

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON APRIL 4, 2022

The Regular Meeting of the Board of Trustees of CPS Energy for the month of March was held on Monday, April 4, 2022 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 Dr. Mackey called the meeting to order at 1:01 p.m.

Present were Board members:

Dr. Willis Mackey, Chair

Ms. Janie Gonzalez, Vice Chair

Mr. John Steen

Dr. Francine Romero

Mayor Ron Nirenberg (arrived at 1:07 p.m., left at 3:03 p.m.)

Also present were:

Mr. Rudy Garza, Interim President & CEO

Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary

Mr. Cory P. Kuchinsky, Chief Financial Officer & Treasurer

Ms. Vivian Bouet, Chief Information Officer

Ms. Lisa Lewis, Chief Administrative Officer

Mr. Benny Ethridge, EVP

CPS Energy staff members

City of San Antonio officials

Interested Citizens

II. SAFETY MESSAGE, MOMENT OF REMEMBRANCE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Ricardo Luna, Interim Director of Technology and Product Innovation.

Mr. Luna noted the passing on Mr. Gary Gold, a former employee who retired as the Chief Financial Officer & Treasurer after serving 16 years at CPS Energy. Mr. Luna noted CPS Energy's appreciation for Mr. Gold's contributions and led those in attendance in a moment of silence.

III. PUBLIC COMMENT

There were not any persons present to provide public comment, so no public comment occurred.

IV. CHAIR'S REMARKS.

Chair Dr. Mackey thanked the employees of CPS Energy for keeping the lights on this winter. He noted his appreciation for being #1 in the state and #5 in the nation for solar energy. He requested a short report on CPS Energy's preparation for the summer, and Mr. Rudy Garza noted that the report will occur at the May Regular Board Meeting.

V. INTERIM CEO'S REPORT

Mr. Rudy Garza provided an overview of the underground residential electric distribution (URD) and electric cable termination procurement item on the consent agenda. He noted that the services are essential to our continued efforts to install new electrical infrastructure and to maintain the existing underground system. He further stated that multiple vendors were selected for a total award of \$10M which is consistent with the Board's challenge to diversify and select new vendors.

Mr. Garza then noted that the purpose of staff's presentation on a future Energy Efficiency & Conservation Program was to receive feedback and direction on key decision points and noted that current program funding ends on July 31, 2022.

Mr. Garza reported that the Uri financing and 2012 refunding pricing performances were strong. He noted that converting the Uri costs into long-term debt will help affordability, and that the refunding generated \$3.5M in savings for our customers. He noted that all three credit rating agencies reaffirmed our debt ratings.

Mr. Garza informed the Board that the FY2023 approved budget has been published on our website to increase transparency with our customers.

Mr. Garza then reported on the "SA to DC" trip organized by the San Antonio Chambers of Commerce. CPS Energy met with our Texas Congressional delegation and other members of Congress and had collaborative conversations with them.

Finally, Mr. Garza invited our American Public Power Association's Lineworkers' Rodeo members into the Board Room. Mr. Garza noted that these gentlemen are the heart and soul of our wire business – and competed against 55 other public utilities in technical events. He congratulated the linemen on behalf of CPS Energy, thanked them for their hard work. He invited Mr. Andrew Hernandez, an apprentice lineman with 18 years of service, and Mr. Robert Webb, a troubleshooter in service restoration with 16 years of service to the podium. They both stated their appreciation for the support they received and being able to participate in the rodeo. They also look forward to the next linemen's rodeo.

VI. EXECUTIVE SESSION

At approximately 1:36 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)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

The Board reconvened in open session at 2:41 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.

VII. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Romero seconded by Trustee Steen, and upon affirmative vote of three members the following items on the Consent Agenda were unanimously approved. (Following Executive Session, Vice Chair Gonzalez and Mayor Nirenberg were temporarily absent from the dais. Vice Chair Gonzalez returned to the dais at 2:43 p.m. and Mayor Nirenberg returned at 2:44 p.m.)

- A. **Minutes of the Special Meeting held on December 13, 2021.**
- B. **Minutes of the Special Meeting held on January 10, 2022.**
- C. **Minutes of the Regular Meeting held on January 31, 2022.**
- D. **Approval of Payment to the City of San Antonio for February 2022**

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 2022 is based on actual gross revenue per the New Series Bond Ordinance of \$218,407,304.82, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by \$17,624,207.28. Under the previously approved agreement with the City, CPS Energy will advance to the City \$17,624,207.28 against future months' revenues for fiscal year 2023. The revenue for the month of February 2022 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$216,623,800.96
Gas revenue	48,349,216.92
Interest and other income	(2,912,531.11)
Gross revenue per CPS Energy financial statements	<u>262,060,486.77</u>

Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,220,344.09)
LVG revenue per City Ordinance 100709	(192,418.57)
Fuel cost component of off-system nonfarm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(23,745,396.47)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	(12,495,022.82)
Total excluded revenue	<u>(43,653,181.95)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$218,407,304.82</u>
City payment per Bond Ordinance for February 2022 based upon February 2022 revenue	\$30,577,022.67
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	<u>786,842.66</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	31,363,865.33 A
Utility services provided to the City for February 2022	<u>(2,789,940.98)</u>
Net amount to be paid from February 2022 revenue to the City in March 2022	<u>\$28,573,924.35</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 2022	Actual	Budget	Variance	
Current Month* A	\$31,364	\$26,290	\$5,074	19.3%
Year-to-Date*	\$31,364	\$26,290	\$5,074	19.3%

* 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 \$28,573,924.35 representing 14% of applicable system gross revenues for the month of February 2022, such payment being net of City utility services (\$2,789,940.98), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2023 is \$17,624,207.28.

E. Appointment to a Successor Records Management Officer (Resolution attached as Attachment "A")

Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

11. Capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Ordinance.

12. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

13. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

XIV. REQUEST FOR PROPOSAL FOR AN INDEPENDENT OPERATIONAL EFFICIENCY REVIEW

Chair Dr. Mackey stated that he met with Mr. Rudy Garza on what items should be included in the request for proposal (RFP), and requested that Vice Chair Gonzalez be the contact person on behalf of the Board in developing the RFP. He stated his purpose in adding it to the agenda today is to get additional comments from the Board on the RFP. Trustee Steen objected to the RFP process, stating that it was announced to the public without a Board vote, and that it was being issued just after the approval of the rate case by the City of San Antonio. The Board of Trustees discussed the background, timeline and process for releasing the RFP and contracting for an independent operation efficiency review.

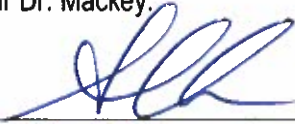
XV. ENERGY EFFICIENCY & CONSERVATION PROGRAM UPDATE

Mr. Rick Luna, Director, Technology & Product Innovation, stated the purpose in the program update was to be responsive to questions made by the Board in August 2021 and provide a timeline on the future of the energy efficiency & conservation program. Mr. Luna introduced Dr. Sanem Sergici of the Battle Group to present their assessment and recommendations for the STEP Program.

Trustee Steen expressed concern with utilizing the Brattle Group because they have an extensive working history with CPS Energy. He urged the approach previously advocated for by Ed Kelley, in which an independent, detailed review of the program was needed to determine if there was still a basis for the program. Trustee Steen encouraged that such an independent report be completed.

XVI. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Gonzalez, and seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:14 p.m. by Chair Dr. Mackey.



Shanna M. Ramirez
Secretary of the Board



RESOLUTION APPOINTING A SUCCESSOR RECORDS MANAGEMENT OFFICER

WHEREAS, in 1989 the 71st Texas Legislature adopted H.B. 1285, and thereby enacted into law the Local Government Records Act (currently codified at Chapter 203 of the Local Government Code), which provides for the establishment, promotion, and support of a comprehensive, active and continuing records management program for all local government offices;

WHEREAS, the Board, as mandated by Section 203.026 of the Texas Local Government Code, passed a resolution establishing an active and continuing records management program to be administered by the Records Management Officer at its December 17, 1990 regular monthly meeting;

WHEREAS, the CPS Energy Board of Trustees (the "Board"), as mandated by Section 203.025 of the Texas Local Government Code, passed a resolution designating the current Records Management Officer at its April 25, 2016 regular monthly meeting;

WHEREAS, said Records Management Officer is responsible for administering the Records Management Program in an efficient manner as prescribed by state regulatory requirements and for carrying out the duties delineated in Section 203.023 of the Texas Local Government Code; and

WHEREAS, it has become necessary to designate a replacement Records Management Officer due to the resignation of the previously designated Officer in order to continue the administration of the CPS Energy Records Management Program.


NOW, THEREFORE, BE IT RESOLVED BY THE TRUSTEES OF CPS ENERGY that, pursuant to Section 203.025 of the Texas Local Government Code, the position of Manager of Records Management, on a full-time or interim basis, is hereby designated as Records Management Officer for CPS Energy; and

BE IT FURTHER RESOLVED that in accordance with Section 203.025 of the Texas Local Government Code, the designation in this resolution shall be filed with the director and librarian of the Texas State Library and Archive Commission within (30) days after adoption of this resolution.

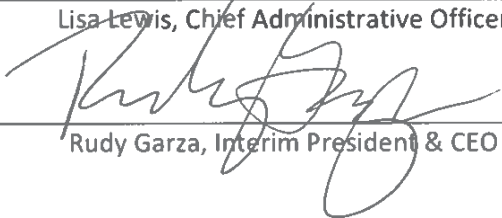


**CPS Energy Board of Trustees Meeting
April 4, 2022
APPROVAL of PROCUREMENT ITEMS
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1. Item Description:	Installation of Underground Residential Electric Distribution (URD) and Electric Cable Terminations
Purchase Category:	General Services
Suppliers:	Cimbafor, LLC
	Greenstone Electric Services, LLC
	Trinity URD Electric, LLC

Approval: 

Lisa Lewis, Chief Administrative Officer

Approval: 

Rudy Garza, Interim President & CEO



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Procurement Form 1**

Item Description	Installation of Underground Residential Electric Distribution (URD) and Electric Cable Terminations
Purchase Order Value	\$10,500,000
Purchase Category	General Services
Department	Construction and Maintenance Services
VP Construction & Maintenance Services	Darrell Clifton
EVP Energy Delivery Services	Richard Medina

Detailed Description

CPS Energy staff recommend that contracts be awarded to Trinity URD Electric, LLC, Cimbafor, LLC, and Greenstone Electric Services, LLC, all three of which are local, diverse firms, as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for the installation of new underground residential electric distribution infrastructure and electric cable terminations. These contracts will allow CPS Energy to expand our infrastructure and provide capacity to serve new customers within our service territory. These contracts will expire on April 30, 2025.

Subcontracting Opportunities

All three companies recommended for award are classified as diverse businesses and intend to self-perform this work.

An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the Services	30
The overall cost	20
Safety records and training program	20
The ability to meet CPS Energy's requirements	10
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	5
Experience, warranty, quality control, and contingencies for material supply	5
TOTAL	100



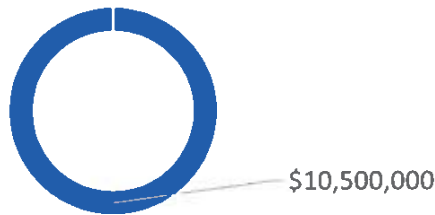
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Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Trinity URD Electric, LLC	Local / Diverse (Small, Woman-owned, Hispanic-owned)	95	\$3,500,000	2201397	Corporate headquarters based in San Antonio Metropolitan Area
Cimbafor, LLC	Local / Diverse (Small)	91	\$3,500,000	2201395	Corporate headquarters based in San Antonio Metropolitan Area
Greenstone Electrical Services, LLC	Local / Diverse (Small)	90	\$3,500,000	2201396	Corporate headquarters based in San Antonio Metropolitan Area
TOTAL			\$10,500,000		

Five (5) additional respondents were not recommended for award: HJD Capital Electric, LLC, Zachry Underground & Utility Services, Inc., Highpower Electrical, LLC, Renegade Group, LLC, and Novinium, Inc.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2023 PO Spend	% of FY2023 Annual Corp Budget	Projected FY2024 PO Spend	Projected FY2025 PO Spend	Projected FY2026 PO Spend
\$832,904,076	Capital	\$2,900,000	0.3%	\$3,500,000	\$3,500,000	\$600,000
\$729,676,030	Non-Fuel O&M	\$0	0%	\$0	\$0	\$0

Procurement Item: General Services



- Local / Diverse
- Local / Non-Diverse
- Non-Local / Diverse
- Non-Local / Non-Diverse