

SMUD BOARD POLICY



Category: Board-Staff Linkage
Policy No.: BL-7
Title: Delegation to the CEO

The Board will instruct the Chief Executive Officer and General Manager (CEO) through written policies that define the results that the organization is to achieve, and which describe the delegation of authority to the CEO.

Specifically:

- a) The Board shall identify and define those results or conditions of SMUD that are acceptable and not acceptable to the Board and communicate them in the form of policy.
- b) The Board shall develop policies that define the delegation to the CEO with regard to the CEO's authority.
- c) The CEO is authorized to establish all further policies, make all decisions, take all actions, establish all practices, and develop all activities related to the operations or business affairs of SMUD.
- d) The CEO shall use prudent judgment in the exercise of the delegations and in a manner that is operationally and economically sound, serves the best interests of SMUD's customers and the community, comports with prudent business practices, balances the risks and benefits of the actions, and does not expose SMUD to unreasonable risk. If the CEO reasonably determines that an activity related to the delegations presents, regardless of the size of the financial commitment: (i) a unique and significant operational risk to SMUD; (ii) a significant impact to customers; (iii) a significant impact to community relations; (iv) a significant impact to SMUD's reputation; or (v) materially compromises the policies and goals established by the Board, the CEO shall timely inform the Board and may request the Board to take appropriate actions.
- e) The Board may change its delegation to the CEO at any time, subject to the conditions of the Board's contract with the CEO, thereby expanding or limiting the authority of the CEO. But as long as any particular delegation is in place, the Board will abide by the CEO's decisions in those areas that are delegated to him or her.

Monitoring Method: Board Report

Frequency: Annual

Versioning:

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