Exhibit to Agenda Item #3

Board Monitoring: **Board-Staff Linkage BL-9, Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation**; **Board-Staff Linkage BL-10, Delegation to the CEO with Respect to Real and Personal Property**; and **Board-Staff Linkage BL-11, Delegation to the CEO with Respect to the Settlement of Claims and Litigation**.

Board Policy Committee and Special SMUD Board of Directors Meeting

Wednesday, August 12, 2026, scheduled to begin at 6:00 p.m.

SMUD Headquarters Building, Auditorium

BL-9, Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation

This Board supports development of legislative and regulatory policies that further the Board's policies.

a) The Chief Executive Officer and General Manager (CEO) is authorized to develop local, state and federal legislative, regulatory and budget positions consistent with Board policies, and communicate them to the Congress, the Legislature, regulatory agencies, local agencies and relevant stakeholders.

b) When communicating a new position on local, state or federal legislation or budget proposals, the CEO will provide advance notice to the Board when feasible.

BL-9, Delegation to the CEO with Respect to Local, State and Federal Legislation and Regulation (cont.)

Compliance Scores:

High 4

Med 1

Low

BL-10, Delegation to the CEO with Respect to Real and Personal Property

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 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.

BL-10, Delegation to the CEO with Respect to Real and Personal Property (cont.)

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.

iii. Option for Purchase of Real Property. The option price shall be commercially reasonable and not to exceed $1,000/acre, with the option to be exercised only by the Board or consistent with Section b)i) of this policy.

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.

BL-10, Delegation to the CEO with Respect to Real and Personal Property (cont.)

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.

Compliance Scores:

High 5

Med

Low

BL-10, Delegation to the CEO with Respect to Real and Personal Property (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. Board-Staff Linkage BL-10 Page 2 of 2 Delegation to the CEO with Respect to Real and Personal Property

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.

Compliance Scores:

High 5

Med

Low

BL-11, Delegation to the CEO with Respect to the Settlement of Claims and Litigation

Normal business operations require SMUD to enter into settlements of: (i) claims and lawsuits filed against it and brought by SMUD against third parties; (ii) regulatory matters to which SMUD is a party; and (iii) other disputes with third parties ("Dispute" or "Disputes").

a) **Delegation of Authority:** The Chief Executive Officer and General Manager (CEO), upon the advice of the General Counsel, is delegated authority to enter into settlement agreements to resolve Disputes and is authorized to execute all necessary documents to finally resolve such matters in accordance with Board policy and within the parameters of the matrix below.

BL-11, Delegation to the CEO with Respect to the Settlement of Claims and Litigation (cont.)

Category	Amount
Tort Claims/Other Claims Under Workers' Compensation Laws	Up to SMUD's self-insured retention levels
Condemnations Filed by SMUD:	
Up to 115% of Appraised Value	$5 million
Greater than 115% of Appraised Value	$500k
Condemnations Filed against SMUD:	
85% or greater of Appraised Value	$5 million
Less than 85% of Appraised Value	$500k
All other Disputes	$500k

BL-11, Delegation to the CEO with Respect to the Settlement of Claims and Litigation (cont.)

b) Reporting: The CEO shall timely provide the Board with a summary of any significant settlement of a Dispute.

Compliance Scores:

High 5

Med

Low