

Exhibit to Agenda Item #1

Approve side letter agreements related to the terms by which SMUD will pay towards employee uniform allowances for the purchase of flame-resistant clothing for the following bargaining units:

- a. **International Brotherhood of Electrical Workers Local Union 1245 (IBEW); and**
- b. **Organization of SMUD Employees (OSE).**

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, March 14, 2023, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Background

- SMUD provides an allowance to employees to purchase flame-resistant clothing to adhere to safety protocol and meet obligations of MOUs.
- CalPERS requires Board approval of the terms by which SMUD provides uniform allowances so that the amounts SMUD has reported in the past (and going forward) will continue to be treated by CalPERS as special compensation. Items of special compensation are added or included to a retiree's pension benefit calculations.
- Side Letter Agreements with OSE and IBEW document the specific terms by which SMUD provides an allowance to certain employees to purchase flame-resistant clothing.

Requested Action

- Approve the side letter agreement to modify Article 20 – Miscellaneous, Section 1 – Flame Resistant Clothing to the OSE 2022-2025 Memorandum of Understanding (“MOU”).
- Approve the side letter agreement to modify Article 31 – Miscellaneous, Section 4 – Flame Resistant Clothing to the IBEW 2022-2025 Memorandum of Understanding (“MOU”).