

Exhibit to Agenda Item #5

Board Monitoring: Board-Staff Linkage BL-6, Evaluating the Chief Executive Officer and General Manager's Performance and Board-Staff Linkage BL-7, Delegation to the Chief Executive Officer and General Manager.

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, October 12, 2022, scheduled to begin at 5:30 p.m.

Virtual Meeting (online)

BL-6 Evaluating the CEO/GM's Performance

The Chief Executive Officer and General Manager's job performance shall be evaluated by comparing the organization's results, operations and their personal performance to the policies established by the Board. Specifically: a) The Board shall evaluate the Chief Executive Officer and General Manager's performance on an annual basis in December. In the same month, the Chief Executive Officer and General Manager shall propose performance criteria for the following year that represent their reasonable interpretation of achieving the results defined by the Board.

Compliance Scores:

High 5

Med

Low

b) The evaluation will be based on a review of the organization's performance and the Chief Executive Officer and General Manager's personal performance against the performance criteria proposed under subsection a), as accepted by the Board.

c) Additional performance discussions and check-ins with the Chief Executive Officer and General Manager should occur at mid-year.

Compliance Scores:

High 5

Med

Low

d) The Board will use data to determine the degree to which Board policies are being met. e) All policies that instruct the Chief Executive Officer and General Manager shall be monitored at a frequency and by a method chosen by the Board.

Compliance Scores:

High 5

Med

Low

BL-7 Delegation to the CEO/GM

The Board will instruct the Chief Executive Officer and General Manager through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the Chief Executive Officer and General Manager.

Compliance Scores:

High 5

Med

Low

Specifically: a) The Board shall identify and define those results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.

Compliance Scores:

High 5

Med

Low

b) The Board shall develop policies that define the delegation to the Chief Executive Officer and General Manager with regard to the Chief Executive Officer and General Manager's authority.

c) The Chief Executive Officer and General Manager is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of SMUD.

Compliance Scores:

High 5

Med

Low

d) The Chief Executive Officer and General Manager shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SMUD to unreasonable risk. If the Chief Executive Officer and General Manager reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; (iv) a significant impact to SMUD's reputation; or (v) materially compromises the policies and goals established by the Board, the Chief Executive Officer and General Manager shall timely inform the Board and may request the Board to take appropriate actions.

Compliance Scores:

High 5

Med

Low

e) The Board may change its delegation to the Chief Executive Officer and General Manager at any time, subject to the conditions of the Board’s contract with the Chief Executive Officer and General Manager, thereby expanding or limiting the authority of the Chief Executive Officer and General Manager. But as long as any particular delegation is in place, the Board will abide by the Chief Executive Officer and General Manager’s decisions in those areas that are delegated to him or her.

Compliance Scores:

High 5

Med

Low