

Attachment Y
SMUD Board – Governance Process Policies

Category: Governance Process	Title: PURPOSE OF BOARD
Date of Adoption: December 19, 2002	Policy Number: GP-1
Revision Date: October 16, 2003	Resolution No. 02-12-14
Revision Date: November 3, 2005	Resolution No. 03-10-14
	Resolution No. 05-11-04

The Board is the legislative body of the Sacramento Municipal Utility District. It operates under the provisions of the Municipal Utility District Act of the State of California (the MUD Act) and all other applicable statutes and laws.

The purpose of the Board of Directors is to:

- a) Identify and define the purpose, values and vision of the District, along with the quantitative and qualitative results that the District is to achieve, and communicate them in the form of policy.
- b) Identify and define those results or conditions of the District that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- c) Monitor the organization's performance against the results that the Board has established for the District.
- d) Make certain operational decisions as are designated by law.
- e) Hire, evaluate and, when necessary, discharge the General Manager.

Monitoring Method: Board Report
Frequency: Annual

Category: Governance Process	Title: GOVERNANCE FOCUS
Date of Adoption: December 19, 2002	Policy Number: GP-2
Revision Date: October 16, 2003	Resolution No. 02-12-14
Revision Date: November 3, 2005	Resolution No. 03-10-14
	Resolution No. 05-11-05

The Board will govern with an emphasis on: (i) outward vision rather than an internal preoccupation; (ii) encouragement of diversity in viewpoints; (iii) strategic leadership more than administrative detail; (iv) clear distinction of Board and General Manager roles; (v) collaborative rather than individual decisions; (vi) the future rather than past or present; and (vii) proactivity rather than reactivity.

Specifically:

- a) The Board will cultivate a sense of group responsibility. The Board will be responsible for excellence in governing. The Board will be an initiator of policy. The Board will use the expertise of individual members to enhance the ability of the Board as a body.
- b) The Board will direct, evaluate and inspire the organization through the careful establishment of written policies reflecting the Board's values. The Board's major policy focus will be on SMUD's intended long-term impacts outside the organization, not on the administrative or programmatic means of achieving those effects.
- c) The Board will establish and adhere to the standards needed to govern with excellence. Standards will apply to matters such as attendance, preparation for meetings, policymaking principles, courtesy, and ensuring the continuance of governance capability.
- d) Continual Board development will include orientation of new Board members in the Board's governance policies and processes, periodic re-orientation of existing Board members, and regular Board discussion of process improvement.
- e) The Board will regularly discuss and evaluate its performance. Self-monitoring will include comparison of Board activities and discipline to policies adopted by the Board. It will be up to the board president or committee chair to determine the appropriate manner of this feedback and evaluation.

Monitoring Method: Board Report
Frequency: Semi-Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **AGENDA PLANNING**

Policy Number: **GP-4**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

Revision Date: **June 3, 1004**

Resolution No. **04-06-07**

To accomplish its strategic leadership consistent with Board policies, the Board will develop and follow an annual work plan that ensures the Board (a) focuses on the results the Board wants the organization to achieve, (b) defines the conditions of the District that it considers acceptable and unacceptable; c) meets its other obligations as stated by law or policy; and (d) continually improves its performance through education, feedback, and deliberation.

Specifically:

- a) The Board will agree in advance on the topics and issues that it wishes to explore and create an annual work plan to guide District staff in preparing the agendas for regular board meetings and standing committee meetings.
- b) Education related to determining the desired results will be arranged so that it enables the Board sufficient time for deliberations prior to the adoption of its annual budget.
- c) Members of the Board, the General Manager, and his or her designees may place matters on Board agendas. Prior to placing an item on the agenda, a board member shall confer with the Board President (or committee chairs, in the case of standing committee meetings) or both, as appropriate. When a Board member invites people to speak at a Board or committee meeting, the Board member will confer with the Board President or committee chair, as appropriate. As a general practice, the Board President (or committee chairs, in the case of standing committee meetings) and General Manager shall coordinate when an item is placed on the agenda.

- d) Items may be placed on the agenda on either the consent calendar or the discussion calendar. An item placed on the consent calendar may be moved from the consent calendar to the discussion calendar at the request of any Board member during a Board meeting prior to the vote to approve the agenda.
- e) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan.
- f) The Board Secretary's office, under the direction of the General Manager and the Board President, shall prepare and issue an agenda for each regular meeting of the Board. The Assistant General Managers, under the direction of the General Manager and in coordination with the standing committee chairs, shall prepare and issue an agenda for each standing committee meeting.

Monitoring Method: Board Report
Frequency: Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **ELECTION OF BOARD PRESIDENT
AND VICE PRESIDENT**

Policy Number: **GP-5**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

The Board shall elect each year a president and vice president to preside over it, under the following terms and conditions:

- a) The nominations for and selection of president and vice president for the ensuing year shall be accomplished by the Board no later than the first regularly scheduled meeting in January.
- b) The president and vice president shall be elected upon a vote of four or more Board members voting in approval.
- c) The terms of president and vice president shall be for a period of one year, or until such time as a successor has been selected pursuant to these rules.
- d) The president may serve no more than one term in succession.
- e) During the absence of the president, the vice president will preside, and, in the event that both the president and vice president are absent, the members present shall select one of their members to act as president pro tem.
- f) In the event that the office of either president or vice president becomes vacant, the board, within 30 days from the date of such vacancy, will select one of its members to fill the term of that office.
- g) The president and/or vice president shall be recalled upon a vote of four or more Board members voting to recall. Nomination and election of a new president and/or vice president shall occur within 30 days from the date of the vote to recall.

Monitoring Method: Board Report

Frequency: Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **ROLE OF THE BOARD PRESIDENT**

Policy Number: **GP-6**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

Revision Date: **June 3, 2004**

Resolution No. **04-06-07**

The President of the Board shall assure the integrity of the Board's processes and, secondarily, assure Board representation to outside parties:

Specifically:

- a) The President shall ensure that the Board behaves consistently with its own rules and policies, and those legitimately imposed on it from outside the organization.
- b) The President shall ensure that meeting discussion focuses on those issues which, according to Board policy, belong to the Board to decide.
- c) The President shall ensure that deliberation is fair, open and thorough, but also timely, orderly and kept to the point.
- d) The President shall appoint the chairs of standing committees.
- e) The President shall schedule and coordinate the annual process of evaluating the General Manager.
- f) The Board President shall ensure that the Board's agendas meet the goals of the annual work plan.
- g) The President shall regularly give progress reports on Board activities, such as the annual work plan, Board training, and adherence to policies.

- h) The President shall preside over and facilitate Board meetings.
- i) The President has no authority to supervise or direct the General Manager, apart from authority expressly granted him or her by the Board.
- j) Any responsibility of the Board that is not specifically assigned to another Board member is the responsibility of the Board President.
- k) The President may delegate his or her authority, but remains accountable for its use.

Monitoring Method: Board Report
Frequency: Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **BOARD MEMBERS' CODE OF CONDUCT**

Policy Number: **GP-7**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

The Board commits itself and its members to ethical, businesslike, and lawful conduct, including proper use of authority and appropriate decorum when acting as Board members. Board members must avoid even the appearance of impropriety to ensure and maintain public confidence in the District.

Specifically:

- a) Board members shall conduct themselves in accordance with all laws.
- b) Board members shall conduct themselves with civility and respect at all times with one another, with staff, and with members of the public.
- c) Board members shall demonstrate loyalty to the interests of SMUD owners and ratepayers. This supersedes any conflicting loyalty such as that to advocacy or interest groups and membership on other Boards or staffs. It also supersedes the personal interest of any Board member acting as a consumer of the organization's activities.
- d) Board members must disclose any position of authority they hold with – or investment in – a business that contracts with the District, a business that is of the type which has contracted with the District, or a business that falls within specific industries, pursuant to the District's Conflict of Interest Code and Code of Ethics.
- e) Board members may not attempt to exercise individual authority over the organization except as explicitly set forth in Board policies.

- Board members must recognize the lack of authority vested in them as individuals in their interactions with the General Manager or with staff, except where explicitly Board authorized.
 - In their interactions with the public, press or other entities, Board members must recognize the same limitation and the inability of any Board member to speak for the Board except to repeat explicitly stated Board decisions.
 - Board members shall at all times endeavor to express their individual opinions in a responsible manner, without causing undue harm to the District or to their relationships with other Board members or staff.
 - Board members are at liberty to exercise their individual freedom of expression, so long as the exercise of this freedom does not put the District at a legal disadvantage.
- f) Any performance evaluations shall be performed in a closed session in accordance with the Ralph M. Brown Act and with Board members as a whole.
- g) As required by law, members will respect the confidentiality appropriate to issues regarding personnel, real estate transactions, proprietary matters, and attorney-client privileged communications.
- h) Members will be properly prepared for Board deliberations.
- i) Board members shall discourage former Board members from attempting to influence the Board, individual Board members or staff, on behalf of any third party (other than a governmental entity) from whom the former Board member is receiving compensation, on any matter that the former Board member substantially participated in during his or her tenure with the Board. This provision shall not apply to (i) communications by a former Board member acting in his or her capacity as an individual or ratepayer and for which the Board member receives no compensation, or (ii) communications with a former Board member who has not been a Board member for more than two years.

Monitoring Method: Board Report
Frequency: Semi-Annual



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SMUD BOARD POLICY	
Category: Governance Process	Title: BOARD COMMITTEE PRINCIPLES
Date of adoption: December 19, 2002	Policy Number: GP-8
Revision Date: October 16, 2003	Resolution No. 02-12-14
Revision Date: June 3, 2004	Resolution No. 03-10-14
	Resolution No. 04-06-07

The president may establish standing committees based on need and input from the Board members. Committee chairs may establish ad hoc committees based on need and input from the Board members.

Standing committees shall assist the Board in its ongoing work and activities. Standing committees shall be composed of all Board members and be considered “committees of the whole.” Each standing committee shall include designation of a chair, second chair and a charter describing the committee’s purpose.

Ad hoc committees shall be created for a limited duration to address a specific topic of interest to the Board. Each ad hoc committee may be composed of two or three Board members, and shall include designation of a chair and a clear statement of purpose. Ad hoc committees are not required to provide public notice of their meetings under the Ralph M. Brown Act. Each ad hoc committee shall report back at a publicly noticed Board or standing committee meeting on its activities.

Specifically:

- a) All committees will ordinarily assist the Board by gaining education, considering alternatives and implications, and preparing policy alternatives.
- b) Board committees may not speak or act for the Board except when formally given such authority for specific and time-limited purposes.

- c) Board committees cannot exercise authority over staff nor interfere with the delegation from the Board to the General Manager. Because the General Manager works for the full Board, he or she will not be required to obtain approval of a Board committee before an executive action.
- d) As a general rule, items scheduled for Board action (including items requested by a Board member) shall first be presented to a standing committee for review.
- e) Standing committees shall be reviewed at least annually by the Board to determine whether they should continue.
- f) This policy applies to any group which is formed by Board action, whether or not it is called a committee and regardless whether the group includes Board members. It does not apply to committees formed under the authority of the General Manager.

Monitoring Method: Board Report
Frequency: Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **BOARD COMMITTEE CHAIRS**

Date of Adoption: **December 19, 2002**

Policy Number: **GP-9**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

Revision Date: **June 3, 2004**

Resolution No. **04-06-07**

The committee chairs shall preside over and facilitate committee meetings.

Specifically:

- a) Standing committee chairs shall approve the annual calendar of committee meetings.
- b) Committee chairs shall ensure that committee meetings focus on those issues which, according to Board policy, belong to the Board to decide.
- c) Committee chairs shall ensure that discussion is fair, open and thorough, but also timely, orderly, and kept to the point.
- d) Standing committee chairs shall present the committee results to the Board at the Board meeting following the committee meeting, as necessary.
- e) Standing committee chairs shall appoint chairs and members of ad hoc committees with the concurrence of the directors so appointed.
- f) Committee chairs shall schedule and cancel meetings.
- g) Standing committee chairs shall review the committee agenda prior to development of committee notice.

Monitoring Method: Board Report

Frequency: Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **BOARD TRAINING, ORIENTATION**

Policy Number: **GP-10**

Date of Adoption: **December 19, 2002**

Resolution No. **02-12-14**

Revision Date: **October 16, 2003**

Resolution No. **03-10-14**

Because poor governance costs more than learning to govern well, the Board will invest in its governance capacity.

The Board shall ensure that its skills are sufficient to assure excellence in governance.

Specifically:

- a) New Board members shall receive training and orientation in Board governance, policies and procedures.
- b) New Board members shall receive an orientation in the District's strategic plan.
- c) Board members shall receive training in the skills of effective communication and decision making.
- d) The Board president and Board committee chairs shall receive training in the facilitation of meetings.

Monitoring Method: Board Report

Frequency: Annual



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SMUD BOARD POLICY	
Category: Governance Process	Title: BOARD REVIEW OF INTERNAL RECORDS
	Policy Number: GP-11
Date of Adoption: December 19, 2002	Resolution No. 02-12-14
Revision Date: October 16, 2003	Resolution No. 03-10-14

Board members may review any record of the District at any time, so long as confidentiality requirements are followed.

Specifically:

- a) Board member requests to inspect District records shall be forwarded to the General Manager, who will provide the requested files for review on District premises.
- b) No confidential or original documents shall be taken from District premises except with the authorization of the General Manager.
- c) Board members shall follow the same confidentiality requirements applicable to District employees dealing with such files. District employee personnel files will not be subject to Board review except as permitted by law.
- d) The Board Office shall maintain a log of all copies of documents requested by Board members. The log will be available for inspection by members of the public during working hours.

Monitoring Method: Board Report

Frequency: Annual

SMUD BOARD POLICY

Category: Governance Process	Title: BOARD COMPENSATION AND BENEFITS
Date of Adoption: December 19, 2002	Policy Number: GP-12
Revision Date: October 16, 2003	Resolution No. 02-12-14
Revision Date: December 2, 2004	Resolution No. 03-10-14
	Resolution No. 04-12-03

In keeping with the MUD Act, members of the Board of Directors are entitled to compensation for their service. Specifically:

- a) Each Board member shall receive for each attendance at the meetings of the full Board, Board committee meetings, other public meetings involving SMUD, and also for each day's service rendered as a director by request of the Board, the sum of \$150. No director shall receive pay for more than ten (10) days in any one calendar month.
- b) In addition to SMUD-related public meetings, activities shall be deemed service rendered as a director by request of the Board if a Board member determines they are necessary to fulfill his/her duties and obligations as a member of the Board, and if such activities are reported by the Board member to the Board in advance of receiving payment for the activity.
- c) Each Board member shall also be compensated for mileage and other reasonable expenses incurred in the performance of duties for which the member is entitled to compensation. Campaign and political meetings, events, and fundraisers are not compensable under this policy.
- d) Compensation forms shall be completed by a Director and distributed by the Board office for review and approval prior to a Board meeting. The Board shall review and approve compensation at each regular Board meeting. Board member compensation shall be placed on the consent calendar at each regular Board meeting, unless a Board member requests that it be placed on the discussion calendar.
- e) The District shall provide and contribute payment for health care benefits, equivalent to the contribution made to District employees in the PAS employee group, to any Board member who elects such benefit, provided that the participating Board member has no alternative source of health insurance from another employer, including a spouse or domestic partner's employer, who contributes to all or part of the premium of that health insurance benefit.

Monitoring Method: Board Report
Frequency: Annual



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SMUD BOARD POLICY

Category: **Governance Process**

Title: **CORE AND KEY VALUES**

Policy Number: **GP-13**

Adoption Date: **May 6, 2004**

Resolution No. **04-05-04**

In articulating its values, the Board distinguishes between “core” values and “key” values. Core values are deemed essential for the success of the District and for serving SMUD’s customers. Key values provide added value to our customers. Key values are subordinate to the core values.

Monitoring Method: Board Report

Frequency: Annual