

CPS ENERGY
MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD VIA TELECONFERENCE CALL ON MARCH 30, 2020

The Regular Meeting of the Board of Trustees of CPS Energy for the month of March was held via telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19) on Monday, March 30, 2020. There was no in-person public access to the meeting. Chair John Steen called the meeting to order at 1:00 p.m.

Present via phone were Board members:

Mr. John Steen, Chair
 Dr. Willis Mackey, Vice Chair
 Mr. Ed Kelley
 Ms. Janie Gonzalez
 Mayor Ron Nirenberg

Also present via phone were:

Ms. Paula Gold-Williams, President & CEO
 Dr. Cris Eugster, Chief Operating Officer
 Ms. Carolyn Shellman, Chief Legal Officer & General Counsel and Board Secretary
 Mr. Fred Bonewell, Chief Security, Safety & Gas Operations Officer
 Ms. Felecia Etheridge, Chief, Business Excellence
 Ms. Vivian Bouet, Chief Information Officer
 Ms. Delores Lenzy-Jones, Chief Financial Officer & Treasurer
 Mr. Frank Almaraz, Chief Administrative & Business Development Officer
 Mr. Rudy Garza, Interim Chief Customer Engagement Officer

CPS Energy Staff Members
 City of San Antonio officials
 Interested Citizens

I. ROLL CALL OF BOARD MEMBERS

Ms. Shellman called the roll. A quorum was present.

II. SAFETY MESSAGE

In response to the Chair’s request, Mayor Nirenberg provided a brief update on the COVID-19 pandemic and the ways the City of San Antonio (CoSA) was responding. Chair Steen noted that the Mayor and Bexar County Judge Nelson Wolff provide daily televised COVID-19 briefings on local networks and encouraged Ms. Gold-Williams to remind CPS Energy employees of those briefings, noting that that he found them to be informative. He thanked the Mayor for his leadership during the pandemic crisis.

Ms. Gold-Williams briefed the Board on the many ways that CPS Energy is responding to the COVID-19 crisis while maintaining reliable electric and gas service to the community. She thanked city officials for their leadership and support.

III. INVOCATION

An invocation was delivered by Ms. Gold-Williams.

IV. PUBLIC COMMENT

Chair Steen announced that public comments would be taken and outlined the guidelines for making public comment. The following people made comments:

1. Mr. Alan Montemayor stated that although he is a Sierra Club member, he was addressing the Board as a member of the public. Mr. Montemayor spoke regarding item 8, Editorial Comment. He thanked CPS Energy for maintaining electric power during the ongoing COVID-19 pandemic. He noted that though he is aware that the Board considers the public's best interest during executive sessions, he proposed aggressive measures towards climate change, the elimination of coal, and the electrification of CPS Energy's fleet. He concluded by suggesting that CPS Energy cease natural gas rebates.
2. Ms. Meredith McGuire, Sierra Club, addressed the safety message (item 2) and thanked CPS Energy for suspending disconnections during the COVID-19 pandemic. She stated that as a medical sociologist, she recognizes the need for rate restructuring. She expressed concern for the near and long-term economic impacts for area residents who have struggled in paying their utility bills. In conclusion, she urged that CPS Energy find a way to make electricity rates affordable.
3. Ms. Dee Dee Belmares, Public Citizen, addressed the public comment (item 4) and thanked CPS Energy for suspending disconnections during the COVID-19 pandemic. She expressed her concern over the global long-term financial effects of the pandemic. She also urged advancement of the proposed Rates Advisory Committee (RAC), noting that it would provide an opportunity for community input in rate development and resource planning.

V. CHAIRMAN'S REMARKS

Chair Steen did not provide any remarks.

VI. CEO'S REPORT

Ms. Gold-Williams briefed the Board related to the actions and activities taking place at CPS Energy in response to the COVID-19 pandemic, noting that CPS Energy will continue to carry out business operations, but with new precautionary measures in place.

Ms. Gold-Williams spoke on CPS Energy's Business Continuity Plan and Pandemic Preparedness Plan. She explained that both had already been in place but had recently been coupled together for the COVID-19 pandemic to ensure we are doing what is right for CPS Energy and its employees, customers and the community.

Ms. Gold-Williams noted that CPS Energy understands how the impact of the current pandemic has affected businesses and their employees across our community. Accordingly, CPS Energy has suspended disconnects of energy services, like it has done during summer peaks and the holidays. We are keeping our payment centers open with adjusted hours and are working with customers on payment arrangements. She stated that we are compassionate, creative and working with everyone during this community crisis.

She provided an overview of how CPS Energy segmented its workforce into three teams in alignment with CoSA's "stay at home" order: the blue team, primarily field workers and senior chiefs; the white team, office-essential employees who periodically work on-site while practicing social distancing; and the orange team, office-essential employees who predominantly work from home. She explained how employee screenings and facility cleanings were being conducted. She noted that we have utilized retired CPS Energy nurses to assist in the pandemic.

Ms. Gold-Williams reported that electric and gas construction projects are moving forward, as is construction at our new headquarters, adding that the project is not contemplated to fall behind. She said that we have not faced any difficulties in generating power for our community.

Ms. Gold-Williams reiterated that in light of the financial challenges resulting from the pandemic, CPS Energy will work with customers, including through pay arrangements. At this time, residential electrical usage appears to be increasing. We do not expect any power production challenges.

She thanked Trustee Gonzalez for her participation in a Facebook Live session during which they discussed CPS Energy's community assistance programs and outreach efforts.

She commented that CPS Energy is open for business and that she is appreciative of our community and our CPS Energy employees as we continue to work through the challenges resulting from the pandemic.

She mentioned that a Request for Proposals (RFP) was recently issued to identify a consultant to assist with managing the RAC process. The deadline for responses to the RFP has been extended due to the pandemic.

Dr. Mackey congratulated Ms. Gold-Williams for her efforts on regularly updating the Board during the COVID-19 pandemic. In response to Dr. Mackey's inquiry, Ms. Gold-Williams stated that CPS Energy will continue to feature women in recognition of Women's History Month, to include Jaime Rochelle, former CPS Energy CEO.

Chair Steen expressed his appreciation to Ms. Gold-Williams for her leadership.

VII. RESOLUTION FOR APPROVAL OF REAL ESTATE ITEM(S)

Mr. Almaraz reminded the Board that CPS Energy has used a full market process to sell surplus properties in anticipation of with the move to the new headquarters.

Mr. Almaraz requested approval of a resolution authorizing, but not obligating, the President & CEO, or her designee(s) to complete the transactions for the sale of the following properties:

1. CPS Energy's main office building at 145 Navarro Street, built in 1928 on .84 acres;

2. CPS Energy's interest in the Tower Life Building parking garage, built in 1955 and comprising 155 parking spaces;
3. the Navarro Building at 146 Navarro Street, built in 1968 on 1.3 acres, and its integrated parking garage comprising almost 600 parking spaces; and
4. the 44,000 square-foot surface parking lot comprising 108 parking spaces at 121 Navarro Street (adjacent to the Mexican Consulate), acquired in 1993.

Chair Steen recommended giving Ms. Gold-Williams authorization to complete the real property sales, thus avoiding the need to reconvene the Board for that purpose.

Chair Steen then requested that Ms. Shellman read the following proposed resolution:

RESOLUTION APPROVING THE SALE OF REAL PROPERTY

WHEREAS, CPS Energy owns the Main Office Building, Navarro Building and Garage, the surface parking lot adjacent to the Mexican Consulate, and an interest in the Tower Life Garage, as well as the underlying real estate, the property described in this resolution (the "Properties"); and

WHEREAS, by resolution of the Board of Trustees on September 24, 2018, the Properties were declared surplus and deemed no longer needed for use in the operation of the gas and electric systems; and

WHEREAS, CPS Energy retained commercial real estate broker, CBRE, to market the Properties for sale; and

WHEREAS, the Board of Trustees previously evaluated the prior bids for the purchase of the Properties and decided that the Properties should be sold to the identified buyers, pursuant to the terms and price ultimately negotiated by CPS Energy.

NOW, THEREFORE, BE IT RESOLVED:

1. The recitals to this Resolution are hereby incorporated by reference.
2. The Board of Trustees of CPS Energy hereby authorizes, but does not completely obligate, the President & CEO, or her designee(s), to complete the sale of the Properties.

Chair Steen called for discussion.

Ms. Gold-Williams commented that she remains focused on the Board's objectives and priorities of the real property transactions and, although she will be authorized to complete the transactions, she will continue to update the Board on these matters.

Dr. Mackey moved that the resolution be approved, and Trustee Gonzales seconded. Ms. Shellman called the roll and upon affirmative vote by all members present, the resolution was unanimously approved.

VIII. EXECUTIVE SESSION

Chair Steen reported that the posted voting item relating to real estate matters was discussed in open session and an Executive Session was not needed.

IX. APPROVAL OF CONSENT ITEMS:

Trustee Kelly moved that the Consent Agenda be approved, and Trustee Gonzalez seconded. Ms. Shellman called the roll and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved.

Approval of Payment to the City of San Antonio for February 2020

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 February 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$160,565,390.86, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$10,524,959.43. Under the previously approved agreement with the City, CPS Energy will advance to the City \$10,524,959.43 against future months' revenue for fiscal year 2021. The revenue for the month of February 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$157,712,865.79
Gas revenue	18,777,032.10
Interest and other income	3,201,398.97
Gross revenue per CPS Energy financial statements	<u>179,691,296.86</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,719,693.48)
LVG revenue per City Ordinance 100709	0.00
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(4,990,731.06)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(8,415,481.46)</u>
Total excluded revenue	<u>(19,125,906.00)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$160,565,390.86</u>
City payment per Bond Ordinance for February 2020 based upon February 2020 revenue	\$22,479,154.72
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	507,559.19

Wholesale Special Contract Annual True Up	0.00
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	22,974,213.91 A
Utility services provided to the City for February 2020	<u>(2,405,951.16)</u>
Net amount to be paid from February 2020 revenue to the City in March 2020	<u><u>\$20,568,262.75</u></u>

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)

February 2020	Actual	Budget	Variance	
Current Month* A	\$22,974	\$25,517	(\$2,543)	-10.0%
Year-to-Date*	\$22,974	\$25,517	(\$2,543)	-10.0%

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

Approval of the following resolution is requested:

"**BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$20,568,262.75 representing 14% of applicable system gross revenues for the month of February 2020, such payment being net of City utility services (\$2,405,951.16), is hereby approved. The total amount to be recovered from future revenues for fiscal year 2021 is \$10,524,959.43."

Reaffirmation of Board Committee Assignments (No changes at this time)

**REAFFIRMATION OF CPS ENERGY BOARD OF TRUSTEES
COMMITTEE ASSIGNMENTS**

- Audit & Finance Committee (A&F)
John Steen, Chair
Dr. Willis Mackey
- CEO Search Committee (CEO SC)
John Steen, Chair
Janie Gonzalez
- Employee Benefits Oversight Committee (EBOC)
John Steen, Chair
Dr. Willis Mackey
- Master Planning Oversight Committee (MPOC)
Ed Kelley, Chair
John Steen

5. Nominations Committee (NC)
Ed Kelley, Chair
John Steen
6. Operations Oversight Committee (OOC)
Dr. Willis Mackey, Chair
Janie Gonzalez
7. Personnel Committee (PC)
Ed Kelley, Chair
Janie Gonzalez
8. Risk Management & Aligned Subcommittees (RMC)
Dr. Willis Mackey, Chair
All trustees are members
9. Technology & Innovation Committee (T&I)
Janie Gonzalez, Chair*
Dr. Willis Mackey

* Provides oversight of information technology projects and information technology security.

X. ADJOURNMENT

At this time, Chair Steen noted that this was the first meeting held via teleconference in CPS Energy's 77 years of service. He thanked Ms. Gold-Williams and Ms. Denae A. Myers, Board Relations Manager, Office of the President & CEO, for its smooth transition. Ms. Gold-Williams also expressed special recognition to team members, including Ms. Lorette Kerner, Interim Director Board Relations & Chief of Staff, Office of the President & CEO, Ms. Zandra Pulis, Deputy General Counsel and Chief Records Management Officer, and Ms. Shellman for their role in executing this meeting.

There being no further business to come before the Board and upon a motion duly made by Trustee Kelley, and seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 1:52 p.m. by Chair Steen.



Carolyn E. Shellman
Secretary of the Board