



**CPS ENERGY BOARD OF TRUSTEES MEETING  
TO BE HELD ON MARCH 4, 2024, AT 1:00 PM  
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

*At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda.*

*AGENDA*

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	<b>CALL TO ORDER</b>	Execute	Ms. Janie Gonzalez
2	<b>SAFETY MESSAGE, INVOCATION &amp; PLEDGE OF ALLEGIANCE</b>	Execute	Mr. James Massey
3	<b>PUBLIC COMMENT</b> Pre-Registration is from Wednesday, February 28, 2024, 5:00 PM – Friday, March 1, 2024, 1:00 PM. Dial (210) 353-4662 or email <a href="mailto:PublicCommentRegistration@CPSEnergy.com">PublicCommentRegistration@CPSEnergy.com</a>	Discuss	Ms. Janie Gonzalez
<b>UPDATE ON CHAIR’S PRIORITIES</b>			
4	<b>CHAIR’S REMARKS</b>	Discuss	Ms. Janie Gonzalez
<b>CONSENT AGENDA</b>			
5	<b>APPROVAL OF CONSENT ITEMS:</b> A. Payment to the City of San Antonio for January 2024 & Additional Transfer to the City of San Antonio for FY2024 B. Board Committee Assignments C. Procurements Items: None	Vote	Ms. Janie Gonzalez
<b>REGULAR AGENDA</b>			
6	<b>COMMUNITY COMMITTEE BYLAWS AMENDMENT</b> (Ms. Kathy Garcia)	Discuss & Vote	Ms. Janie Gonzalez
7	<b>PROCUREMENT UPDATE</b>	Discuss	Ms. Maria Stanton
8	<b>COMMITTEE REPORTS</b> A. Audit and Finance Committee (A&F) meeting held on 1/22/2024 (Ms. Janie Gonzalez) B. Employee Benefits Oversight Committee (EBOC) meeting held on 1/22/2024 (Ms. Janie Gonzalez)	Discuss	Ms. Janie Gonzalez
9	<b>CEO RECOGNITION</b>	Discuss	Mr. Rudy Garza

<b>10</b>	<b>REVIEW OF ACTION ITEMS</b>	Discuss	Ms. Shanna Ramirez
<b>CONVENE TO EXECUTIVE SESSION</b>			
<b>11</b>	<b>EXECUTIVE SESSION:</b> A. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086) B. Attorney-Client Matters (§551.071) & Competitive Matters (§551.086) C. Competitive Matters (§551.086), Security Audits & Devices (§551.089), & Confidential Information Under the Texas Homeland Security Act (§418.182(f))	Discuss	Ms. Janie Gonzalez
<b>RECONVENE TO OPEN SESSION</b>			
<b>12</b>	<b>ADJOURNMENT</b>	Execute	Ms. Janie Gonzalez
If the Board meeting has not adjourned by 3:30 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.			

## CPS Energy Board of Trustees Meeting March 4, 2024

Approval of Payment to the City of San Antonio for January 2024

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of January 2024 is based on actual gross revenue per the New Series Bond Ordinance of \$254,398,043.04, less applicable exclusions. The revenue for the month of January 2024 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$269,079,906.38
Gas revenue	37,120,170.49
Interest and other income	8,186,359.47
Gross revenue per CPS Energy financial statements	314,386,436.34
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(6,710,219.55)
LVG revenue per City Ordinance 100709	(46,798.14)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(20,753,374.27)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(32,478,001.34)
Total excluded revenue	(59,988,393.30)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$254,398,043.04
City payment per Bond Ordinance for January 2024 based upon January 2024 revenue	\$35,615,726.03
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	432,273.91
Wholesale Special Contract Annual True Up	3,268,335.83
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True up/ (down) per gas customer MOU	(2,229.50)
City payment per Bond Ordinance plus adjustments for memorandums of understanding	39,301,606.27 <b>A</b>
Utility services provided to the City for January 2024	(3,043,434.30)
Net amount to be paid from January 2024 revenue to the City in February 2024	\$36,258,171.97

## CPS Energy Board of Trustees Meeting March 4, 2024

Comparison of City payment per Bond Ordinance (plus adjustments for memorandums of understanding) vs. Budget before deduction for utility services provided to the City:

(Dollars in thousands)

January 2024	Actual	Budget	Variance	
Current Month* <b>A</b>	\$39,302	\$34,564	\$4,738	13.7%
Year-to-Date*	\$449,351**	\$436,846	\$12,505	2.9%

\* This amount does not include any additional funding authorized by the Board of Trustees.

\*\* Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

### ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2024 – Additional Transfer per Bond Ordinance		
Total	<u>\$12,853,204.34</u>	<b>B</b>

Approval of the following resolution is requested:

- A** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$36,258,171.97 representing 14% of applicable system gross revenues for the month of January 2024, such payment being net of City utility services (\$3,043,434.30), is hereby approved."
  
- B** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$12,853,204.34, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A.** The amounts paid routinely during the year, net;
- B.** The additional distribution paid once for the year.



**CPS ENERGY BOARD OF TRUSTEES**

**COMMITTEE ASSIGNMENTS**

<b>Committee</b>	<b>Members</b>
Audit & Finance	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Employee Benefits Oversight	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Operations Oversight	Dr. Francine Romero (Chair) Mr. John Steen
Technology & Resilience	Ms. Janie Gonzalez (Chair) Dr. Francine Romero
Personnel	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Nominations	Dr. Willis Mackey (Chair) Ms. Janie Gonzalez
Risk Management	Dr. Willis Mackey (Chair) All CPS Energy Board of Trustees Members



# COMMUNITY COMMITTEE BYLAWS AMENDMENTS

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*PRESENTED BY:*

**Kathy Garcia**

VP Government and Regulatory Affairs and Public Policy

**March 4, 2024**

*Approval Requested*



# AGENDA

- Board of Trustees Resolution
- Overview of Process
- Citizens Advisory Committee to Community Input Committee
- Proposed Bylaws Changes

We are requesting approval of changes to the bylaws establishing the Community Input Committee including its function and duties.



# **BOARD RESOLUTION**

## **PASSED AUGUST 2023**

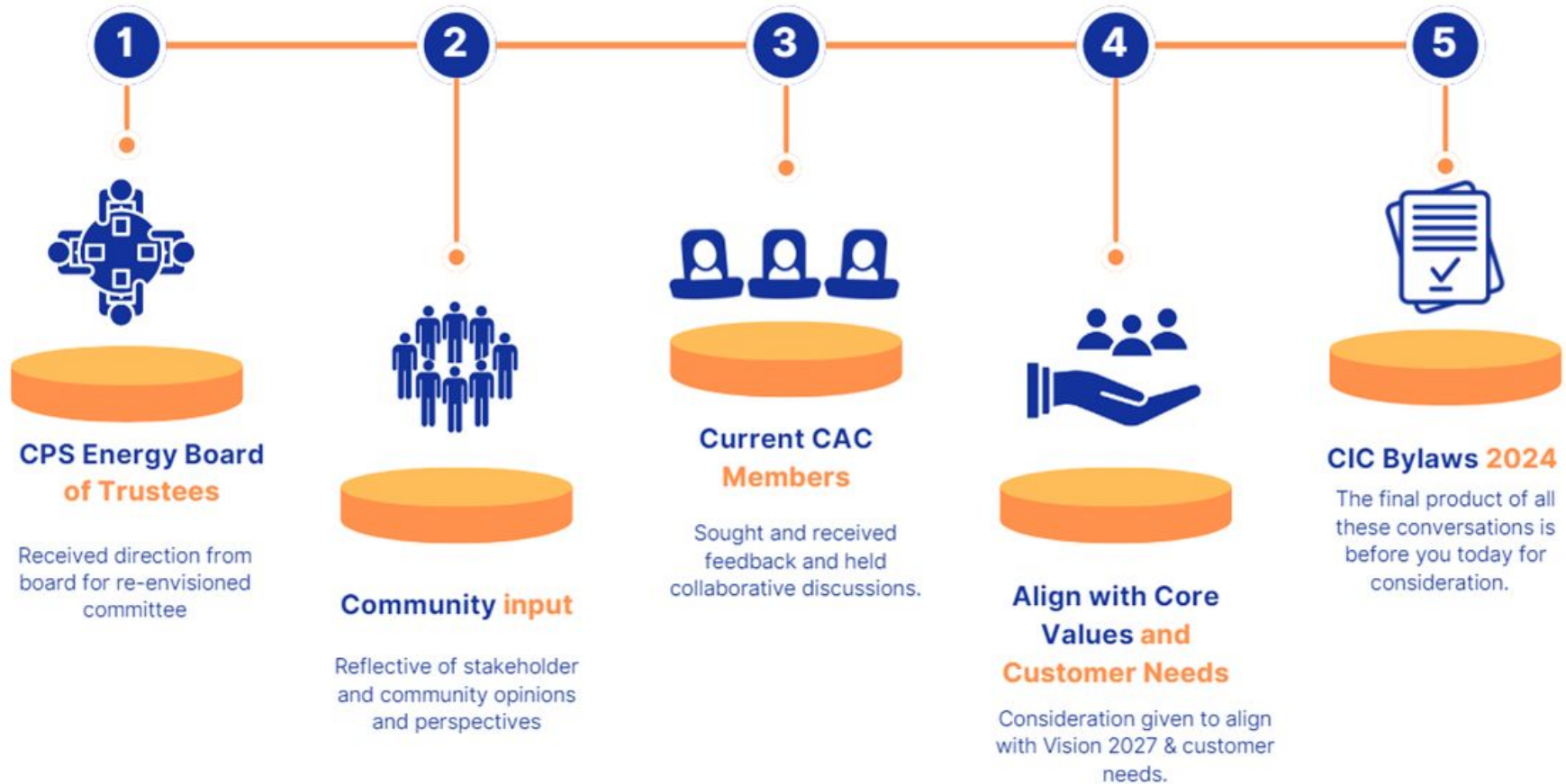
- Single advisory committee comprised of a broad and diverse cross-section of customers
- Provide input on matters as assigned by the Board
- Input developed primarily through the work of specific subcommittees
- Routine updates provided to the Board
- Continue to provide valuable 2-way communication between our community and the utility





# PROCESS

## STEPS TAKEN TO ENSURE COLLABORATIVE CHANGES





# BYLAWS CHANGES

## CAC TO CIC

- Name change to Community Input Committee (CIC)
- Revising the Purpose, Mission, and Vision to clarify the bi-directional flow of information between the community and the Board through the CIC
- Requiring that at least 2 of the at-large members reside outside of the City of San Antonio
- Adding 4 new members appointed by the Board that reside in each of the four quadrants
- Establishing 3 subcommittees:
  - Power & Technology
  - Rates, Finance & Business
  - Customer Relations & Communications
- Adjusting the meeting schedule such that the full committee meets quarterly and subcommittees rotate to meet in the other months to allow for 3 meetings/year for each subcommittee (The full committee and subcommittees may hold additional meetings as necessary)
- Encouraging members to attend at least 4 community meetings per year, such as CPS Energy town halls

# **BYLAWS CHANGES**

## **CAC TO CIC**



- We remain committed to obtaining public input through a more efficient and transparent process
- We request your approval of the bylaws changes establishing the Community Input Committee



**THANK YOU**



# PROCUREMENT UPDATE

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*PRESENTED BY:*  
**Maria Stanton**  
VP Supply Chain

**March 4, 2024**  
*Informational Update*



# AGENDA

- Mission & Vision 2027
- Procurement Process Overview
- Procurement Spend as Local Investment
- Vendor / Stakeholder Engagement
- Supplier Development Continues
- Annual FY Procurement Spend
- FY2025 Investment in our Community



# MISSION & VISION 2027

## STRATEGICALLY ALIGNED ACTIONS



### OPERATIONAL EVOLUTION

- Grid and Generation Resiliency
- ERP Transformation
- Operational Efficiency Review



### FINANCIAL STABILITY

- Maintain our Credit Ratings
- Strategic Financial Transactions
- Grants and Partnerships



### CUSTOMER EXPERIENCE

- Situational Communication
- Community Engagement
- Small Business Partnerships



### TEAM CULTURE

- Attract and Retain Talent
- Safety Observations and Training
- One Team



### COMMUNITY PARTNERSHIP & GROWTH

- Community Informed Power Generation Plan
- Rate Design Discussions Begun with our community
- **Increased Local Spend**

We are delivering on our mission by executing our Vision 2027 strategy.



# PROCUREMENT PROCESS OVERVIEW



## ALIGNED TO TEXAS LOCAL GOVERNMENT CODE 252 & OUR PROCUREMENT POLICY

- Purchases are awarded based on best value or best price, and consideration is given to a Bidder’s local / small / diverse status
- About \$2B is available for award of purchase orders per year
- We seek opportunities to connect new / small vendors and register them for bid notifications and teach them to use the bid portal
- We drive our business teams to de-bundle projects to increase opportunities for local suppliers to participate where they can
- On average, \$1 spent with locally owned / operated businesses has a multiplier of 2 to 4 times the original value
- FY2025 target for local spend is 70%

FY24 NonLocal Spend	
Material Group	FY24 Spend
Turbine Repair	\$ 56,048,829.15
Software Maintenance Service	\$ 38,589,382.32
Turbine and Turbine Parts	\$ 23,663,750.74
Emission Reductions Systems	\$ 19,647,330.41
NERC CIP 13 BES Cybersecurity	\$ 15,178,272.82
Transmission Line Installation	\$ 15,159,780.56
Inspection Services - Gas & Electric Facilities	\$ 12,508,920.77
Poles, Aluminum, Steel, Wood	\$ 23,973,933.28
Electric Construction, Overhead, Underground URD	\$ 10,724,705.06
Misc Power Plant Overhaul Repair & Maintenance	\$ 9,257,069.00
<b>Half of Non-Local spend occurs in these scopes</b>	<b>\$ 224,751,974.11</b>





# PROCUREMENT SPEND AS LOCAL INVESTMENT

## BY CATEGORY AND BY FISCAL YEAR

Spend	FY20 Total		FY21 Total		FY22 Total		FY23 Total		FY24 Total	
Local Spend	\$ 321,416,187	55.05%	\$ 378,265,745	67.32%	\$ 419,926,294	68.11%	\$ 579,444,586	70.69%	↑ \$750,159,523	↑ 74.78%
Diverse Spend	\$ 221,275,803	37.86%	\$ 232,647,593	47.22%	\$ 268,571,250	47.94%	\$ 342,536,070	44.79%	↑ \$486,774,100	↑ 49.39%
Local & Diverse Spend	\$ 112,091,974	19.34%	\$ 146,257,341	30.62%	\$ 188,439,615	34.64%	\$ 267,383,689	37.42%	↑ \$371,265,193	↑ 38.94%
Small Spend	\$ 172,933,985	29.59%	\$ 168,776,919	34.26%	\$ 200,197,044	35.74%	\$ 250,572,424	33.31%	↑ \$358,155,710	↑ 36.34%
Woman Spend	\$ 81,644,851	13.97%	\$ 106,373,639	21.59%	\$ 109,746,296	19.59%	\$ 138,951,203	16.47%	↑ \$195,391,419	↑ 19.82%
Veteran Spend	\$ 14,651,834	2.51%	\$ 16,015,437	3.25%	\$ 16,761,116	2.99%	\$ 22,744,470	4.18%	↑ \$33,745,153	↓ 3.42%
Service Disabled Veteran Spend	\$ 4,828,367	0.83%	\$ 8,993,819	1.83%	\$ 4,599,814	0.82%	\$ 8,635,103	2.68%	↑ \$19,931,276	↓ 2.02%
HUB Zone Spend	\$ 15,476,191	2.65%	\$ 17,059,235	3.46%	\$ 17,389,097	3.10%	\$ 27,758,846	3.28%	↑ \$51,192,050	↑ 5.19%
Minority Spend	\$ 65,069,822	11.39%	\$ 69,259,966	15.42%	\$ 94,351,443	18.10%	\$ 106,794,493	16.61%	↑ \$157,823,011	↑ 16.83%
African American Spend	\$ 190,369	0.03%	\$ 2,316,674	0.52%	\$ 5,468,433	1.05%	\$ 6,564,081	0.65%	↑ \$11,608,376	↑ 1.24%
Asian American Spend	\$ 11,055,469	1.93%	\$ 7,336,293	1.63%	\$ 8,963,576	1.72%	\$ 7,851,345	1.43%	↑ \$18,319,136	↑ 1.95%
Hispanic American Spend	\$ 53,663,682	9.39%	\$ 59,221,047	13.19%	\$ 79,391,985	15.23%	\$ 92,086,016	14.49%	↑ \$127,534,242	↓ 13.60%
Native American Spend	\$ 160,302	0.03%	\$ 385,953	0.09%	\$ 527,449	0.10%	\$ 293,052	0.04%	↑ \$361,257	↔ 0.04%
<b>Total Spend</b>	<b>\$748,275,271</b>		<b>\$701,059,312</b>		<b>\$744,701,951</b>		<b>\$907,623,296</b>		<b>\$1,190,068,314</b>	

Diverse and Small, and especially Local Spend continue to trend in a positive direction. Opportunities exist in a few categories.

# VENDOR / STAKEHOLDER ENGAGEMENT

## PARTNERSHIP IS KEY TO OUR OUTREACH STRATEGY

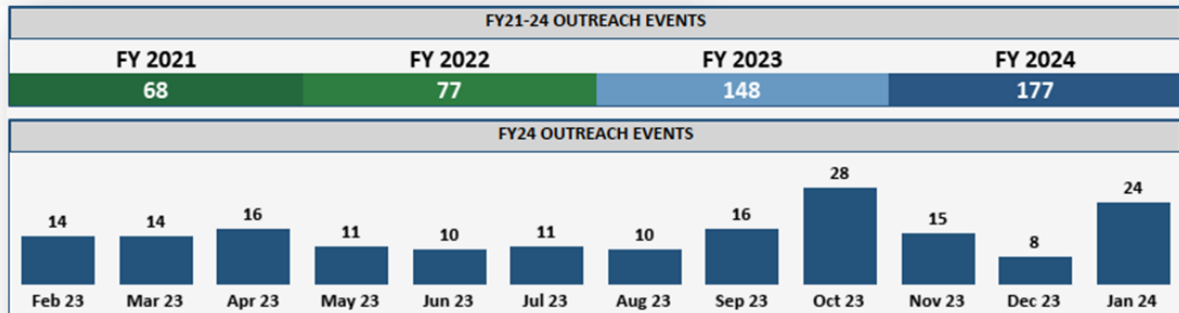
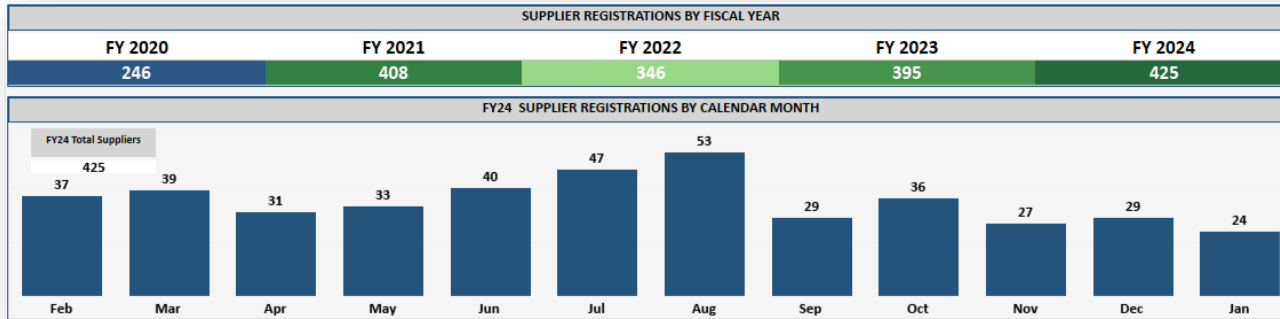


- LULAC
- NAACP
- Fair Contracting Coalition
- American Legion, VFW posts
- Peer Agencies & Resource Partners
- Chambers of Commerce
- Community Development Financial Institutes (CDFIs)
- UTSA's Institute for Economic Development
- Supply SA



# SUPPLIER DEVELOPMENT CONTINUES

## OUTREACH & ENGAGEMENT CREATES OPPORTUNITIES

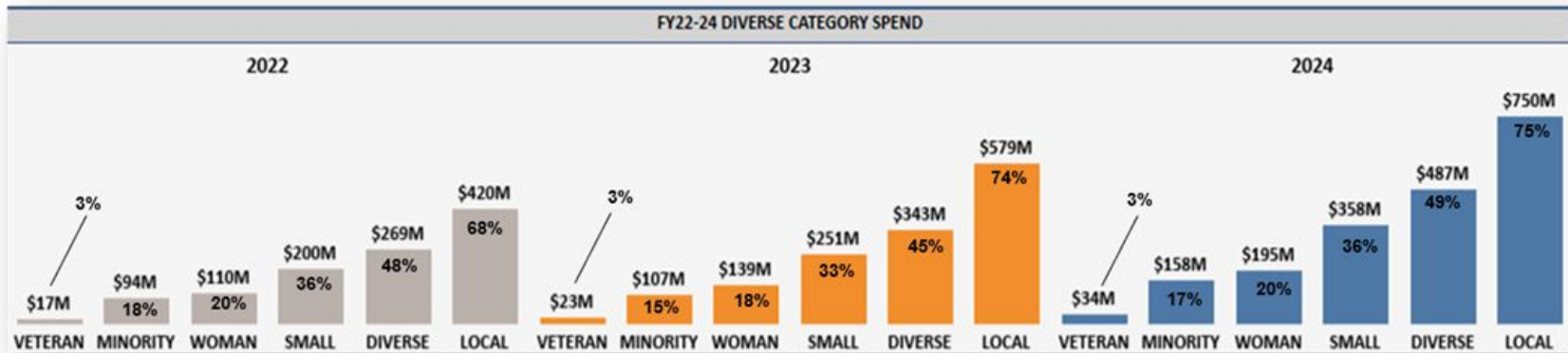


**Supplier Development events have increased 130% since FY2022.**



# ANNUAL FY PROCUREMENT SPEND

## LOCAL AND DIVERSE SPEND CONTINUES TO GROW



Through the de-bundling efforts of our business units, 73 contract opportunities—valued at \$856M—were awarded to 193 unique suppliers in FY2024.

# FY2025 INVESTMENT IN OUR COMMUNITY

## IMPROVED CONTRACTING OPPORTUNITIES

- Continue de-bundling opportunities within Requests for Proposals
- Host Roadshows and Town Halls for major CPS Energy projects
- Schedule “meet and greet” sessions for business teams with small and local suppliers
- Actively engage in Supply SA improvements







**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
ERP	Enterprise Resource Planning System	LULAC	League of United Latin American Citizens
NERC	North American Electric Reliability Corporation	NAACP	National Association for the Advancement of Colored People
CIP	Critical Infrastructure Protection	VFW	Veterans of Foreign Wars
BES	Bulk Electric System		
HUBZone	Historically Underutilized Business Zone		





## AUDIT & FINANCE COMMITTEE (A&F)

### **EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 22, 2024 MEETING PREPARED FOR CHAIR JANIE GONZALEZ FOR REPORT AT THE MARCH 4, 2024 BOARD OF TRUSTEES MEETING**

The Audit & Finance Committee met on January 22, 2024. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 16, 2023.
- B. Received an update on the Ethics Program, including a summary of the types and numbers of cases that were opened and closed from February 1, 2023 through December 19, 2023, and a trend analysis based on case category for FY2023 third Quarter versus FY2024 third Quarter. Informed a mobile device management system is planned to be implemented in FY2025 which will provide for enhanced tracking of mobile devices, such as cell phones.
- C. Provided a procurement preview of new contracts, a contract renewal, and purchase order modifications. Also, provided information regarding selection and use of local and diverse businesses.
- D. Provided a review of project count, audit plan coverage, audit universe coverage, and project feedback metrics. Received a review of the results of four completed audit and advisory projects. Informed Audit Services will be transitioning to performing more traditional audits rather than advisory projects and that the FY2025 would be presented for review and approval at the next Committee meeting.

The next meeting of the Audit & Finance Committee will be held in April 2024.



## EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 22, 2024 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE MARCH 04, 2024 BOARD OF TRUSTEES MEETING

The EBOC met on January 22, 2024. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 16, 2023.
- B. Reviewed the Action Items list from the meeting held on October 16, 2023.

The Committee also received presentations regarding:

- C. A review of a report provided to the EBOC that includes all investments per Investment Manager (IM) and the IM's percentages of the total portfolio per Trust and an investment performance update for the year to date through November 2023.
- D. A Benefits Plans Administrative & Financial Update, which highlighted plan investment performance and FY25 benefit plan funding and expenses included in the FY25 budget, which was presented to the CPS Energy Board of Trustees and approved at the February 5<sup>th</sup> meeting.

The next meeting of the EBOC will be held in April 2024.