

Exhibit to Agenda Item #6

Discuss proposed revisions to **Board-Staff Linkage BL-13, Delegation to the CEO with Respect to Grants.**

Board Finance & Audit Committee and Special SMUD Board of Directors Meeting
Tuesday, March 19, 2024, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

Proposed Revisions to Board-Staff Linkage BL-13

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

- a) **Competitive Advantage:** Because grants are typically competitively awarded, SMUD will select its grant partners or participate on a grant team where the partners provide a competitive advantage in the grant selection process. Time permitting and where practical, SMUD will select qualified grant partners through a formal or informal request for qualifications.
- b) **Viable Grant Partners:** SMUD shall only contract with reputable and financially viable grant partners.
- c) **Local Grant Partners:** All other things being equal, in selecting grant partners SMUD will generally prefer governmental entities, not-for profit organizations, and businesses located in the Sacramento region.
- d) **Delegation of Authority to the CEO:** The Chief Executive Officer and General Manager (CEO) is delegated authority to select and enter into contracts with grant partners and file grant applications where SMUD's commitment of financial and in-kind resources ~~to the grant does not exceed \$3 million~~ is consistent with delegations under other Board-Staff Linkage policies, or is otherwise brought to the Board for approval as a budgeted project.
- e) **Reporting:** The CEO shall provide advance notice to the Board of grant commitments that create material financial, reputational, or operational risk.

BL-13 Current Delegation Limit to the CEO with Respect to Grants

Current delegation limited up to \$3 million based on SMUD's commitment of financial and in-kind resources (i.e. cost-share)

- SMUD as a prime recipient and a sub-recipient
- Recent federal and state legislation authorizing billions for energy and climate-related projects.

Proposed Revisions to BL-13 Benefits

- Flexibility to submit grant applications, execute grant contracts, and commit to grant-partnerships.
- Delegated authority if grant supports an approved, budgeted project or is consistent with other Board-staff linkage policies (e.g. BL-8, Delegation to the CEO with Respect to Procurement, and BL-14, Delegation to the CEO with Respect to Customer Products, Services and Programs).
- CEO to notify Board in advance of grant commitments that create material risk.