

Exhibit to Agenda Item #3

Discuss proposed revisions to **Board-Staff Linkage BL-10, Delegation to the CEO with Respect to Real and Personal Property.**

Board Policy Committee and Special SMUD Board of Directors Meeting
Wednesday, May 8, 2024, scheduled to begin at 6:00 p.m.
SMUD Headquarters Building, Auditorium

Rationale for Updates to BL 10

1. The existing policy language requires Board action for relatively low financial value real property acquisitions when the negotiated sale price is more than 15% above appraised value. The proposed edit would grant flexibility to staff to close deals when the purchase price is no more than \$150,000 over 115% of the appraised value of the real property.
2. There is no existing delegation to staff to acquire option agreements. Options are a useful means of keeping real property off the market while securing access so we can conduct due diligence as to property condition and suitability for development.

Proposed Revisions to BL-10

Normal business operations require SMUD to engage in: (i) the acquisition, disposition, and lease of interests in real property; and (ii) the disposition and lease of surplus personal property.

- a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO) is delegated decision making and approval authority within the parameters that follow.
- b) **Real Property:**
 - i) Purchase, Sale or Exchange of Real Property. The purchase price does not exceed \$5 million and is ~~within~~ no more than \$150,000 over 115% of the appraised value of the property. The sale of real property shall be at fair market value and offered in accordance with California Government Code section 54220 et seq. and other applicable law. In an exchange of real property, SMUD shall remain financially whole or benefit from the transaction.
 - ii) Lease of SMUD Real Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations.

Proposed Revisions to BL-10 (cont.)

- iii) Option for Purchase of Real Property. The option price shall be commercially reasonable and not exceed \$1,000/acre, with the option to be exercised only by the Board or consistent with Section b)i) of this policy.
- iii)iv) Easements, Rights of Way, Licenses or Quitclaim Deeds. Easements, rights of way, licenses and quitclaim deeds may be granted to third parties where SMUD's current or anticipated future operations are not adversely impacted. Lease, easements, licenses and rights-of-way from third parties may be obtained within 125% of fair market value.
- iv)v) Special Assessments, Governmental Fees and Property Taxes. Cast all ballots, negotiate, pay taxes, assessments, fees, levies or charges arising from or related to SMUD's ownership or other interests in real property

Proposed Revisions to BL-10 (cont.)

c) Personal Property:

- i) Disposal of Surplus, Scrap or Obsolete Personal Property. The disposal of surplus, scrap, or obsolete personal property shall be done in accordance with applicable law.
- ii) Lease of SMUD Personal Property. Leases shall be for fair market value and shall not adversely impact SMUD's current or anticipated future operations