning and development teams across SMUD design and deliver training courses and programs that support employees’ on-the-job and professional development needs. Learning goals are connected to SMUD’s Strategic Directions, and course offerings are
reviewed at least quarterly to ensure alignment to business strategy and include a mix of classroom, online and self-directed learning.

**Leadership Development**
SMUD conducts an annual selection process for external leadership development offerings to match candidates with a program that effectively meets their development needs and SMUD’s business objectives. We sent 20 employees to several local and regional leadership development programs including Nehemiah Emerging Leaders, WEI Business Acumen for Emerging Leaders, Asian Pacific Chamber Catalyst program, Leadership Rancho Cordova program, Leadership Elk Grove, Leadership Sacramento, Leaders United, Sacramento Entrepreneurship Academy, and SMUD’s (internal) Building Leadership Talent program.

**Education Assistance**
The education assistance benefit supports employees who are pursuing college degrees and developing their SMUD careers by completing certificates or taking individual classes that support our business. We offer up to $5,000 per calendar year for qualified, regular full-time employees to partake in eligible programs, and up to $2,500 for part-time employees. Many employees use the program to pursue an Associate’s, Bachelor’s or Master’s degree in areas as wide-ranging as accounting, law, finance, human resource management, information technology, project management and energy efficiency.

d) **SMUD’s percentage of engaged employees as measured through the Engagement Index shall exceed 80%.**

**Engagement Pulse Survey**
Employee engagement is a measure of the psychological commitment (hearts & minds) employees feel toward their work. Research shows engagement is strongly correlated with higher productivity, fewer accidents, and lower turnover, so high engagement is like a human capital bonus for the organization.

In 2019, we conducted a twelve-question “pulse survey” to measure engagement and take a pulse on some of our persistent challenges – like collaboration and communication-- and to ensure baseline or trendline data on critical priorities – like building trust and diversity and inclusion.

The response rate was 86% or 2,015 of 2,335 employees participating, and it was consistently high across all business units. Higher rates of participation, such as the pulse survey participation, generally point to a stronger sense of involvement. Key takeaways from the Pulse Survey include:

i. **Positive Findings:**
• 87% of Employees are engaged, which is statistically unchanged from the 2017 survey where 88% of employees were engaged, and is above the survey norm
• Employees have high favorability towards 1) sharing safety practices, 2) finding enjoyment in their jobs, and 3) overall satisfaction with their job, leading them to recommend SMUD as a great place to work
• Employees see that senior leaders are encouraging interdepartmental collaboration and sharing of information

ii. Opportunities:

• Continue to strengthen communication, particularly improving the cascade between the executives and directors
• Continue to build trust and improve cross-functional collaboration across the organization.

After validating these results with facilitated discussion groups comprised of a broad mix of employees throughout SMUD, we used the qualitative and quantitative findings to explore, and ultimately launch, our official FranklinCovey Speed of Trust campaign in 2019. Starting with the executive team, senior leaders completed 360 reviews centered on trust, participated in workshops, and developed self and team commitments to model trust behaviors and language with a goal to have all directors complete this initial trust work in 2020. We look forward to continuing this top-down, multi-year effort as we work to educate and empower employees with the Speed of Trust framework.

SMUD leaders made concentrated efforts to improve the flow of information throughout the organization with the help of a few logistical components. In example, an enterprise-wide RACI matrix (used to assign roles and responsibilities for project tasks, milestones, and decisions) was established to serve as a repository for all critical efforts and improve executive line of sight into the people responsible for driving progress in these areas. Senior leaders also increased the frequency with which all SMUD executives and directors congregated -- from every other month to monthly. Additionally, the decision was made to reboot the Leadership Summit in 2020 to provide clarity for all leaders at SMUD on enterprise priorities, financial outlook, and the important role they play in ensuring our future success.

e) SMUD shall use a broad mix of communication and outreach channels to ensure its recruitment activities reflect the diversity of the communities it serves.

Employment Outreach and Partnerships
In 2019 we expanded our outreach working with a wide variety of organizations to build greater awareness of SMUD as a top employer, and to help build our talent pipeline. The organizations we work with include the Greater Sacramento Urban League, California Department of Veterans Affairs, American Society of Engineering Education: Minorities Engineering Division, Tech Latino, Women Who Code, Goodwill Industries, The Rainbow Chamber, Association of Women in Water, Energy & Environment, Improve Your Tomorrow, and California Indian Manpower Consortium, Inc. We continue
to conduct employment outreach with educational institutions and consistently partner and collaborate with SMUD’s Sustainable Communities and Community Engagement.

**Internships**

To help our interns make the most of their opportunity at SMUD, we developed a program titled Passport to a Great Internship Experience in 2019. The concept of a passport encouraged students to immerse themselves in SMUD’s culture and network with other employees while completing tasks like conducting informational interviews; attending events hosted by our Employee Resource Groups; participating in volunteer projects; and attending workshops hosted by the Learning & Development team.

Our interns worked on a variety of projects including:

- Improving efficiencies in department by using technology to write Python scripts and creating a case comparison script that can parse, filter, and convert .epc files to Excel and compare them to find differences and developing effective tracking methods for inventory/equipment throughout locations and vehicles
- Assisted with routine air quality monitoring, water testing and soil removal for the Rancho Seco II solar project
- Managed project status for 40+ pilot partnerships for the Sustainable Communities Team
- Assisted environmental team with biological resource surveys to ensure SMUD is compliant with state and federal environmental regulations

**Powering Futures scholarships**

Recipients were awarded up to $5,000 each and included local students registered in a degree program. Those with a demonstrated financial need pursuing majors related to careers in SMUD received preference. Along with the scholarships, students were also presented with an opportunity to receive a paid internship.

**Powering Aggies and Powering Hornets Scholarship Programs**

The Powering Aggies and Powering Hornets Scholarship programs were set up in 2018 to provide a scholarship for 1 student each from UC Davis and Sac State. Eligible students who majored in a SMUD-related career field (UC Davis) or Electrical Engineering (Sac State) were selected by their respective universities. In 2019, SMUD fully funded these scholarships to create endowments that will provide a more sustainable source of funding with the goal being to provide $2,500 for each student each year.

**Hornet Leadership Program (HLP)**

This two-year, extra-curricular program, launched in Fall 2018, introduces students to an array of vital training. Students completing the program will have demonstrated leadership skills commensurate with industry requirements. Of the 300 students participating in the entire HLP program during the year, the SMUD cohort consists of 10 IT students from diverse backgrounds.
f) SMUD shall maintain and communicate written policies that define procedures and expectations for staff and provide for effective handling of grievances.

In addition to SMUD’s Code of Business Ethics and Employee Conduct, its Employee and Labor Relations teams provided daily advice, guidance and counsel to employees on employee relations issues. Staff worked to ensure all employees (represented and unrepresented) understand SMUD policies and procedures, and that employees know and understand what their responsibilities are with respect to the Code of Ethics.

A total of 9 grievances were filed and closed in 2019, down from 16 grievances in 2018.

![2019 Grievances](chart)

2019 Grievances

<table>
<thead>
<tr>
<th>Year</th>
<th>OSE</th>
<th>IBEW</th>
<th>Unrepresented</th>
<th>Security</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>10</td>
<td>2</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>2016</td>
<td>12</td>
<td>10</td>
<td>5</td>
<td>4</td>
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<tr>
<td>2017</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2018</td>
<td>8</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>2019</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>3</td>
</tr>
</tbody>
</table>

g) Annually, and consistent with State and Federal law, the Board shall receive a report detailing the demographics of the SMUD workforce, the available workforce, and the Sacramento region. The report shall also provide information on veterans as a part of SMUD’s workforce.

The chart below provides the demographic information about SMUD’s workforce (excluding “casual” positions and members of the Board of Directors), compared to two external benchmarks: the U.S. Labor Force and select county census data in California.

**Workforce Demographics**

<table>
<thead>
<tr>
<th>Calendar Year</th>
<th>Male</th>
<th>Female</th>
<th>Caucasian</th>
<th>African American</th>
<th>Hispanic</th>
<th>Asian</th>
<th>Native American</th>
<th>2 or more Races</th>
</tr>
</thead>
<tbody>
<tr>
<td>2019</td>
<td>66%</td>
<td>34%</td>
<td>59%</td>
<td>8%</td>
<td>14%</td>
<td>15%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>2018*</td>
<td>66%</td>
<td>34%</td>
<td>60%</td>
<td>8%</td>
<td>14%</td>
<td>15%</td>
<td>0%</td>
<td>4%</td>
</tr>
<tr>
<td>2017*</td>
<td>67%</td>
<td>33%</td>
<td>61%</td>
<td>7%</td>
<td>13%</td>
<td>14%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>2016</td>
<td>67%</td>
<td>33%</td>
<td>62%</td>
<td>7%</td>
<td>13%</td>
<td>14%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>2015</td>
<td>67%</td>
<td>33%</td>
<td>63%</td>
<td>8%</td>
<td>12%</td>
<td>13%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>2014</td>
<td>68%</td>
<td>32%</td>
<td>65%</td>
<td>8%</td>
<td>11%</td>
<td>13%</td>
<td>1%</td>
<td>2%</td>
</tr>
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</table>

*EEO Tabulation 2006-2010 (5-year American Community Survey data)*
In 2019, SMUD’s workforce continued to change with Caucasian employees representing 59% of the workforce, down from 60% in 2018. This shift occurred, as the representation of Hispanic employees increased by 0.6%, and Asian employees increased by 0.5% in 2019. (Note: the percentages may not add up to 100% due to rounding.) The primary drivers behind this shift are employee turnover rates, which create opportunities to hire, and the demographic makeup of qualified applicants. In 2019, SMUD extended its outreach to build greater awareness of SMUD as a top employer, and develop its talent pipeline, to ensure its recruitment activities as we work to reflect the diversity of the communities we serve.

**Military Veterans in SMUD’s Workforce**
Veterans are a small but important part of SMUD’s workforce. According to our records, Veterans comprised 3.4% of SMUD’s workforce in 2019, down from 3.7% in 2018 and 4.0% in 2017. This decline is the result of our retiring Veteran workforce but may also be a result of the decline we’ve seen in Veteran self-reporting. We are evaluating methods for improving the integrity of this data, including a partnership with the Military Employee Resource Group data steward and tactics for surveying SMUD’s workforce.

**Veteran Demographics**

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
<th>Caucasian</th>
<th>African American</th>
<th>Hispanic</th>
<th>Asian</th>
<th>Native American</th>
<th>2 or more Races</th>
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<tr>
<td>SMUD Veterans 2019</td>
<td>92%</td>
<td>8%</td>
<td>55%</td>
<td>8%</td>
<td>16%</td>
<td>14%</td>
<td>0%</td>
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<tr>
<td>SMUD Veterans 2018*</td>
<td>92%</td>
<td>8%</td>
<td>56%</td>
<td>8%</td>
<td>15%</td>
<td>14%</td>
<td>0%</td>
<td>6%</td>
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<tr>
<td>SMUD Veterans 2017*</td>
<td>91%</td>
<td>9%</td>
<td>59%</td>
<td>8%</td>
<td>14%</td>
<td>14%</td>
<td>0%</td>
<td>6%</td>
</tr>
<tr>
<td>SMUD Veterans 2016</td>
<td>92%</td>
<td>8%</td>
<td>60%</td>
<td>9%</td>
<td>11%</td>
<td>13%</td>
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<td>SMUD Veterans 2015</td>
<td>93%</td>
<td>7%</td>
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<td>9%</td>
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<td>13%</td>
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<td>6%</td>
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<tr>
<td>SMUD Veterans 2014</td>
<td>94%</td>
<td>6%</td>
<td>61%</td>
<td>11%</td>
<td>12%</td>
<td>11%</td>
<td>0%</td>
<td>6%</td>
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<tr>
<td>-------------------</td>
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<td>-----</td>
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</tr>
<tr>
<td>CA Veterans</td>
<td>91%</td>
<td>9%</td>
<td>63%</td>
<td>9%</td>
<td>17%</td>
<td>7%</td>
<td>1%</td>
<td>3%</td>
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</tbody>
</table>

*Percentages may not add up to 100% due to rounding*  
Source: va.gov/vetdata(09/30/17)
RESOLUTION NO. 20-08-08

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

This Board accepts the monitoring report for Strategic Direction SD-12, Ethics, substantially in the form set forth in Attachment E hereto and made a part hereof.

Approved: August 20, 2020

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>AYE</th>
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<th>ABSENT</th>
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<td>KERTH</td>
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<td>ROSE</td>
<td></td>
<td>X</td>
<td></td>
<td></td>
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<tr>
<td>BUI THOMPSON</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
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<td>X</td>
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<tr>
<td>HERBER</td>
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<td>TAMAYO</td>
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<td>SANBORN</td>
<td>X</td>
<td></td>
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</tbody>
</table>
TO: Board of Directors

FROM: Claire Rogers CR 8/11/20

SUBJECT: Audit Report No. 28007205
Board Monitoring Report; SD-12: Ethics

Audit and Quality Services (AQS) reviewed the SD-12 Ethics 2019 Annual Board Monitoring Report and performed the following:

- Reviewed the information presented in the report to determine the possible existence of material misstatements;
- Interviewed report contributors and verified the methodology used to prepare the monitoring report; and
- Validated the reasonableness of a selection of the report’s statements and assertions.

During the course of the review, nothing came to AQS’ attention that would suggest the report did not fairly represent the source data available at the time of the review.

CC:

Arlen Orchard
1. Background

Strategic Direction 12 states that:

Maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees is a core value. Therefore, to ensure the public interest is paramount in all official conduct, the Board shall adopt and update, as necessary: a Conflict of Interest Code as required by State law. SMUD shall also maintain and enforce a code of conduct applicable to all employees.

Among other things the code of conduct shall:

a) Require high ethical standards in all aspects of official conduct;

b) Establish clear guidelines for ethical standards and conduct by setting forth those acts that may be incompatible with the best interests of SMUD and the public;

c) Require disclosure and reporting of potential conflicts of interest; and

d) Provide a process for (i) reporting suspected violations of the code of conduct and policies through multiple channels, including an anonymous hotline, and (ii) investigating suspected violations.

2. Executive Summary

SMUD is in compliance with the requirements of SD-12.

Strategic Direction 12 requires SMUD to have a process to report potential conflicts of interest and a process for reporting and investigating suspected violations of the Code of Conduct. Compliance is foundational for acting in the best interests of our customers and community. Several SMUD policies and procedures support the requirement of high ethical standards in all aspects of official conduct.

<table>
<thead>
<tr>
<th>SD Requirement</th>
<th>Supporting Process/Procedure</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Require high ethical standards</td>
<td>SMUD's Ethics policy (AP 05.02.03) sets the requirements and expectations for ethical behavior, including communication, training and other resources.</td>
</tr>
</tbody>
</table>
b) Establish clear guidelines for ethical standards and conduct

SMUD’s Code of Business Ethics and Employee Conduct were approved by the CEO & General Manager in 2013. SMUD’s Ethics procedure (MP 05.02.03.100) was adopted in 2008 and updated in January 2019. SMUD’s Conflict of Interest policy (AP 05.02.02) includes Board revisions adopted in 2018 and was approved by the FPPC (Fair Political Practices Commission) in 2018.

c) Require disclosure and reporting potential conflicts of interest statements

Notice of filing requirements was sent to employees in February. The deadline for the 2019 calendar year filing was extended through June 1 due to the COVID-19 pandemic. 100% of the annual conflict of interest statements were received by the time this report was finalized.

d) Provide a process for reporting and investigating suspected violations of the code of ethics

SMUD’s Whistleblower Anti-Retaliation policy (AP 05.01.03) was approved in 2014. SMUD’s Complaint Process Policy (AP 05.01.04) was approved in 2006 and updated in October 2018 (administrative update only). SMUD’s Ethics and Compliance Hotline has been in place since 2008.

3. Additional Supporting Information

Ethics Policy

In accordance with Board Policy SD-12 Ethics, SMUD developed the Code of Business Ethics and Employee Conduct, approved by the CEO & General Manager in 2013. This document supplements SMUD’s State-law mandated Conflict of Interest Code and provides an easy-to-read explanation of SMUD’s values and expectations for employee behavior. It also identifies various staff resources to obtain further guidance, as well as alternative methods to report suspected violations of SMUD’s Code of Business Ethics. The Code provides a framework for how employees should act toward customers, vendors and each other. It also emphasizes that as a publicly-owned utility, SMUD and its employees must adhere to the highest ethical standards.

All new employees receive a copy of SMUD’s Code of Business Ethics prior to or during new employee orientation, and are required to review and submit a signed acknowledgement to Human Resources, Diversity & Inclusion (HRD&I) within 30 days of orientation. In addition, all contractors with unescorted access receive a copy of the Code when their background check is conducted. HRD&I verifies Code acknowledgements on a quarterly basis to ensure signed acknowledgments are received from all new employees and contractors.
Ethics Training

Ethics training is a mandatory requirement for all SMUD employees, who are required to complete the training every 2 years on a fixed rotating schedule. New or returning employees and newly promoted leaders are required to take Ethics training within 1 year of coming to their role. Course completion is tracked using SMUD’s Learning Management System (LMS) and reported as part of SMUD’s mandatory training statistics. For the 2019-2020 course cycle, a total of 2,172 active employees were expected to complete this training within this 2-year time frame. Results show that 2,167 employees completed it in 2019, resulting in a 99.7% completion rate. Five employees did not complete due to military leave, separations and retirements. Those required to do so will complete in 2020 (along with all 2020 new hires).

Disclosure and Reporting of Potential Conflicts of Interest

The Political Reform Act (Cal. Gov. Code §§ 81000, et seq.) requires certain government officials and employees to publicly disclose certain financial information relevant to the scope of decision-making for their positions with SMUD.

To maintain compliance, all employees in positions designated by the SMUD Board must complete and submit an annual Statement of Economic Interests, FPPC Form 700 (Conflict of Interest Statement). Incumbents of designated positions shall file an Assuming Office Statement within 30 days of starting their employment or beginning the new position. Employees in designated positions who leave SMUD shall file Leaving Office Statements within 30 days of their final dates of employment.

HRD&I sent financial disclosure materials to designated employees in February 2019 and had successfully met the FPPC filing deadline of June 1. The annual Conflict of Interest Statements are public documents filed with Corporate Files. 100 percent of the annual Conflict of Interest Statements from SMUD officials and designated employees have been received. In conjunction with SMUD’s Ethics Officer, HRD&I staff follows up to ensure total compliance. In the rare event that full compliance is not achieved, SMUD is obligated to report violations to the FPPC for enforcement. This has occurred only two times in the last decade.

Process for Reporting and Investigating Suspected Violations

SMUD holds its employees to a higher standard than that required by law and is committed to providing a work environment in which all individuals are treated with dignity and respect. SMUD encourages employees to bring concerns about potential legal violations or violations of SMUD policies to the attention of a SMUD leader. All SMUD leaders are required to immediately report all complaints they receive regarding suspected policy violations to the Fair Employment Office. An employee who believes that they are unable to make a complaint through their management reporting line may report complaints directly to the Fair Employment Office, Labor Relations, Internal Auditor’s or General Counsel’s Office. Additionally, SMUD has contracted with Navex Global Compliance since November 2008 to operate an anonymous Ethics and Compliance Hotline. This hotline can be used by employees to file complaints anonymously should they so choose, either online or by calling Navex Global Compliance directly. As part of SMUD’s Complaint Process and Whistleblower Anti-Retaliation policies, a Whistleblower Committee was established to review and act, when appropriate, on hotline/whistleblower complaints. The committee is comprised of representatives from the General Counsel’s office, Audit & Quality
Services and HRD&I, including members of our Fair Employment Office and Labor Relations team.

In addition to investigating potential violations of SMUD’s Nondiscrimination, Anti-Harassment and Non-Retaliation Policy (AP 05.01.01) and Code of Ethics, Labor Relations and Fair Employment analysts also advise, consult with and support leaders on recommended action and coaching to address problematic behaviors and attitudes among the workforce that are not necessarily prohibited by law. This includes working with a leaders’ leader or senior leadership when improved leadership skills would benefit relationships. These proactive measures play a critical role in a culture where all employees are respected and valued.

The following charts illustrate complaints including those filed through SMUD’s Ethics and Compliance Hotline.

### 2015-19 Complaint Summary

![Bar chart showing complaints from 2015 to 2019]

### 2019 Complaint Outcomes

<table>
<thead>
<tr>
<th></th>
<th>Discrimination/Harassment</th>
<th>Retaliation</th>
<th>EE Behavior</th>
<th>Ethics/COI</th>
<th>Policy Violation</th>
<th>Regulation</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Violation</td>
<td>11</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>11</td>
</tr>
<tr>
<td>No Violation</td>
<td>6</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>8</td>
</tr>
<tr>
<td>Other</td>
<td>47</td>
<td>7</td>
<td>21</td>
<td>4</td>
<td>6</td>
<td>0</td>
<td>85</td>
</tr>
<tr>
<td>Total</td>
<td>64</td>
<td>8</td>
<td>21</td>
<td>4</td>
<td>7</td>
<td>0</td>
<td>104</td>
</tr>
</tbody>
</table>
4. Challenges

Completing training and obtaining necessary documents can be a challenge for employees on any type of extended leave. Broad or anonymous complaints are sometimes filed without supporting and/or contact information to allow for follow-up and further investigation. We recognize there are opportunities to increase awareness of the integrity of the process and are looking at various ways to engage with employees to explore their concerns in this area.

5. Recommendations

As reflected in this report, SMUD has achieved the goals set forth in SD-12 for maintaining the public trust and confidence in the integrity and ethical conduct of the Board and SMUD employees. The policies, guidelines, staff training and monitoring and reporting components have played a part in ensuring high ethical standards in all areas of conduct and in operations.

It is recommended the Board accept the monitoring report for Strategic Direction 12.

6. Appendices

N/A
WHEREAS, by Resolution No. 15-12-05, adopted December 3, 2015, this Board approved the Station A Substation Rebuild and Relocation Project, in compliance with the California Environmental Quality Act (CEQA), initiating work on what is now called the proposed Station G 115kV/12kV Substation located at 7th and G Streets to replace the existing Substation A located at 6th and H Streets; and

WHEREAS, Station G will consist of a two-story control building and an adjoining outdoor substation yard with electrical equipment and a perimeter screening wall; and

WHEREAS, SMUD issued Request for Proposal No. 190108.MJ (RFP) in May 2019 for construction of the Station G Control Building at which time the plans and specifications were substantially complete with some areas requiring finalization; and

WHEREAS, at the time the RFP was issued, plans for the adjoining substation and perimeter wall were incomplete and intended to be included in a separate Request for Proposal process; and

WHEREAS, the evaluation of the RFP and subsequent identification of the need for and completion of a value engineering process to review and change plans and specifications to provide the same quality and functionality at a lower cost (Value Engineering) took longer than estimated; and

WHEREAS, during the same time frame, the plans and specifications for the adjoining substation design were completed, which allowed for construction of the control building and adjoining substation at the same time; and

WHEREAS, a contract was awarded on a competitive basis to Roebbelen Contracting, Inc. (Roebbelen) in April 2020 for the Station G Control Building and Civil Pre-Construction Services for the period April 24, 2020, through May 29, 2020, in an amount not-to-exceed $54,760; and

WHEREAS, Contract Change No. 1 extended the contract term to June 19, 2020; and
WHEREAS, by Resolution No. 20-06-07, adopted June 18, 2020, this Board approved Contract Change No. 2 to Contract No. 4500121595 with Roebbelen to increase the contract amount by $17,305,972 from $54,760 to $17,360,732 to construct the Station G Control Building, and to extend the term of the contract to November 25, 2021; and

WHEREAS, Contract Change No. 3 provided for the authorized contingency of 0.06% ($107,771) of the available 10% ($1,736,073), increasing the contract amount by $107,771, from $17,360,732 to $17,468,503; and

WHEREAS, staff completed a Value Engineering bid proposal review process and determined cost savings and schedule improvements were available if one contractor was selected to perform construction of the adjoining substation; and

WHEREAS, additional funding will be required to add construction of the adjoining Station G Outdoor Substation to the existing contract scope under the Roebbelen contract. NOW, THEREFORE,

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

Section 1. This Board hereby authorizes the Chief Executive Officer and General Manager, or his designee, to execute Contract Change No. 4 to Contract No. 4500121595 with Roebbelen Contracting, Inc., to increase the contract amount by $16,370,620 from $17,468,503 to $33,839,123 to construct the Station G Substation.

Section 2. The Chief Executive Officer and General Manager, or his designee, is authorized to make future changes to the terms and conditions of the contract that, in his prudent judgment: (a) further the primary purpose of the
contract; (b) are intended to provide a net benefit to SMUD; and (c) do not exceed the authorized contract amounts and applicable contingencies.

Approved: August 20, 2020

<table>
<thead>
<tr>
<th>DIRECTOR</th>
<th>AYE</th>
<th>NO</th>
<th>ABSTAIN</th>
<th>ABSENT</th>
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<tbody>
<tr>
<td>KERTH</td>
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<tr>
<td>ROSE</td>
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<td>BUI-THOMPSON</td>
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<td>FISMAN</td>
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<tr>
<td>HERBER</td>
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<td>SANBORN</td>
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</table>
President Kerth then turned to Informational Items 12 through 15.

Lisa Limcaco, Director of Accounting & Controller, briefly summarized current conditions related to revenues, revenue collection, and the restart of some customer programs. She then gave a presentation on agenda item 12, regarding SMUD’s financial statement through June 30, 2020. A copy of the slides used in her presentation is attached hereto.

No public comment was forthcoming on agenda item 12.

With regard to agenda item 13, the Quarterly Audit Report on the Status of Recommendations as of June 30, 2020, and the Audit Report of the Green-e® Energy Annual Verification, no clarifying questions or public comment were forthcoming.

Jennifer Davidson, Chief Financial Officer, gave a presentation on agenda item 14, a summary of SMUD’s current Power Supply Costs. A copy of the slides used in her presentation is attached hereto.

No public comment was forthcoming on agenda item 14.

Casey Fallon, Director of Procurement, Warehouse and Fleet, gave a presentation on agenda item 15, a quarterly report for the second quarter of 2020. A copy of the slides used in his presentation is attached hereto.

No public comment was forthcoming on agenda item 15.

President Kerth then turned the meeting to Discussion Calendar Item 16, to discuss the Board meeting schedule and potential addition of a regular Board meeting in late August or early September.

President Kerth asked Ms. Lewis to provide information on the item.

Ms. Lewis stated that as the Board draws near to making a decision with regard to the next Chief Executive Officer for SMUD, part of the process will entail entering into negotiations for an employment agreement. She stated that the Brown Act requires that the employment agreement be brought to a regular Board meeting, which requires 72 hours’ notice to the public. She noted that the next regular Board meeting would be September 17, 2020, but the Board could establish via resolution a date for a regular meeting in late August or early
September that would be in addition to the existing regular meetings of the Board if the Board so desired.

No public comment was forthcoming on agenda item 16.

After some discussion, Director Fishman moved to add a regular meeting of the SMUD Board of Directors on September 10, 2020, at 5:30 p.m., Director Sanborn seconded, and Resolution No. 20-08-10 was unanimously approved.
RESOLUTION NO. 20-08-10

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

A regular meeting of the Sacramento Municipal Utility District, in addition to the regular meetings adopted to occur the third Thursday of every month, is hereby established for Thursday, September 10, 2020, to be held at 5:30 p.m. via virtual (online) meeting.

Approved: August 20, 2020

INTRODUCED: DIRECTOR FISHMAN
SECONDED: DIRECTOR SANBORN

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<tr>
<th>DIRECTOR</th>
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<th>ABSENT</th>
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<tr>
<td>KERTH</td>
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<td>ROSE</td>
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<td>BUI-THOMPSON</td>
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<td>HERBER</td>
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<td>TAMAYO</td>
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<tr>
<td>SANBORN</td>
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</table>
President Kerth then turned to agenda item 17, statements from the public regarding items not on the agenda. He stated that in accordance with the Emergency Board Meeting Procedures, public comment for items not on the agenda would be provided to the Board electronically and placed into the record if received within two hours after the meeting ended. Public comment, copies of which are attached to these minutes, was received from the following members of the public:

- Lee Miller
- Ann Amato
- Donald Osborn
- David Wright

Director Rose reported on his attendance at a webinar on the future of hydrogen, both in transportation fuel and power plants. He also stated that a lot of time had been spent on the CEO search.

Vice President Bui-Thompson reported on her attendance at a special delivery of lunches to frontline SMUD workers provided by her friend and mentor, Treasurer Fiona Ma.

Director Fishman thanked SMUD staff for their work in keeping the lights on during the recent heat wave and also recognized his former colleagues at the California Independent System Operator (CAISO) for making some tough decisions in light of the energy issues but managing it well.

Director Herber thanked staff for keeping the lights on and providing assistance to CAISO and customers. She reported on her attendance, along with Director Fishman, at the East Sac Rotary meeting as well as her meetings with constituents with regard to climate change issues and the search for the CEO. She also reported on her attendance at a Zoom hosted by the National Council of Negro Women – Sacramento Chapter, regarding women getting the right to vote, which she found to be very informative.

Director Tamayo thanked staff for keeping the lights on and for helping neighbors out by exporting electricity. He reported on his participation in a meeting with the Sacramento Investment Without Displacement group where they discussed economic development projects that result in gentrification. He
stated he would like staff and the Board to hear more about the concerns and to look at opportunities to help those communities.

Director Sanborn stated that a lot of time had been spent on the CEO search and issues around solar, but she was pleased to participate in a podcast with Director Fishman at the Arden Community Council to talk about SMUD’s climate resolution and climate goals. She also reported on a fundraiser, Dreams Can Take Flight, for the Aerospace Museum of California that will help fund the continued display of the Hubble Telescope as well as to provide a video or opportunity to remotely visit the Museum for students. She stated the fundraiser would be September 24, 2020, at 7:00 p.m. and contributions could be made via the Aerospace website.

President Kerth extended his thanks to the many firefighters battling the numerous fires in the state. He stated that they had done an extraordinary job in saving first growth redwood trees at Armstrong Woods. He also extended his condolences for the loss of a lineman from Pacific Gas & Electric (PG&E) who had perished while helping first responders by clearing infrastructure.

Arlen Orchard, Chief Executive Officer and General Manager, thanked President Kerth for acknowledging the loss and noted the utilities are families and stated that the entire organization’s thoughts and prayers go out to PG&E and to the family of the gentleman who lost his life. He then reported on the following items:

1. **Heat Wave.** As if we Californians did not have enough on our plate with COVID-19 in the 21st week of shelter-in-place, a heat wave is straining the state’s electricity supply. High temperatures across the west have driven electricity demand to near all-time highs up and down the coast. In many cases, demand outstripped supply, leading to the California Independent System Operator (CAISO) calling for Level 3 emergencies last Friday and Saturday that resulted in rolling blackouts. The good news for our customers is that the rolling
blackouts ordered last weekend by the CAISO did not directly affect SMUD since we are a member of the independent Balancing Authority of Northern California, or BANC, an independent balancing authority within the western power grid. BANC, which is operated by SMUD on behalf of its members, is responsible for balancing supply and demand in our respective service areas. While we experienced localized outages over the past week, none were due to energy shortages or rolling blackouts. CAISO’s emergency declaration required utilities within its balancing authority, such as PG&E, to shed load through rolling blackouts to maintain the integrity of the overall system. While SMUD is not required to participate in CAISO-ordered outages, we do participate in CAISO’s Energy Imbalance Market. Each hour of every day, we make our resources available to CAISO while ensuring we can meet our customers’ electricity needs. From Friday, August 14, through Tuesday, August 18, the period designated a Level 3 emergency, SMUD sold about 6,800 megawatt hours - enough electricity to power about 68,000 homes - back into the CAISO. We have worked hard alongside our BANC partners to meet our own loads and send anything extra to support our neighboring utilities at a time when every single megawatt helped. Our customers did their part to help. Early in the week, we asked our customers to help us conserve and reduce their electricity use from 1 p.m. to 9 p.m. by following a series of simple energy-saving tips. We are communicating this request through our website, press release and social media. Our Strategic Account Advisors also worked with business customers to reduce their energy usage. Our peak load the past week has been lower than anticipated, topping out at 3054 MW on Tuesday. (SMUD’s highest ever daily peak is 3299 MW, on July 14,
2006.) Conservation by our customers certainly helped, but evaluating the actual impact is difficult with such factors as cloud cover, smoke, breezes and COVID-19 making load forecasting a minute-by-minute exercise. With record-breaking temperatures up and down the West Coast, every effort to conserve electricity helped us assist neighboring utilities and their customers, and I am proud of our collective efforts. I would also like to acknowledge our customers’ support for helping others and their appreciation for SMUD’s efforts to keep the lights on. From a local Boy Scout troop to mainstream media to customers in general, many took to social media to recognize SMUD’s great work to keep the lights on for our customers and community. A copy of the slide used in the report is attached to these minutes.

2. Wildfires Affecting Air Quality. We are also closely monitoring wildfires that are burning near transmission lines outside our service area. The smoke from those fires is greatly impacting local air quality, and our Health and Safety people are taking a number of steps to make sure our employees are able to work safely. These steps include:

- Limiting all outdoor heavy activities for field forces and craft labor to emergency work only;
- Supplying N-95 masks for field personnel when working outside;
- Sending out communications three times a day to employees highlighting geographic areas with high levels of concern;
- Guiding our foremen on how to address employees who have health issues and are deemed “sensitive workers”;
- Deploying multiple indoor air scrubbers to reduce smoke concentrations; and
- Reaching out to contractors working on SMUD projects to ensure that adequate safety precautions are being taken and observed.
We are also encouraging employees to go to the PurpleAir monitor link online (https://www2.purpleair.com/) to see real-time air quality levels across SMUD’s service territory.

3. **Parents Employee Resource Group (ERG).** SMUD recently formed a new Parents Employee Resource Group, or Parents ERG. The group met for the first time - remotely, of course - on July 9 - and 80 employees participated in the kickoff. Approximately half of SMUD’s 2,200 employees are parents with at least one dependent child at home. COVID-19 has made the challenge of finding a work-life balance even more challenging for working parents. The ERG will offer support and resources for parenting skills, financial planning, childcare and school, and child development milestones. The ERG also will host quarterly informational events. Resources are available online and will be updated regularly. As with all ERGs, the Parents ERG is open to anyone who is interested to join – not just parents.

4. **Board Video.** On Tuesday, staff shared updates on the great work SMUD has done to support our customers through programs, technological advances, communications and outreach, and the support we provide to help make sure no communities are left behind. The Board saw a video showcasing our support for Habitat for Humanity and the impact it has on so many families in our service territory. Tonight, I am pleased to share another video that highlights the positive impact our “Lighting on the Spectrum” program has had on a family whose son is on the Autism spectrum.

Ms. Lewis stated that Connie Samla, Associate Mechanical Engineer, and Dave Bisbee, Project Manager II, had worked on the lighting project and were in attendance at the meeting.
President Kerth asked Ms. Samla and Mr. Bisbee to say a few words.

Mr. Bisbee thanked the Board for their support and noted that a lighting campaign would soon be starting where products and discounts would be available in the SMUD Energy Store as well as a Circadian Lighting page on smud.org that would provide a number of resources. He also recognized Tom Turk, Energy Specialist, and Jonathan Knox, Public Information Specialist, for their help on the project.

Ms. Samla stated that SMUD is innovative and community-owned, and that is what this project was all about. She thanked the Board for their support.

President Kerth requested the Summary of Board Direction, but there were no items.

No further business appearing, President Kerth adjourned the meeting at 7:03 p.m.

Approved:

President    Secretary
Exhibit to Agenda Item #12
Provide the Board with the financial results from the six-month period ended June 30, 2020.

Board of Directors Meeting
Thursday, August 20, 2020, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
June 2020 YTD – Change in Net Position
(thousands of dollars)

- YTD customer sales – 2% over target
  - June Sales 8% above budget due to unseasonably hot weather and residential customers using more energy than plan
  - Delinquent customer payments increasing – additional bad debt expense of $2M in June
- Other operating costs – 10% under budget
- Change in net position - $78M over budget

<table>
<thead>
<tr>
<th></th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total customer sales</td>
<td>$ 642,757</td>
<td>$ 632,353</td>
<td>$ 10,404</td>
</tr>
<tr>
<td>Other operating revenues</td>
<td>$ 22,339</td>
<td>$ 23,494</td>
<td>(1,155)</td>
</tr>
<tr>
<td>Net transfer from rate stabilization fund</td>
<td>$ 6,981</td>
<td>-</td>
<td>$ 6,981</td>
</tr>
<tr>
<td><strong>Total operating revenues</strong></td>
<td><strong>$ 672,077</strong></td>
<td><strong>$ 655,847</strong></td>
<td><strong>$ 16,230</strong></td>
</tr>
<tr>
<td>Net purchased power</td>
<td>$ 128,542</td>
<td>$ 109,575</td>
<td>$ 18,967</td>
</tr>
<tr>
<td>Net production</td>
<td>$ 118,684</td>
<td>$ 147,081</td>
<td>(28,397)</td>
</tr>
<tr>
<td>Transmission and distribution</td>
<td>$ 85,184</td>
<td>$ 82,752</td>
<td>$ 2,432</td>
</tr>
<tr>
<td>Other operating costs</td>
<td>$ 281,278</td>
<td>$ 312,407</td>
<td>(31,129)</td>
</tr>
<tr>
<td><strong>Total operating expenses</strong></td>
<td><strong>$ 613,688</strong></td>
<td><strong>$ 651,815</strong></td>
<td><strong>(38,127)</strong></td>
</tr>
<tr>
<td><strong>Net operating income</strong></td>
<td><strong>$ 58,389</strong></td>
<td><strong>$ 4,032</strong></td>
<td><strong>54,357</strong></td>
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<tr>
<td>Total non-operating revenues</td>
<td>$ 37,873</td>
<td>$ 15,199</td>
<td>$ 22,674</td>
</tr>
<tr>
<td>Total non-operating expenses</td>
<td>$ 53,261</td>
<td>$ 53,807</td>
<td>(546)</td>
</tr>
<tr>
<td><strong>Change in Net Position</strong></td>
<td><strong>$ 43,001</strong></td>
<td><strong>(34,576)</strong></td>
<td><strong>$ 77,577</strong></td>
</tr>
</tbody>
</table>
Sources of energy

- Hydro – 71% under budget
- JPA – 5% over budget
- Purchased Power (net of surplus power sales) – 22% over budget

YTD customer usage slightly under target

- June usage slightly above target due unseasonably hot weather
Exhibit to Agenda Item #14
Provide the Summary of SMUD’s current Power Supply Costs.

Board of Directors Meeting
Thursday, August 20, 2020, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
### Precipitation - Pacific House

**Plan vs. Actual/Forecast**

<table>
<thead>
<tr>
<th>Month</th>
<th>Plan</th>
<th>Actual/Forecast</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-19</td>
<td>1.90&quot;</td>
<td>0.05&quot;</td>
<td>-1.85&quot;</td>
</tr>
<tr>
<td>Nov-19</td>
<td>7.47&quot;</td>
<td>2.82&quot;</td>
<td>-4.65&quot;</td>
</tr>
<tr>
<td>Dec-19</td>
<td>7.75&quot;</td>
<td>10.52&quot;</td>
<td>2.77&quot;</td>
</tr>
<tr>
<td>Jan-20</td>
<td>9.35&quot;</td>
<td>4.12&quot;</td>
<td>-5.23&quot;</td>
</tr>
<tr>
<td>Feb-20</td>
<td>8.69&quot;</td>
<td>0.02&quot;</td>
<td>-8.67&quot;</td>
</tr>
<tr>
<td>Mar-20</td>
<td>6.75&quot;</td>
<td>12.35&quot;</td>
<td>5.60&quot;</td>
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<tr>
<td>Apr-20</td>
<td>4.28&quot;</td>
<td>4.93&quot;</td>
<td>0.65&quot;</td>
</tr>
<tr>
<td>May-20</td>
<td>1.87&quot;</td>
<td>3.47&quot;</td>
<td>1.60&quot;</td>
</tr>
<tr>
<td>Jun-20</td>
<td>0.97&quot;</td>
<td>0.16&quot;</td>
<td>-0.81&quot;</td>
</tr>
<tr>
<td>Jul-20</td>
<td>0.16&quot;</td>
<td>0.00&quot;</td>
<td>-0.16&quot;</td>
</tr>
<tr>
<td>Aug-20</td>
<td>0.15&quot;</td>
<td>* 0.15&quot;</td>
<td>-0.00&quot;</td>
</tr>
<tr>
<td>Sep-20</td>
<td>0.31&quot;</td>
<td>* 0.31&quot;</td>
<td>-0.00&quot;</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>49.62&quot;</strong></td>
<td><strong>38.90&quot;</strong></td>
<td><strong>-10.72&quot;</strong></td>
</tr>
</tbody>
</table>

*August 20, 2020 2 Board of Directors Meeting*
SMUD has in place financial mitigation tools that hedge against hydroelectric uncertainty

Fund Balances:
- HRSF Balance - $74.7M
- RSF WAPA Balance - $43.3M

2020 Fund Transfers:
- Projected transfer into WAPA RSF $767k

### 2020 Commodity Costs Forecast vs. Budget (in millions)

<table>
<thead>
<tr>
<th>Forecast</th>
<th>Budget</th>
<th>Difference</th>
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<tr>
<td>$</td>
<td>449</td>
<td>$</td>
</tr>
<tr>
<td>$</td>
<td>474</td>
<td>$ (25)</td>
</tr>
</tbody>
</table>

### Hydro Performance as July 31, 2020

<table>
<thead>
<tr>
<th></th>
<th>Forecasted (GWh)</th>
<th>2020 Budget (GWh)</th>
<th>Variance (GWh)</th>
</tr>
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<tbody>
<tr>
<td>UARP</td>
<td>878</td>
<td>1,523</td>
<td>-645</td>
</tr>
<tr>
<td>WAPA</td>
<td>682</td>
<td>661</td>
<td>21</td>
</tr>
<tr>
<td>UARP + WAPA</td>
<td>1,561</td>
<td>2,184</td>
<td>-623</td>
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</table>
Forecasted Net Income Variance

Millions

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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$78</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$37</td>
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</tbody>
</table>

$78

$37
Days Cash on Hand

![Graph showing cash on hand days over time with specific values marked at certain months: $672M in May, $482M in July, $447M in September.](image-url)
Exhibit to Agenda Item #15
Provide the Board with the Quarterly Procurement Report for Second Quarter 2020.

Board of Directors Meeting
Thursday, August 20, 2020, scheduled to begin at 5:30 p.m.
Virtual Meeting (online)
### Competition Contract Awards

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<tr>
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</thead>
<tbody>
<tr>
<td><strong>Total Awarded</strong></td>
<td>$271.9M</td>
<td>$208.1M</td>
<td>$617M</td>
<td>$374M</td>
<td>$333.4M</td>
<td>$135.6M</td>
</tr>
<tr>
<td>Competitively Awarded</td>
<td>$228.9M</td>
<td>$175.3M</td>
<td>$582M</td>
<td>$345.3M</td>
<td>$317.8M</td>
<td>$129.2M</td>
</tr>
<tr>
<td>Exempt</td>
<td>$8.6M</td>
<td>$10.9M</td>
<td>$9.3M</td>
<td>$8.3M</td>
<td>$3.4M</td>
<td>$1.3M</td>
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<tr>
<td>Sole Source</td>
<td>$32.7M</td>
<td>$20.1M</td>
<td>$21.7M</td>
<td>$13.2M</td>
<td>$10.5M</td>
<td>$4.4M</td>
</tr>
<tr>
<td>Direct Procurement</td>
<td>$1.7M</td>
<td>$1.8M</td>
<td>$4M</td>
<td>$7.2M</td>
<td>$1.7M</td>
<td>$691K</td>
</tr>
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August 20, 2020

Board of Directors Meeting
### Inclusiveness Bidders/Event

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</thead>
<tbody>
<tr>
<td>Number of Bidders</td>
<td>992</td>
<td>820</td>
<td>942</td>
<td>798</td>
<td>309</td>
<td>170</td>
</tr>
<tr>
<td>Number of Events</td>
<td>215</td>
<td>222</td>
<td>259</td>
<td>183</td>
<td>70</td>
<td>31</td>
</tr>
<tr>
<td>Events with ≥ 3 Bidders</td>
<td>138</td>
<td>135</td>
<td>139</td>
<td>123</td>
<td>43</td>
<td>25</td>
</tr>
<tr>
<td>% of Events with ≥ 3 (count)</td>
<td>64%</td>
<td>61%</td>
<td>54%</td>
<td>67%</td>
<td>61%</td>
<td>81%</td>
</tr>
</tbody>
</table>

**Average # of Bidders**

- 2016: 4.6
- 2017: 3.7
- 2018: 3.6
- 2019: 4.4
- 2020: 4.4
- 2020 Q2: 5.5

**Number of Events**

- 2016: 215
- 2017: 222
- 2018: 259
- 2019: 183
- 2020: 70
- 2020 Q2: 31
Economic Development SEED Compliance

<table>
<thead>
<tr>
<th>Year</th>
<th># of Closed Contracts</th>
<th>Commitment % Achieved</th>
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<tbody>
<tr>
<td>2015</td>
<td>10</td>
<td>90.9%</td>
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<tr>
<td>2016</td>
<td>7</td>
<td>69.0%</td>
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<td>2017</td>
<td>10</td>
<td>87.5%</td>
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<td>2019</td>
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<td>83.6%</td>
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<tr>
<td>2020 Q2</td>
<td>30</td>
<td>94.4%</td>
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August 20, 2020 6 Board of Directors Meeting
Protests Solicitations

- Withdrawn
- Upheld
- Denied

<table>
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<tr>
<th>Year</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
<th>2020 Q2</th>
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<td>0</td>
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<tr>
<td>2017</td>
<td>0</td>
<td>1</td>
<td>1</td>
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<td>0</td>
<td>1</td>
<td>2</td>
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<td>0</td>
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August 20, 2020  Board of Directors Meeting
## Responsible Bidder Process Outline

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<tr>
<th>Section</th>
<th>Requirements</th>
<th>Notes</th>
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<tbody>
<tr>
<td>Ensure appropriate level of Health &amp; Safety practice</td>
<td>• OSHA reportable</td>
<td>Added in 2019</td>
</tr>
<tr>
<td></td>
<td>• Site specific safety plans</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Third party verified safety data (ISN technology)</td>
<td></td>
</tr>
<tr>
<td>Verify supplier complies with applicable Labor Law</td>
<td>• Prevailing wage via Dept. of Ind. Relations</td>
<td>Added in 2018</td>
</tr>
<tr>
<td></td>
<td>• Certified payroll reports</td>
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</tr>
<tr>
<td></td>
<td>• Living wage</td>
<td></td>
</tr>
<tr>
<td>Validating the supplier possesses requisite Qualifications and Certificates</td>
<td>• Engineering and technology certificates</td>
<td>Added in 2016</td>
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<tr>
<td></td>
<td>• Professional and required licenses</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• SSAE 16, SOC II reporting</td>
<td></td>
</tr>
<tr>
<td>Confirm appropriate level of Insurance and Financial capacity</td>
<td>• Surety bonds</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Indemnities</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Evidence of financial stability, legal perspective</td>
<td></td>
</tr>
<tr>
<td>Evaluation of Environmental Impacts and Sustainability</td>
<td>• Standard evaluation questions</td>
<td>Added in 2018 and improved in 2019</td>
</tr>
<tr>
<td></td>
<td>• Customized evaluation questions</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Green checklist (materials/equipment)</td>
<td></td>
</tr>
<tr>
<td>“Consider a supplier’s social and ethical accountability where applicable.”</td>
<td>• Areas of focus for 2020 and 2021</td>
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</table>

*Added in 2016*

*Added in 2018*

*Added in 2019*
Responsible Bidder Developing Best Practice

Research to date:
• Surveyed peer utilities
• Responsible bidder evaluation is a current topic at most, many are working to develop best practice
• The focus is primarily on financial, legal, safety, and environmental factors
• SMUD is ahead of the curve for environmental purchasing and safety evaluations compared to many peers
• Other areas of accountability (social for example) do not have “best practice” clearly identified

Next steps:
• Complete more analysis on what utilities and large organizations are doing to measure responsible suppliers through the procurement process.
Dear Board Members,

The following is a contributed article by Arlen Orchard, CEO and General Manager at the Sacramento Municipal Utility District. https://www.utilitydive.com/news/study-shows-value-of-california-solar-with-statewide-implications/583185/

Wonder if you all saw the article in Utility Drive today. Sure makes it look as though the cahoots with Arlen and Sr. Staff. Does this violate SMUD's Code of Conduct SD-12, specifically points to the "honesty policy,"

Looks as though your CEO/GM and Executive staff are doing their best to destroy Rooftop Solar with the E3 report which we know has flaws. Why is this study being touted as being a done deal? Why is the board continuing to let the outgoing CEO/GM and Executive Staff act this unprofessionally? And once again Arlen and executive staff make it "us vs them" making the board look very bad.

I would like to know what the next steps are to get the CEO and staff to follow the procedure that was agreed on instead of spending time figuring out how to go around the agreed-upon procedure. I would also like to know, how the board is going to fix the damage done by the CEO and staff. Will, you put the process on hold until the new GM is in place and Arlen is gone? I am skeptical that if an internal candidate is chosen, that things will be any different. Changes in culture need to be made at SMUD and made ASAP. We don't need another Arlen Orchard in charge, who will continue to act in this sneaky, dishonest manner.

At this point, Rooftop Solar, Rooftop Solar + Storage will never be perceived as being valuable since SMUD has widespread influence in the industry. It is not only in Sacramento but throughout the USA and even the world.

Thank you Board and I hope to hear from you soon.

Lee Miller
Ward 3
To All SMUD Board Members:

I understand from several sources that SMUD is promoting a basically bogus study that grossly under values the benefits of rooftop solar. Apparently this study is seen by SMUD as an excuse to discourage the use of rooftop solar. My understanding from my neighbors is that this has been Arlen Orchard's agenda all along. I do not know why Mr. Orchard has a bias against rooftop solar. What matters here is if the SMUD Board members fall in line and endorse this study that has been manipulated to serve SMUD's agenda. What is that agenda? That rooftop solar doesn't make enough money? This is a PUBLIC utility, not a corporation. I do not believe it is a cost issue. That research does not support that conclusion. Using inside research that is highly flawed, to fit an agenda, after rejecting an outside study that supported rooftop solar, is shameful. This is dishonest corporate behavior, not the actions of a publicly owned utility.

Anyone who keeps up with current scientific knowledge about our climate emergency, or that cares about the planet and future generations, understands that solar is a vital part of fighting climate change. Why would a pioneering utility, who is working on a Climate Emergency Declaration make such a move? The only explanation is it is someone's agenda who is high up in SMUD. Does Mr. Orchard really have the leverage over the ELECTED Board members to push this agenda? If you are willing, as board members to follow suit and endorse this bogus study, well there you are, deed done, and a loss of public trust in your integrity. Keep that in mind, for those of you who have any future ambitions for other public offices.

SMUD already did a runaround by voting on rooftop solar before a public meeting to hear their feedback. I will be watching what action each of you take as a board member about this issue. I think that I can count on my District representative and perhaps two other board members to do the right thing. Can I count on the rest of you? I am asking, as a SMUD customer, and Sacramento County resident, that you act honorably and do the right thing for future generations - support rooftop solar, a scientifically known necessity in the fight for survival in our current climate crisis.

Ann Amato
Carmichael Resident
Public Comment to the SMUD Board: re: Value Of Solar DRAFT Study

Comments from Donald Osborn, SMUD Customer and SMUD Retiree

Value Of Solar DRAFT Study

First off -- this website is reprehensible, it purports to present so-called cost shifts given in a DRAFT report as if these were reviewed and correct. It pits customer against customer and greatly damages our trust in SMUD, its staff and the Board!

Next the DRAFT report is fundamentally flawed. It takes the solar that the customer generates and uses directly, never even touching the grid, as somehow getting a "payment" from SMUD and therefore causing an "unfair cost shift" to other customers. This is just another form of energy efficiency. You do not make these wild claims against customers who live in energy efficient homes, buy LEDs, or teach their kids to close the window when the AC is on!

Also, the evaluation of exported generation, which is ALL SMUD should concern itself with, neglects or buries many key values of solar.

When a report like this is so at odds with so many other such studies, including E3's own work for the State, one must conclude that the fix was in. The fact that SMUD staff jumped in so quickly to push out the "results" of such a flawed study, even before stakeholder review, shows this to be a disingenuous process.
Pull the study and get it right. For all of our futures!

Thank you,

Don
Donald E. Osborn
12971 Cherry Road, Wilton, CA 95693
Email: DEOsborn.solar@gmail.com
Phone: 916-213-5978
President Kerth, Director Fishman and the entire Board,

My congratulations to SMUD staff for keeping the electrons flowing this week.

The actions of executive staff surrounding the value of solar/storage study by the consultant E3 have been less laudatory. Despite pledges to work openly and collaboratively, and despite the study being draft and subject to public comment and revision, SMUD immediately launched a preemptive website strike upon its release. The website was a brazen ploy to pit non-solar against NEM customers to gin up supposedly "grass roots" support for executive staff's preferred outcome of the NEM 2 process. Changes to "fix" the "FairSolar" website have been minor and not fully satisfactory. In truth the page is pre-decisional and should only have been a stub that simply solicited comment. This episode has been a further example of bad faith, and the Board should not be tolerating it. I hope that the Board will keep such examples in mind when choosing a new General Manager and will pick someone genuinely interested in following the vision of the Board.

I provide general and some more detailed comments on the Value of Solar/Storage report in the attached document. I will also submit these comments to E3 via the so-called "FairSolar" page.

Thank you for your service on the board.

David Wright

Sent from ProtonMail mobile
To: E3 and the SMUD Board of Directors

From: David Wright

Re: E3 Report on SMUD Value of Solar

While there are other flaws of the report that will likely receive comment, in my view the largest single problem with the report is its failure to fully incorporate the societal benefits of rooftop solar. Properly accounting for this flaw would mean that SMUD should be paying NEM customers more for the power they export, not less (see item 3 below).

Another grave issue regarding the report is that it was commissioned and framed before the Board’s recent Climate Emergency Resolution. As a result the goals and projections underlying the report are outdated and inadequate to the climate emergency 2030 goals. I submit to the Board that this problem is so serious that this report should be shelved in its draft form and a revised report created once SMUD has outlined its conceptual path to the 2030 goals.

Overall the report does not live up to the SMUD Board’s innovative vision or SMUD’s customers’ urgent needs for rapid transition to a clean energy future.

Below I offer some more detailed comments.

1. Regarding report organization: SMUD has acknowledged that it views the incremental scenario as the appropriate scenario (Jennifer Davidson, Aug 3, 2020 Vos TWG meeting), and in my opinion the “helps meet goals” scenario is not realistic. The “helps meet goals” scenario is therefore clutter, complication, and not useful. It also lowballs the value of rooftop solar and therefore biases perception of the value of rooftop solar. I request it be deleted throughout the document.

2. I understand that E3 has provided an Avoided Cost Calculator model to the California Public Utilities Commission (CPUC) that yields a much higher value of solar than E3 presents in their study for SMUD - nearly double, even without the added societal benefits that have been discounted in both products. This inconsistency between the low value developed for SMUD and the more typical value for the CPUC must be explored and reconciled.

3. It is unconscionable in the time of historic heat waves and droughts, melting Arctic, dying jet stream, and rising seas set to displace 400 million people that E3 and SMUD have omitted from serious consideration the social cost of carbon emissions (SCC) from the value of solar arrived at in this report. Even the middling SCC figure E3 estimates, of about 7 cents per kWh, would double the report’s estimated 2020 value of NEM solar, placing it above SMUD’s current NEM reimbursement rate. The societal costs are real,

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1 The current E3 report at least is sufficient to show that SMUD’s NEM 1.0 rate is not grossly unfair to anyone when societal benefits are properly included; and therefore there is no harm in delaying NEM 2.0.
and are what the climate emergency is about. It is past time to take action and to work on building acknowledgement of SCC into SMUD’s planning, deliberations, and operations. A real value of rooftop solar, incorporating SCC, is a necessary step in that direction. I previously expressed this view strongly in the Value of Solar/Storage Technical Working Group meetings - but SMUD staff indicated they had no intent to give this direction to the VoS consultant. The Board must give direction to our unwilling staff.

4. It is difficult if not impossible to determine what values E3 is using in their discussion of the social cost of carbon (SCC). Table 13 on p. 32 cites SCC values from $15 to $875 per metric ton (or tonne [t])². Nowhere is it stated what value of SCC E3 has plucked from the huge range in this table, and no explanation is given for what value or values were used or why. This must be clarified. A clearer way to present this would be to select and justify an SCC value - or a narrower range than given in Table 13, calculate gross societal cost, and then subtract the cost of California carbon emissions compliance from the gross SCC to arrive at the full societal benefits of rooftop solar.

5. E3 and SMUD should double-check and clarify their values used in the analysis for power generation and carbon emissions. E3’s Table 17 implies rates of 2451-3676 kWh generated per tonne of CO₂ emitted. However, even SMUD’s most efficient gas-fired plant, Cosumnes, has a rate of only about 2420 kWh/t CO₂ according to 2018 data. For generation over all SMUD plants during 2018, this rate was lower: 2284 kWh/t CO₂ (psehealthyenergy.org). E3’s Footnote 37 implies that E3 applied a rate of 2558 kWh generated per tonne of carbon emitted. Assuming an exaggerated efficiency of generation versus carbon emitted incorrectly reduces the apparent impacts of carbon emissions.

6. As a “bookend” to the societal cost of greenhouse gas emissions, E3 should calculate the cost of removing (sequestering) a quantity equal to all residual SMUD-attributable GHGs from the atmosphere. It is foreseeable that in the not-too-distant future SMUD may be required to pursue such a measure.

7. Value of Solar plus Partnership-dispatched storage should be highlighted. This alternative consistently delivered a substantial bump in the value of solar-plus-storage estimates in the various scenarios, yet this is barely noted in the executive summary and is underemphasized throughout. SMUD is going to need a lot more storage for zero-carbon energy to be feasible. Seeing the value of partnership-dispatched storage capacity provides SMUD incentive to leverage customer willingness to add storage as well as to cooperate with SMUD.

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² A tonne is about 10% larger than a short ton: 2,205 vs. 2,000 pounds
August 2020 heat wave: Customer feedback

Jennifer L. Block
Aug 18, 8:51pm
The Scouts of Troop 281, Gold River California, want to say thank you to SMUD employees for keeping the electricity flowing, and helping keep us cool this summer. Below are comments from some of our Scouts:

Aug 18, 8:51pm
Thank you SMUD for keeping the lights on! ~ Eric
Way to go SMUD Employees! Thank you for helping keep us cool this Summer ~ Carl
Thank you SMUD employees for keeping my electricity on!! ~ Javier
Thank You SMUD ~ Luke
Thank you SMUD employees for maintaining our electricity especially when we are all locked indoors during this pandemic ~ Dan
Thank you SMUD for everything ~ Manny
Thank you SMUD Employees ~ Ryan T
Thank you employees of SMUD for keeping the electricity on so we can see and stay cool! ~

rafaelitigo44 retweeted
Amy Flaherty @CarpeMagica
@DauntingToaster @idontpoststoes
Municipalities work! Look at SMUD, Sacramento Municipality Utility District. We have updated infrastructure and haven’t had any rolling blackouts.

Danielle MacPherson
Thank you for keeping the power on for Sacramento. We appreciate you!

AlanaGolden retweeted
@mayor_Steinberg @Mayor_Steinberg
4 days ago
We are fortunate in @TheCityofSac to be served by #SMUD, and we have not been hit with blackouts. But let’s do our part during this #Heatwave. Avoid using major appliances between 3 pm and 10 pm. Turn AC to 72 overnight and in the morning and adjust to 78 between 3-10 pm.
The Board of Directors of the Sacramento Municipal Utility District met in special session via virtual meeting (online) at 5:19 p.m.

Roll Call:

Presiding: President Kerth

Present: Directors Bui-Thompson, Fishman, Herber, Tamayo, and Sanborn

Absent: Director Rose

Present also were Laura Lewis, Chief Legal Officer and General Counsel and Secretary, SMUD employees and visitors.

President Kerth stated that Director Rose had contacted him to indicate he was on his way and would be joining shortly.

President Kerth called for public comment, but none was forthcoming.

President Kerth then turned the meeting to Discussion Calendar Item 3, to discuss possible action on the selection of agency designated representatives for the negotiation process with the new Chief Executive Officer and General Manager.

No public comment was forthcoming on agenda item 3.

After some discussion, Director Fishman moved for President Kerth and Vice President Bui-Thompson to serve as SMUD’s agency designated representatives, Director Tamayo seconded, and Resolution No. 20-08-11 was approved by a vote of 6-0, with Director Rose absent.
RESOLUTION NO. 20-08-11

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

Section 1. That President Kerth and Vice President Bui-Thompson will serve as SMUD’s agency designated representatives for the negotiation process with the new Chief Executive Officer and General Manager.

Approved: August 24, 2020

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President Kerth announced that having completed the open session of the meeting, the Board would enter into closed session to discuss the following items:

1. **Public Employment.**
   Pursuant to Section 54957 of the Government Code:
   
   CEO and General Manager

2. **Conference with Labor Negotiators**
   Pursuant to Section 54957.6 of the Government Code:
   
   **Agency Designated Representatives:** Rob Kerth, Board President and/or other Board members, Nancy Miller, Shelly Fust.
   
   **Unrepresented Employee:** CEO and General Manager.

President Kerth stated that no action would be taken at the closed session, and thus the Board would not return to open session. No further business appearing, the Board entered into closed session at 5:24 p.m.

Approved:

____________________________  _____________________________
President  Secretary

### BOARD AGENDA ITEM

**STAFFING SUMMARY SHEET**

**TO**

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**Consent Calendar**

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**FROM (IPR)**

Laura Lewis

**DEPARTMENT**

Office of the General Counsel

**MAIL STOP EXT. DATE SENT**

B308 6123 09/01/20

**NARRATIVE:**

**Requested Action:** Approve the Employment Agreement between SMUD and Paul Lau, CEO and General Manager, and authorize the Board President to execute the contract.

**Summary:** The Employment Agreement sets forth the duties and responsibilities of the General Manager and is consistent with Board Policy and applicable law. The Board was advised by Korn Ferry during the process. Nancy Miller, Partner with Sloan, Sakai, Yeung & Wong, LLP, represented the Board in the negotiation of the contract.

**Board Policy:** Board-Staff Linkage BL-1, Board-Chief Executive Officer and General Manager Relationship

**Benefits:** Clearly sets forth the duties and obligations of the CEO and General Manager as they relate to SMUD and the Board.

**Cost/Budgeted:** N/A

**Alternatives:** Not approve the contract.

**Affected Parties:** Board, CEO and General Manager

**Coordination:** Legal

**Presenter:** President Kerth

**Additional Links:**

**SUBJECT**

Employment Contract – CEO and General Manager

ITEM NO. (FOR LEGAL USE ONLY)

6

ITEMS SUBMITTED AFTER DEADLINE WILL BE POSTPONED UNTIL NEXT MEETING.
EMPLOYMENT AGREEMENT
BETWEEN
THE SACRAMENTO MUNICIPAL UTILITY DISTRICT
AND THE GENERAL MANAGER

This Employment Agreement (the “Agreement”) between Paul Lau and Sacramento Municipal Utility District (“SMUD”), is made at Sacramento, California, and effective on the 3rd day of October 2020.

TERMS AND CONDITIONS

1. Appointment. SMUD hereby appoints Paul Lau as the General Manager and Chief Executive Officer (hereinafter “General Manager”) of SMUD and Paul Lau agrees to accept such appointment upon the terms and conditions set forth in this Agreement.

2. Duties, Responsibility, and Control. SMUD and Paul Lau agree that Paul Lau shall be the General Manager and Chief Executive Officer of SMUD commencing on October 3, 2020.

   A. Duties and Responsibility of the Board of Directors. As required by section 11883 of the Municipal Utility District Act, the Board of Directors shall set the general policy of SMUD.

   B. Duties and Responsibility of the General Manager. Paul Lau, as Chief Executive Officer and General Manager, shall be responsible for carrying out the business and activities of SMUD pursuant to the policies adopted by the Board and the purposes of SMUD as set forth in the Municipal Utility District Act. The General Manager shall have full charge and control of the construction of the works of SMUD and of their maintenance and operation, and also of the administration of the business affairs of the District including interaction with the utility industry. The General Manager’s authority shall extend without limitation to all operations of SMUD.

   C. Communications. The operation of SMUD, including interaction with the public and other utilities and government agencies, shall be under the direction of the General Manager pursuant to policies adopted by the Board.

      (1) Communications with the Board. The General Manager shall be responsible for regular and timely reporting on the general affairs of the District, including the business and activities of the District, for keeping the Board advised as to the needs of the District, and for presenting policy issues to the Board for decision in a timely manner.
The General Manager shall assure, in cooperation and consultation with the Board, that the District is appropriately represented in the community it serves.

(2) Communications with the Public. The General Manager shall be responsible for keeping the public informed of SMUD’s activities and explaining actions taken pursuant to Board policy; provided, however, that Board members shall have the right to advocate positions other than the official District position and such advocacy shall not constitute a breach of this Employment Agreement.

D. Budgets, Agendas, and Contracts. The General Manager shall have full charge and control over preparing the annual budget for submission to the Board, preparing the agenda for Board meetings in cooperation with the Board President, negotiating agreements with other entities, contracting for goods or services to or for SMUD, and the hiring and discharge of the officers specified in section 11931 of the Municipal Utility District Act (except the Attorney and Secretary) which is hereby delegated to the General Manager to the extent permitted by law except that the contracting for goods and services and agreements with other entities shall be subject to Board approval if they exceed such amounts as the Board may from time to time decide or as may be required by law.

E. Staff Supervision and Control. All officers and employees of SMUD, excluding the General Counsel and the Executive Assistant to the Board of Directors, shall serve under the General Manager’s direction and control. Pursuant to this authority and responsibility set out above and in section 11926 of the Municipal Utility District Act, the General Manager shall have full charge and control of hiring and terminating of all employees (except the General Counsel, the Internal Auditor, and the Executive Assistant to the Board of Directors) fixing their compensation, and organizing and reorganizing the staff as appropriate to carry out efficiently the work of SMUD.

(1) Internal Auditor. While serving under the direction and control of the General Manager, the Internal Auditor shall have a direct reporting relationship to the Board on auditing matters and the Board may, at its discretion, participate in his/her performance evaluation. The General Manager is responsible for the hiring and termination of the Internal Auditor with the concurrence of the Board. As part of the hiring process, the General Manager will recommend two qualified candidates to the Board for its consideration. The General Manager may rank the candidates in order of preference.

(2) General Counsel and Secretary. While the ultimate hiring and termination authority remains with the Board, it is the intent of the parties that the Board and the General Manager participate jointly in hiring
and terminating the General Counsel and Secretary. The Board may, at its
discretion, participate in the performance evaluation for the General
Counsel and Secretary.

(3) Executive Assistant. The Executive Assistant to the Board
of Directors shall be appointed by, and shall serve at the pleasure of, the
Board. The General Manager shall have input into the Executive
Assistant’s performance evaluation and the Board may, at its discretion,
provide (through the Board President) to the General Manager its
recommendations and input regarding the Executive Assistant’s
compensation. The salary of the Executive Assistant will be set by the
General Manager.

(4) External Auditors. It is expressly understood that the
designation and appointment of the external independent auditors of
SMUD shall be at the sole discretion of the Board and that said auditor(s)
shall report to the Board.

F. Breach. In the event of any breach of any provision of this Section
2 by SMUD, SMUD shall immediately cure such breach upon written notice by
the General Manager to the Board of Directors. The General Manager’s failure to
give notice shall not be deemed to waive any such breach or subsequent breach.
If SMUD fails or refuses to cure such breach, the General Manager may, in
his/her own discretion, give ten days’ notice of his/her election to terminate this
Agreement. If SMUD contends that said notice was given without justification,
SMUD shall give written notice to the General Manager requesting mediation
within ten days of receipt of such notice.

3. Full Time Employment. The General Manager shall devote his/her full
employment time and effort to the discharge of his/her responsibilities as General
Manager of SMUD. The General Manager shall not directly or indirectly render any
service of a business, commercial or professional nature to any person or organization
whether for compensation or otherwise without the prior written consent of SMUD. The
General Manager may provide non-compensable services to not-for-profit organizations,
trade associations, non-partisan political action committees, and similar organizations
without the consent of the Board, provided that such services (i) shall not interfere with
the General Manager’s responsibilities and duty to SMUD, and (ii) shall not be in conflict
with or adverse to SMUD’s interests.

4. Term and Termination. The General Manager’s employment under this
Agreement shall commence October 3, 2020, (“Employment Date”). As required by and
subject to the terms and conditions of section 11929 of the Municipal Utility District Act,
the General Manager shall serve at the discretion of the Board and his/her employment
shall terminate thirty days from the date of notice of the final vote on the resolution
providing for his/her removal from office. The General Manager may terminate this
Agreement by giving sixty (60) days’ written notice. Upon receiving such notice, the Board may request that the General Manager vacate his/her office immediately, so long as the Board also pays the General Manager’s salary for the 60-day notice period.

A. Compensation Upon Termination. If SMUD terminates the employment of the General Manager for any reason other than (i) failure in a material or substantial manner to perform his duties under this contract, or (ii) the commission of a criminal offense involving moral turpitude or dishonesty as determined by a court of competent jurisdiction, or (iii) in the event that the General Manager elects to terminate this Agreement on the ground of material breach of the Agreement by SMUD, the General Manager shall be entitled to severance pay subject to reimbursement as follows:

(1) Zero to Two Years of Service. If prior to October 3, 2022, SMUD terminates the employment of the General Manager, the General Manager shall be entitled a lump sum amount shall be equal to 18 months’ salary, in addition to all other compensation and benefits including performance incentives to which he is entitled.

(2) On or After October 3, 2020. If on or after October 3, 2022, SMUD terminates the employment of the General Manager, the General Manager shall be entitled to twelve (12) months’ salary.

(3) Any cash settlement related to termination received by the General Manager shall be reimbursed if the General Manager is convicted of a crime involving an abuse of the office of General Manager.

5. Effect of SMUD’s Merger, Transfer of Assets, or Dissolution. This Agreement shall not be automatically terminated by any:

A. Merger or consolidation whether or not SMUD is the consolidated or surviving utility;

B. Transfer of all or substantially all of the assets of SMUD; or

C. Voluntary or involuntary dissolution of SMUD.

In the event of any such merger or consolidation or transfer of assets, the surviving or resulting entity or the transferee of SMUD’s assets shall be bound by and shall have the benefit of the provisions of this Agreement. The surviving or resulting entity, or the transferee, also may terminate the General Manager and pay severance according to the terms of Section 4A., above.
6. **Compensation and Related Benefits.**

A. **Base Salary.** SMUD shall pay the General Manager an initial base salary of $570,000. The base salary shall be increased beginning December 2021, and annually thereafter by the Board of Directors, equal to the increase, if any, in the Consumer Price Index for Urban Wage Earners and Clerical Workers (1982-1984=100) – U.S. City Average (non-seasonally adjusted) from April to April provided that such cost of living increase shall not exceed 5 percent (5%) annually. The base salary shall be payable on the standard District payroll schedule.

B. **Merit Increase and Performance Bonus Review.** The Board shall annually evaluate the General Manager’s performance based on the metrics and expectations set forth in the Board policies and a review of the average base salary of the top ten (10) CEO salaries at the Large Public Power Council (“LPPC”). Based upon the evaluation and review, the Board may, in its discretion, authorize a merit increase and/or performance bonus, if deemed appropriate. SMUD and the General Manager shall meet no later than the end of January of each year to agree upon the metrics and expectations to evaluate the General Manager’s performance for the current year upon which a merit salary increase and optional performance incentive shall be based.

C. **Employee Benefit and Retirement Programs.** The General Manager shall be entitled to participate in all SMUD classic employee benefit and retirement programs in effect from time to time for its officers and management employees including any adjustments in health or retirement contributions and/or compensation.

D. **Business Expenses.** The General Manager shall be reimbursed by SMUD for all reasonable business expenses in accordance with SMUD policies which shall include full reimbursement of reasonable professional dues.

E. **Travel and Training.** The Board shall review the General Manager’s proposed travel and training budget each year as part of the District’s annual budget review. The General Manager shall have full delegated authority and discretion over the use of said travel and training budget including continuing professional education and management training requirements.

F. **Personal and Sick Leave.** The General Manager shall be entitled to 6 weeks annual personal leave plus sick leave and other leave in accordance with SMUD standard policies for similarly situated management/executive employees. The General Manager shall be required to take one week of personal leave each year, and shall be allowed to carry over a maximum of 260 days of personal leave each year. Any personal leave accrued in excess of 260 days shall be paid in a lump sum to the General Manager.
G. Life, Medical and Dental Insurance. The General Manager will receive the same benefits, including life, medical, and dental insurance, vision, and disability as are provided by SMUD to similarly situated “exempt” or management employees. In addition, SMUD shall immediately vest the General Manager in the retiree health benefits plan and the General Manager shall be entitled to receive such retiree health benefits upon any termination of his employment with SMUD subject to applicable law.

7. Post Employment Restrictions. For a period of one (1) year after leaving District employment, the General Manager will not make any oral or written communication or take any other action on behalf of any person or organization with intent to influence District on any matter in which the General Manager participated personally and substantially during his/her service with District. If the General Manager is in doubt as to whether a matter falls under the prohibition of this paragraph, he/she may request from District a written opinion.

8. Dispute Resolution. In the event of a dispute arising under this Agreement, or related to the General Manager’s employment or termination from employment, either party may provide the other with a written notice of dispute. Within ten (10) business days of the notice, the parties shall meet and attempt to resolve the dispute. If the parties are unsuccessful in resolving the dispute, the parties shall enter into mediation of the dispute. Costs of mediation shall be borne equally by the parties. If the parties do not resolve the dispute through mediation, either party may then pursue any and all available legal remedies.

9. Binding Effect. This Agreement shall be binding upon the heirs, executors, administrators, and assigns of the General Manager and any successors in interest or assigns of SMUD.

10. Entire Agreement. This Agreement supersedes any and all other agreements, either oral or in writing, between the parties hereto with respect to the employment of the General Manager by SMUD and contains all of the covenants and agreements between the parties with respect to such employment in any manner whatsoever. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, which are not embodied herein, and that no other agreement, statement, or promise not contained in this Agreement shall be valid or binding. Any modification of this Agreement will be effective only if it is in writing signed by the party to be charged.

11. Notices. Any notices to be given hereunder by either party to the other maybe affected by personal delivery in writing or by mail, registered or certified, postage prepaid with return receipt requested. Mailed notices shall be addressed to the parties at the addresses appearing at the conclusion of this Agreement, but each party may change
his or its address by written notice in accordance with this paragraph. Notices delivered personally shall be deemed communicated as of actual receipt; mailed notices shall be deemed communicated as of two (2) days after mailing.

12. **Construction of Agreement.** The parties hereto acknowledge that both parties have participated in reviewing and drafting this Agreement and no ambiguity herein shall be construed against either party by reason of such party’s participating in the drafting of this Agreement.

13. **Governing Laws.** This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California applicable to agreements made and to be performed entirely in California.

Executed this ______ day of ________________, 2020.

AGREED:

Sacramento Municipal Utility District

By: _______________________________ By: _____________________________

Rob Kerth  Paul Lau
President of the Board of Directors  General Manager

6201 S Street
Sacramento, CA  95817-1899

SMUD Resolution No. _______, adopted _______, 2020
RESOLUTION NO. ______________

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

Section 1.  Approve the Employment Agreement between Sacramento Municipal Utility District (SMUD) and Paul Lau (Employment Agreement) substantially in the form of Attachment ____.

Section 2.  Authorize the President of the Board of Directors to execute the Employment Agreement on behalf of SMUD.