

Exhibit to Agenda Item #7

Discuss potential revisions to **Governance Process GP-12, Board Compensation and Benefits.**

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

Potential Revisions to Board Compensation

Current Policy Language (adopted effective July 1, 2023)

- a) Each Board member may receive for each attendance at the meetings of the full Board, Board committee meetings, ad hoc committee meetings, publicly noticed SMUD workshops or meetings, other publicly noticed meetings where the Board member is representing the Board, state or federal legislative briefings or meetings where the Board member is representing the Board, meetings with SMUD customers or staff relating to SMUD business, community meetings or events where the Board member is representing SMUD, events where SMUD is being recognized, conferences and organized educational activities, the **sum of \$317.00 per day of service. No director may receive compensation for more than ten (10) days in any one calendar month.** Campaign and political meetings, events, and fundraisers are not compensable under this policy.

Statutory Requirements

Municipal Utility District (MUD) Act section 11908.2 specifies:

- Compensation amount set by the Board may be adjusted by no more than five percent each year ***following the operative date of the last adjustment.***
- Automatic annual adjustments are prohibited.

Options for Consideration

Adjustment Based on CPI		
Year	CPI Annual	\$317.00 Start
2023	3.23%	\$327.24

MUD Act section 11908.2		
Year	5% Adj	\$317.00 Start
2023	5.00%	\$332.85

- The Board may increase its compensation in an amount no greater than 5% following the operative date of the last adjustment, amounting to a *maximum of \$332.85 per day of service* (not to exceed 10 days of service).
- The Board compensation would be \$327.24 per day of service if the Board's current compensation were adjusted to reflect the changes in the Consumer Price Index (capped at five percent) over the past year.
- The Board may increase its compensation in an amount between \$327.24 and \$332.85.
- Any changes to Board compensation would not be effective until July 1, 2024 (one year following the operative date of the last adjustment).