



THE McCULLOUGH BUILDINGS

Our Headquarters Site – Starting September 2020



In September of 2020, we completed the thoughtful revitalization of a two-tower downtown campus, located at 500 McCullough Avenue, that has become the home of CPS Energy, San Antonio's award-winning electric & natural gas energy utility that has loyally served its community for 160 years.

- **IT WAS A SOUND DECISION TO SAVE MONEY BY SELLING OUR OLDER BUILDINGS:** Our former Main Office is 92 years old, and our nearby Navarro Building is 52 years old. The age of these buildings continually required escalating operating & maintenance costs to keep them safe and secure. Their sale will offset the cost of the McCullough project and help us save money each year going forward. Once sold, the older buildings can be redeveloped by the next owner.
- **WE “RE-PURPOSED” AN EXISTING SITE THAT WILL HELP REVITALIZE DOWNTOWN:** At the beginning of our project, the site had two connected buildings that had been vacant for years. The refreshed headquarters will enhance the heart of our city.
- **WE HAVE A BETTER LAND FOOTPRINT:** Our updated complex is located on a five (5)-acre site in the Museum Reach area of the San Antonio River, between the Tobin Center and The Pearl development. The buildings provide 25 floors of office and conference space, totaling 493,400 square feet (SF). It has adjacent garage parking for 1,200+ vehicles. The garage also includes electric charging stations at key places throughout the structure.
- **THIS PROJECT WAS WELL PLANNED & CONSTRUCTED:** Closely monitored by our Board of Trustees, we took several years to get helpful public input, select a site, and design the project. Demolition and renovation began in 2017. The physical move will be completed by the end of 2020.

Our *People First* commitment to our customers, community, and employees guided all of our headquarters decisions, to ensure that:

- **THE PROJECT CAME IN ON BUDGET & ON TIME:** At a total cost below the budget of \$215 million, we created an affordable and more efficient base of operations from which we can serve all of our customers for decades to come.

Comparative Costs:	
Construction Cost	\$ 171 M [Ⓐ]
Square Feet (SF)	493,400
Construction Cost / SF*	~\$ 347 / SF
Total Project Costs:	
Construction Cost	\$ 171 M [Ⓐ]
Other:	
Land & Building	25.2 M
Furniture - cubicles, chairs, desks, & tables from work station vendor	7.3 M
Building Systems - technology, HVAC & mechanical	5.3 M
Site Preparation	1.8 M
Other - primarily permits, administration & environmental	1.4 M
CEO Contingency**	3.0 M
Total Project Budget	\$ 215 M

← This compares very favorably to the range of other regional headquarters projects, which is \$375 - \$425 / SF.

* For comparative purposes, the construction industry uses a standard benchmark to compare the costs of construction projects. That calculation is: Construction Cost per Square Feet = Construction Cost ÷ Square Feet

** As is customary, a modest ~2% project contingency was included in the original budget to cover costs that weren't foreseen in the initial planning phase.

- **OUR EMPLOYEES REMAIN WELL POSITIONED ACROSS OUR GREATER SAN ANTONIO COMMUNITY:** Every day our 3,100 employees work diligently and passionately at sites located all across San Antonio, which now includes our revitalized McCullough complex that responsibly supports downtown San Antonio.
- **OUR POST COVID-19 APPROACH IS PRUDENT:** While many of our office workers are currently not required to come into the office every day, once an effective vaccine is distributed and the severity of the pandemic is curbed, our updated downtown site will accommodate flexible work schedules and business activities that will benefit from evolving digital technologies.
- **OUR UPDATED BUILDINGS ARE MORE ENVIRONMENTALLY RESPONSIBLE:** The McCullough buildings were planned and constructed for Leadership in Energy & Environmental Design (LEED) certification and are 60% more efficient than our previous complex.

Our more efficient and effective headquarters complex will become a complementary beacon for our community for years to come and will serve as a worthwhile investment for our customers, community, and employees.

