

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON MARCH 4, 2024

The Regular Meeting of the Board of Trustees of CPS Energy for the month of February was held on Monday, March 4, 2024, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

I. CALL TO ORDER

Chair Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:03 p.m.)

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Elaina Ball, Chief Strategy Officer
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
CPS Energy staff members
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. James Massey, Senior Manager for Business Administration.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated her appreciation for Trustee Dr. Mackey, especially during Black History Month. She states that they both had an understanding of each other's cultures, and although it was not easy to walk in these steps, they are here now and will do great. She further stated they would help Mr. Rudy Garza and Chairman Janie Gonzalez do great things at CPS Energy. She also thanked Mr. Garza for his hard work and dedication.

Mr. Yenter Tu, founder and CEO of the Deaf Association of San Antonio, stated he is grateful to have a partnership with SAWS, and stated his appreciation for CPS Energy working to have the same partnership. He stated that not all members of the deaf community are able to read text, and he encouraged CPS Energy to add accessibility through a sign language interpreter that individuals can watch instead of receiving notices

in the mail. He also noted that sometimes there are miscommunications in captions, and it's easier to have an interpreter for public meetings or planned outages for the well-being of all customers.

Ms. DeeDee Belmares, Public Citizen, urged the Board to approve the bylaws changes to establish the Community Input Committee. She stated that CPS Energy has come a long way in engaging with the public and being transparent and that the work of the subcommittees will be important, especially the work on rates.

Mr. Alan Montemayor, Alamo Group of the Sierra Club, stated he believed there was a great opportunity for more cooperation between SAWS and CPS Energy to save energy and install solar arrays at SAWS facilities, which would be a win-win for San Antonio. He also noted that he hoped that the proposed changes to the bylaws for the Community Input Committee would create more input from citizens. Finally, he urged the Board to accelerate a process to move away from natural gas.

IV. CHAIR'S REMARKS

Chair Gonzalez highlighted upcoming community events that reflect CPS Energy's commitment to outreach. She noted that there is a focus on connecting customers with bill assistance and weatherization. She encouraged members of our community, including small and medium business customers, to visit our website for more information and encouraged attendance at the events. Next, she reminded individuals to call 811 before digging. As springtime approaches, it's important to be mindful of underground utility lines and prevent costly damage to our gas lines. She noted that March 18 is National Gas Utility Workers' Day, and stated appreciation for our workers. She then stated her appreciation for Trustee Dr. Mackey for being active in our community, representing the Board of Trustees, and serving as a role model for our employees during Black History Month. Finally, she stated Women's History Month is dear to her heart. She recognized the vital contributions of women at CPS Energy and within the energy sector and recognized accomplishments within the field.

V. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Dr. Mackey, seconded by Vice Chair Dr. Romero, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

A. Approval of Payment to the City of San Antonio for January 2024 & Additional Transfer to the City of San Antonio for FY2024

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	<u>314,386,436.34</u>
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	<u>(32,478,001.34)</u>
Total excluded revenue	<u>(59,988,393.30)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$254,398,043.04</u>
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	<u>(2,229.50)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	39,301,606.27 A
Utility services provided to the City for January 2024	<u>(3,043,434.30)</u>
Net amount to be paid from January 2024 revenue to the City in February 2024	<u>\$36,258,171.97</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)

January 2024	Actual	Budget	Variance	
Current Month* A	\$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

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.

- B. Board Committee Assignments**
- C. Procurement Items: None**

VI. COMMUNITY COMMITTEE BYLAWS AMENDMENT

Ms. Ashley Glotzer, Director, Senior Counsel, presented the proposed amendments to the Citizens Advisory Committee (CAC) bylaws establishing the Community Input Committee, and reviewed the process CPS Energy took in developing the bylaws.

Trustee Dr. Mackey made a motion to approve the amendments to the bylaws, which was seconded by Mayor Nirenberg. The Board of Trustees discussed the presentation and asked questions. The motion failed 2-3, with Chair Gonzalez, Vice Chair Dr. Romero, and Trustee Steen voting against the motion.¹

Mayor Nirenberg made a motion to reconsider the item at the next Board meeting on March 25, 2024, which was seconded by Vice Chair Dr. Romero. The motion was approved unanimously. The Board of Trustees provided directions to post the proposed bylaws on the CPS Energy website to allow the public to view the proposed bylaws and provide any feedback.

VII. PROCUREMENT UPDATE

Ms. Maria Stanton, Vice President of Procurement, presented the procurement process overview. She noted we are executing our Vision 2027 strategy, with procurement spending trending in a positive direction for diverse, small, and local businesses. She also provided an update on our outreach efforts to potential vendors and stakeholders to build partnerships within our community, noting that our supplier development events have increased 130% since FY2022. Finally, she summarized our improved contracting opportunities.

¹ Trustee Steen requested that his rationale for voting against the motion be included in the minutes. He stated the following concerns: (1) because the materials were drafts that constituted attorney work-product, they were not included in the public Board meeting materials, and he was not able to share the proposed bylaws and receive feedback, particularly from Mr. Reed Williams, the former chair of the Rate Advisory Committee (RAC); (2) the proposed changes may overload the unpaid volunteers with the changes to the meeting requirements; and (3) the quorum requirement may mean that the vote of six members could constitute a decision by the committee and the quorum requirements should be more like the RAC.

The Board of Trustees discussed the presentation and asked questions.

VIII. COMMITTEE REPORTS

In the interest of time, Chair Gonzalez accepted the submission of the following reports for the record in lieu of having them read during the meeting:

- A. Audit and Finance Committee (A&F) meeting held on January 22, 2024. The report is attached as Attachment "A" to the meeting minutes.
- B. Employee Benefits Oversight Committee (EBOC) meeting held on January 22, 2024. The report is attached as Attachment "B" to the meeting minutes.

IX. CEO RECOGNITION

Mr. Rudy Garza, President & CEO, recognized our Corporate Communications & Marketing Team for their extraordinary storytelling work in February.

Mr. Garza also recognized the Customer Strategy Team for their work with our customers, aiding, and helping them manage energy consumption. He shared a video that reflected our customers' appreciation for the Customer Strategy Team and their positive work.

X. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the previous action items and reviewed two new action items.

XI. EXECUTIVE SESSION

At approximately 2:47 p.m., Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Attorney-Client Matters (§551.071)
- Competitive Matters (§551.086)
- Security Audits & Devices (§551.089), & Confidential Information Under the Texas Homeland Security Act (§418.182(f))

The Board reconvened in open session at 3:21 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Mayor Nirenberg, seconded by Vice Chair Dr. Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:21 p.m. by Chair Gonzalez.



Shanna M. Ramirez
Secretary of the Board



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 two completed 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. The EBOC approved the recommendation to include the benefit plan funding and expenses in the FY25 budget to be presented to the CPS Energy Board of Trustees for approval at the February 5th meeting.

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