The Regular Meeting of the Board of Trustees of CPS Energy for the month of May was held on Wednesday, May 27, 2020 by 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). 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 Solutions Officer
Ms. Vivian Bouet, Chief Information Officer
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. CEO'S REPORT (Part 1)

Brigadier General Laura Lenderman

Ms. Gold-Williams expressed her appreciation to Brigadier General Laura Lenderman, Commander, 502nd Air Base Wing (ABW) and Joint Base San Antonio (JBSA), who is preparing to step down from her post. The 502nd ABW and JBSA unify 11 geographically distinct locations including JBSA-Fort Sam Houston, JBSA-Lackland, JBSA-Randolph and JBSA-Camp Bullis. Ms. Gold-Williams emphasized that our partnership with JBSA has been strengthened under BG. Lenderman’s leadership.
BG. Lenderman expressed her appreciation to Ms. Gold-Williams for her support and friendship throughout her service with JBSA. She noted that although she is leaving JBSA, she will not be going far. Her new role will be the Director, Plans, Programs and Requirements, Headquarters Air Education and Training Command (AETC), at JBSA-Randolph. She thanked the Board for their support. She specifically expressed appreciation to Mr. Bonewell and Garrick Williams, Senior Director & Executive in Residence, Energy Supply & Market Operations (ESMO) and their teams for their work on the resiliency and privatization of utilities.

The Board echoed Ms. Gold-Williams’ sentiments and appreciation of the partnership.

III. SAFETY MESSAGE

In response to the Chair’s request, Mayor Nirenberg provided an update on the city’s COVID-19 response efforts and reopening plans.

Chair Steen thanked the Mayor for his leadership during the pandemic.

Ms. Gold-Williams briefed the Board on the various measures that CPS Energy is taking to prevent and minimize the spread of COVID-19 in the workplace, including encouraging the use of individual protective measures while offsite.

Ms. Gold-Williams then reported that two employees recently tested positive for COVID-19. Neither employee contracted the virus in the workplace nor had customer or workplace interactions. We do not anticipate this development to impact our business operations.

CPS Energy will continue following the standard health protocols and heeding the guidance of our local, state and federal officials and make adjustments as needed.

Chair Steen thanked Ms. Gold-Williams for her leadership during the pandemic.

IV. INVOCATION

An invocation was delivered by Ms. Shanna Ramirez, Vice President, Integrated Security.

V. 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. Ms. Belinda Campbell urged CPS Energy to consider public input when setting policy and asked about the Rate Advisory Committee (RAC).
2. Mr. Malcolm Campbell expressed his support of the RAC.
4. Dr. Meredith McGuire, Sierra Club, speaking on item 7a, encouraged CPS Energy to adopt rate structures that minimize the impacts of high summer electric bills on low-income households.
5. Ms. Celia Valles, Texas Organizing Project, spoke generally about CPS Energy’s transparency and urged the advancement of the RAC.
6. Dr. Terry Burns, Sierra Club, Chair, speaking on item 6, expressed his concerns about climate change and detailed initiatives utilized by other utilities to combat global climate change.

VI. CEO REPORT (Part 2)

Ms. Gold-Williams thanked the Board for continuing to regularly meet. She recapped how CPS Energy publicizes Board meeting notices and provides ways for the public to participate and listen to the meetings.

Ms. Gold-Williams then provided context around and highlights of certain items on the meeting agenda.

She previewed the FY2021 Preliminary COVID-19 Financial Impacts (item 7a). These financial projections indicate an improved outlook from last month’s projections.

Ms. Gold-Williams summarized the Professional Services Procurement Contract for audit services on the Consent Agenda (item 8D). The current contract with Baker Tilly Virchow Krause, LLP (Baker Tilly) expires on August 25, 2020. Baker Tilly is currently completing its twelfth audit year. The CPS Energy External Auditor Rotation Policy requires that our audit firm must be replaced after 10 consecutive years of service unless there is a compelling reason not to do so. CPS Energy is requesting Board approval to delay the solicitation process and extend the current contract for one year due to compelling reasons, namely anticipated difficulties associated with onboarding and performing the audit with a new auditor while adhering to COVID-19 social distancing protocol.

She previewed various other items on the agenda.

Ms. Gold-Williams highlighted items included in her interim progress report provided to the Board in mid-May.

She mentioned that President Trump issued an Executive Order (EO) requiring that utilities focus on the resiliency of the bulk-power system. CPS Energy continues to study the EO requirements and monitor related actions.

She provided a brief update on the Rates Advisory Committee (RAC), noting that CPS Energy is currently organizing responses received to its request for proposals (RFP).

CPS Energy continues to work on the FlexPower Bundle RFP.

Ms. Gold-Williams noted that she joined Mayor Nirenberg in a virtual news conference hosted by Environment Texas Research and Policy Center during which CPS Energy was recognized as a top U.S. city for solar energy and honored with the Shining Cities 2020 award. San Antonio ranked fifth in the nation for solar energy capacity.

She announced the publication of a white paper that explores the relationship between solar energy and battery storage, focusing on our Solar+Energy Storage project. The white paper is a collaborative effort between EPIcenter, our energy innovation partner, and Southwest Research Institute (SWRI).
Ms. Gold-Williams concluded her report by discussing recent heavy hail and thunderstorms that occurred in the San Antonio area. She recapped CPS Energy’s preparation and response efforts, including an increase in community communications and social media interactions.

In response to Chair Steen’s inquiry, Ms. Gold-Williams provided additional information about the Shining Cities 2020 recognition.

VII. ADDITIONAL UPDATES

FY2021 Preliminary COVID-19 Financial Impact, Cont.

Mr. Gary Gold, Vice President, Corporate Services & Assistant Treasurer, presented the FY2021 Preliminary COVID-19 Financial Impact as of April 30, 2020 to the Board. Because of the uncertainty related to the full impact of COVID-19, these projections were noted to be preliminary and subject to change.

Mr. Gold explained that the $3.9 million Board approved budget net income is currently projected to be negative $54.4 million in the Medium Impact scenario and negative $89.4 million in the High Impact scenario. We have improved our financial forecast by $10.5 million since the April projections presented last month, mainly due to improved wholesale and retail revenues during the first quarter.

In response to Trustee Kelley’s inquiry, Mr. Gold explained that we lowered the gas revenue projection because of lower natural gas costs, not reduced demand.

Turning to the Flow of Funds, the Remaining Repair and Replacement (R&R) fund addition in the Medium Impact scenario is projected at $45.3 million, lower than the budgeted amount of $92.0 million. Under the High Impact scenario, the Remaining R&R addition is estimated at $13.5 million. Both projections are about $13 million more than the April projections due to the higher wholesale and retail revenues during the first quarter.

In response to Dr. Mackey’s question, Mr. Gold explained that these projections include actual financial results through April and projections for the remainder of the year. Dr. Mackey requested to receive year-to-date information. The Board discussed other financial schedules provided that contain more detailed year-to-date information.

Turning to the key financial metrics, the forecasted Adjusted Debt Service Coverage (ADSC) is 1.48x for the Medium Impact scenario, and 1.39 for the High Impact scenario, both lower than the accountability plan threshold of 1.50x for the year and the budget of 1.60x. Days Cash on Hand for the Medium Impact scenario is projected at 161 and 156 for the High Impact scenario, as compared to the threshold of 150 and the FY2021 budget of 161. The Debt Capitalization ratio is projected to be 60.7 percent for the Medium Impact scenario and 60.9 percent for the High Impact scenario, both favorable to the accountability plan threshold of 61.7 percent and the FY2021 budget of 61.7 percent. Mr. Gold noted that all key financial metrics were slightly improved from the April projections due to favorable first quarter performance.

We are still in the early part of the current fiscal year, having completed only the first quarter, and expect additional changes as we continue to monitor the pandemic and take proactive steps to minimize its impact.
Trustee Kelley commended Mr. Gold for monitoring the cash balances and encouraged the financial team to monitor our cash balances.

Other

No other updates were provided.

VIII. APPROVAL OF CONSENT ITEMS

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

Approval of Minutes

Minutes of the Special Board Meeting held on April 20, 2020 and the Minutes of the Regular Board Meeting held on April 27, 2020 were approved as submitted.

Approval of Payment to the City of San Antonio for April 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 April 2020 is based on actual gross revenue per the New Series Bond Ordinance of $168,919,935.72, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the City Payment by $9,170,148.93. Under the previously approved agreement with the City, CPS Energy will advance to the City $9,170,148.93 against future months’ revenues for fiscal year 2021. The revenue for the month of April 2020 is calculated as follows:

<table>
<thead>
<tr>
<th>Gross revenue per CPS Energy financial statements</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Electric revenue</td>
<td>$164,136,573.56</td>
</tr>
<tr>
<td>Gas revenue</td>
<td>10,443,140.56</td>
</tr>
<tr>
<td>Interest and other income</td>
<td>1,411,338.76</td>
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<tr>
<td>Gross revenue per CPS Energy financial statements</td>
<td>175,991,052.88</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Excluded revenue</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>School and hospital revenue per City Ordinance 55022</td>
<td>(4,787,229.08)</td>
</tr>
<tr>
<td>LVG revenue per City Ordinance 100709</td>
<td>0.00</td>
</tr>
<tr>
<td>Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts</td>
<td>(6,764,107.34)</td>
</tr>
<tr>
<td>Noncash and other income, GASB 31 investment market value change, miscellaneous Interest income, gas billing adjustment and unbilled revenue</td>
<td>4,480,219.26</td>
</tr>
<tr>
<td>Total excluded revenue</td>
<td>(7,071,117.16)</td>
</tr>
</tbody>
</table>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City $168,919,935.72

City payment per Bond Ordinance for April 2020 based upon April 2020 revenue $23,648,791.00

City payment per memorandum of understanding (MOU) regarding wholesale special contracts 619,249.13

Wholesale Special Contract Annual True Up 0.00

City Payment reduction per gas customer billing adjustment MOU (12,500.00)

City payment per Bond Ordinance plus adjustments for memorandums of understanding 24,255,540.13

Utility services provided to the City for April 2020 (2,509,022.57)

Net amount to be paid from April 2020 revenue to the City in May 2020 $21,746,517.56

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

<table>
<thead>
<tr>
<th>(Dollars in thousands)</th>
<th>April 2020</th>
<th>Actual</th>
<th>Budget</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current Month* A</td>
<td>$24,255</td>
<td>$25,118</td>
<td>($863)</td>
<td>-3.4%</td>
</tr>
<tr>
<td>Year-to-Date*</td>
<td>$69,587</td>
<td>$74,709</td>
<td>($5,122)</td>
<td>-6.9%</td>
</tr>
</tbody>
</table>

* 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 $21,746,517.56, representing 14% of applicable system gross revenues for the month of April 2020, such payment being net of City utility services ($2,509,022.57), and including the current month deficiency, is hereby approved." The prior month’s deficiency in the 6% R&R funding has been satisfied. The total remaining amount to be recovered from future months’ revenues for fiscal year 2021 is $42,172,085.50.

Approval of Procurement Item – May

One (1) Non-Competitively Sensitive Item

| Purchase Category: | Professional Services |
| Supplier:          | Baker Tilly Virchow Krause, LLP |

*The listed Procurement Item to be attached as Attachment “A”.
IX. FY2021 FINANCING TRANSACTIONS

Mr. Gautam Shringarpure, Interim Director, Corporate Finance Analytics & Debt Management, briefed the Board on FY2021 financial transaction options that provide for flexibility and stability while considering our financial landscape.

He provided an update on the municipal market, stating that short-term commercial paper (CP) interest rates have spiked during the COVI-19 pandemic. More recently, the market has stabilized, and rates have declined due to the Money Market Mutual Fund Liquidity Facility and the Commercial Paper Funding Facility announced by the Federal Reserve. Notwithstanding market volatility during the pandemic, long-term interest rates remain below historic averages. We have been monitoring the markets and are presenting multiple financing options to increase flexibility as the market conditions change.

Mr. Shringarpure reviewed CPS Energy's diverse debt portfolio. He noted that our average cost of debt has decreased over time as a result of prudent refinancing.

Chair Steen highlighted that since FY2006, CPS Energy has saved achieved over $454 million of gross debt service savings. Responding to Trustee Kelley, Mr. Shringarpure stated that large asset managers, such as mutual and bond funds, hold most of our bonds. He noted that our excellent credit ratings make our bonds especially appealing. Trustee Kelley stressed the importance of our reputation in the financial markets on our capital structure.

Mr. Shringarpure stated that the only required financial transaction is the remarketing of $100 million Jr. Lien Variable 2015D debt.

The following potential transactions are intended to add a diversified source of liquidity, realize savings, and lock in low, long-term interest rates:

- Reinstate liquidity for the flex rate revolving note (FRRN) up to $100 million
- $430 million Jr. Lien 2013 refunding
- $240 million Jr. Lien 2014 refunding
- $145 million Sr. Lien 2012 refunding
- $370 million CP refunding

Relative to the developing impacts of COVID-19, the potential transactions will only be pursued if and when they can improve our financial performance.

Mr. Shringarpure requested that the Board authorize, but not obligate, the execution of the foregoing transactions, including the required remarketing of Jr. Lien Variable 2015D debt, by delegating authority to the CEO or designated treasurer.

Trustee Kelley expressed his confidence in the expertise of the financial team. He stated that given the flat long-term rate structure and the widening spread between current rates and historical average rates, this seems to be an ideal time to extend maturities and that we would be well-served by doing so. He encouraged us to move aggressively in this environment.
Trustee Gonzalez agreed with Trustee Kelley’s feedback.

Ms. Gold-Williams clarified that our ability to execute the optional transactions depends on the financial impacts we experience because of COVID-19. So, if we cannot maintain our key financial metrics above the thresholds, we cannot go after the savings associated with extending maturities since pursuing lower long-term rates will still result in an increase. She stressed the thoughtfulness required to prudently determine whether the optional transactions will be pursued; the priority must be the overall stability of the utility.

On motion duly made by Trustee Kelley, seconded by Trustee Gonzalez, and upon affirmative vote by all members present, the resolutions were unanimously approved and are attached as Attachments “B”, “C”, “D” and “E”.

X. GAS SOLUTIONS SUMMER 2020 READINESS

Mr. Richard Lujan, Senior Director, Gas Solutions, provided an update on Gas Solutions Summer 2020 Readiness.

Gas Solutions provides natural gas to over 358,000 customers and to our power plants. 230 employees in 13 departments are responsible for approximately 5,600 miles of distribution mains and 89 miles of supply mains.

Mr. Lujan described the standard safety training and operational and fleet activities undertaken to prepare for the summer. He highlighted a new lightweight fire-retardant uniform shirt that will mitigate heat-illness. He described the focus on safe, frequent communication adopted by Gas Solutions in an effort to mitigate the spread of COVID-19. Other responses to COVID-19 include frequent monitoring of contractor resources, enhanced personal protective equipment (PPE) and cleaning procedures, and new procedures for interacting with customers and entering their homes.

XI. OPERATIONS SUMMER 2020 READINESS

Dr. Eugster informed the Board that three members of his team would provide an update about the summer readiness activities undertaken by Energy Supply & Market Operations, Power Generation, and Energy Delivery Services.

Mr. Kevin Pollo, Interim Vice President, Energy Supply & Market Operations (ESMO), described the standard activities undertaken to prepare for the summer. He noted that as of May 13, 2020, the forecasted ERCOT reserve margin was updated from 10.6 percent to 12.6 percent due to potential decreased demand as a result of COVID-19. Still, given the right combination of factors, high prices in ERCOT are still possible.

For Summer 2020, CPS Energy plans to maintain a 20 percent reserve margin, higher than the 13.75 percent planning target. COVID-19 impacts may also result in lower local demand.

Mr. Pollo noted that the current weather outlook for Summer 2020 indicates slightly above-average temperatures and normal precipitation.
He highlighted our renewable energy portfolio which accounts for over 20 percent of our capacity and discussed various challenges with these generation sources.

Turning to COVID-19 impacts, ERCOT reports a reduction of 3-4 percent in weekly energy usage and a reduction of 1 to 4 percent in weekend and weekday peaks. He discussed local impacts to specific customer sectors and noted that total local system usage is down approximately 3 percent for the period March 25 to April 30, 2020.

In conclusion, he discussed proactive measures taken by ESMO to mitigate employee exposure to COVID-19.

Next, Mr. Benny Ethridge, Senior Vice President, Power Generation (PG), discussed PG’s summer readiness activities.

Trustee Kelley and Dr. Eugster discussed the differences between the full capacity and expected capacity during peak hours of renewable generation sources. Trustee Kelley commented that the critical need for electricity is when customers need it and not necessarily when the renewable resources are performing.

Mr. Ethridge described power plant maintenance and checks performed in the spring that culminate in a formal filing with ERCOT certifying that all planned actions have been completed and our generation fleet is ready for the summer.

In conclusion, Mr. Ethridge discussed proactive measures taken by PG to mitigate employee exposure to COVID-19, including potential sequestration.

Next, Paul Barham, Senior Vice President, Energy Delivery Services (EDS), discussed the activities EDS undertakes to ensure that the transmission and distribution systems are ready for high summer temperatures and customer loads, and to meet ERCOT’s operational requirements.

In conclusion, Mr. Barham discussed proactive measures taken to mitigate employee exposure to COVID-19. He emphasized limiting interfaces by key employees and identifying and disinfecting common touch points in their work environment. The Distribution Construction and Maintenance team has also implemented mitigation measures, such as using multiple staging locations to minimize the impact of an outbreak and developing contingency plans in the event of virus spread and increased absenteeism.

XII. GRID RESILIENCY UPDATE

Mr. Bonewell introduced Ms. Shanna Ramirez, Vice President, Integrated Security, to provide an update on grid resiliency

Ms. Ramirez explained that the Grid Resiliency Project is a collaborative effort between CPS Energy, Joint Base San Antonio, Alamo Area Council of Governments (AACOG) and the State of Texas to improve the resiliency of our infrastructure. The Project has two key focus areas: substation physical security upgrades and air space safety upgrades.
Physical security upgrades are planned for 11 substations that provide power to JBSA facilities and other customers. The upgrades are aimed at mitigating risks of vehicle attacks and projectiles.

Air space safety upgrades include the removal of overhead distribution lines and poles from safety clear zones to mitigate the risk of aircraft accidents.

The Texas Military Preparedness Commission granted a $5 million Defense Economic Adjustment Assistance Grant (DEEAG) to fund the Grid Resiliency Project for 2 years. The DEEAG will be managed by AACOG. CPS Energy is providing a matching capital improvement investment of $3.4 million in cash and $600,000 in-kind contributions.

In conclusion, Ms. Ramirez recapped the benefits of the Grid Resiliency Project, including increased physical security of our facilities, supporting the success of JBSA missions, which in turn increases national security, and providing an economic boost to San Antonio by way of an $8.4 million injection to the local economy through competitively-bid work to be done on the project.

XIII. COMMITTEE REPORTS

Chair Steen noted that in an effort to streamline the meeting being held by telephonic means, committee reports may be submitted for the record instead of being read during the meeting. Chair Steen also confirmed that the committee reports were posted with the public notice of this meeting.

Audit & Finance Committee (A&F) Meeting

Dr. Mackey, Member of the A&F Committee, stated that a report of the A&F Committee meeting which took place on April 21, 2020 was posted with the public notice of this meeting and are attached as Attachment “F” to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) Meeting

Dr. Mackey, Member of the EBOC, stated that a report of the EBOC meeting which took place on April 21, 2020 was posted with the public notice of this meeting and are attached as Attachment “G” to the meeting minutes.

A&F & EBOC Aligned Risk Sub-Committee Meeting

Dr. Mackey stated that a report of the A&F and EBOC Aligned Risk Sub-Committee meeting which took place on April 21, 2020 was posted with the public notice of this meeting and are attached as Attachment “H” to the meeting minutes.

Mayor Nirenberg left the meeting at this time.
XIV. EXECUTIVE SESSION

At approximately 3:24 p.m., Chair Steen 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 the following posted items:

- Competitive Matters (§551.086)
- Attorney-Client Matters (§551.071)

The Board reconvened in open session at 4:28 p.m. Ms. Shellman by roll call confirmed that a quorum was present and reported that only Attorney-Client Matters and Competitive Matters, and no others, were discussed and no votes were taken in Executive Session.

XV. ADJOURNMENT

There being no further business to come before the Board and upon a motion duly made by Dr. Mackey, seconded by Trustee Kelley and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:29 p.m. by Chair Steen.

Carolyn E. Shellman
Secretary of the Board
### One (1) Non-Competitive Sensitive Item

<table>
<thead>
<tr>
<th>Purchase Category:</th>
<th>Professional Services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supplier:</td>
<td>Baker Tilly Virchow Krause, LLP</td>
</tr>
</tbody>
</table>

**Financial Approval:**

Frank Almaraz, Chief Administration & Business Development Officer

**Approval:**

Paula Gold-Williams, President & CEO
CPS Energy Board of Trustees Meeting
May 27, 2020
PROCUREMENT FORM 1

Recommendations Supplier(s)

<table>
<thead>
<tr>
<th>Supplier Name</th>
<th>PO Term</th>
<th>Projected PO Value</th>
<th>%</th>
<th>PO #</th>
<th>SBA Classification</th>
<th>Comments (If applicable)</th>
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</thead>
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<tr>
<td>Baker Tilly Virchow Krause, LLP</td>
<td>36 months</td>
<td>$1,881,450</td>
<td>100%</td>
<td>2179454</td>
<td>Non-Local / Non-Diverse</td>
<td>Male, Large, No Hub/Vet, Non-Minority</td>
</tr>
</tbody>
</table>

Project Description

This contract is required to provide financial audits and related services for CPS Energy, the SA Energy Acquisition Public Facility Corporation ("PFC"), and the two CPS Energy Decommissioning Master Trusts for the South Texas Project ("Trusts"). The current two-year contract expires on August 25, 2020. CPS Energy is delaying the solicitation process by one year and extending the current contract by one year due to the current and future uncertainties related to COVID-19, including requirements for remote working and social distancing. The extension is for one year and will expire on August 25, 2021.

Value Proposition & Summary

These services will allow CPS Energy to meet audit requirements per our bond ordinance. This vendor's familiarity with CPS Energy's systems and processes will facilitate an offsite/remote audit of our financial statements if needed due to COVID-19 uncertainties. Additionally, extension of this contract will allow us to focus on recovery efforts instead of spending time educating new auditors on our business processes. This contract includes a requirement that 30% of the audit work be performed by a minority firm, which is currently being met with a local, woman-owned subcontractor. Bond-related work performed by Baker Tilly, which is not subject to the 30% local/diverse requirement due to the specific technical expertise required to perform the work, is also included in this purchase order amount.

Annual Funds Budgeted

<table>
<thead>
<tr>
<th>FY</th>
<th>Corporate Annual Budget</th>
<th>Funding Method</th>
<th>Annual PO Average Spend</th>
<th>% Of Annual Corp Budget</th>
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<tbody>
<tr>
<td>21</td>
<td>$684,100,000</td>
<td>Capital</td>
<td>$0</td>
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<tr>
<td>21</td>
<td>$712,800,000</td>
<td>O&amp;M</td>
<td>$644,000</td>
<td>0.09%</td>
</tr>
</tbody>
</table>

 Competitive Information: ☐ YES ☑ NO
Collective #: 7000149018

This procurement item is not competitively sensitive; therefore, there are no restrictions on disclosure to the public.

PROCUREMENT ITEM: PROFESSIONAL SERVICES

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>NON-LOCAL/NON-DIVERSE:</td>
<td>$480,800.00</td>
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</tr>
<tr>
<td>LOCAL/DIVERSE:</td>
<td>163,200.00</td>
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<tr>
<td>NON-LOCAL/DIVERSE:</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>$644,000.00</strong></td>
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</table>

Procurement Item: Professional Services

- 163,200.00 (25%)
- $480,800.00 (75%)

NON-LOCAL/ NON-DIVERSE: LOCAL/ NON-DIVERSE: LOCAL/DIVERSE: NON-LOCAL/ DIVERSE:
<table>
<thead>
<tr>
<th>ENTITY</th>
<th>WORK DESCRIPTION</th>
<th>INDEX</th>
<th>BAKER TILLY</th>
<th>CC GARCIA &amp; CO.</th>
<th>EXTENSION COST ESTIMATE</th>
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<tbody>
<tr>
<td>CPS Energy</td>
<td>Financial Audit</td>
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<td>$319,900</td>
<td>$137,100</td>
<td>$457,000</td>
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<td></td>
<td>Single Audit</td>
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<td>12,600</td>
<td>5,400</td>
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<td></td>
<td>GASB Implementations*</td>
<td></td>
<td>3,500</td>
<td>1,500</td>
<td>5,000</td>
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<tr>
<td></td>
<td>ITGC Work*</td>
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<td>1,750</td>
<td>750</td>
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<td></td>
<td></td>
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<td>337,750</td>
<td>144,750</td>
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<td>Financial Audit</td>
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<td>16,030</td>
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<td>PFC</td>
<td>Financial Audit, Including Internal Controls (1)</td>
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<td>Primary Audit Work</td>
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<td>$380,800</td>
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<td>Percentage of Audit Work Performed</td>
<td></td>
<td></td>
<td>70%</td>
<td>30%</td>
<td>100%</td>
</tr>
<tr>
<td>CPS Energy</td>
<td>Bond Related Work**</td>
<td>B</td>
<td>100,000</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Total Fees (Primary Audit Work + Special Potential Bond Work)</td>
<td></td>
<td>A+B</td>
<td>$480,800</td>
<td>$163,200</td>
<td>$644,000</td>
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<tr>
<td>Percentage of Total Work Performed</td>
<td></td>
<td></td>
<td>75%</td>
<td>25%</td>
<td>100%</td>
</tr>
</tbody>
</table>

(1) Includes a $10,000 estimate for another annual review of Internal Controls.
* Internal estimates of additional work that may be required.
** Performed exclusively by Baker Tilly due to specific technical experience required for this work.
ACTION REQUIRED:

- Board approval of Resolutions (3)
- Should you have any questions or need any additional information, please contact:
  Shannon Albert at 210-353-3818 or Gautam Shringarpure at 210-353-2710

BACKGROUND:

We are seeking authorization on the following types of transactions that provide the most flexibility & stability to our Company during volatile times amid the COVID-19 pandemic. These debt transactions include:

- Required remarketing of debt
- Added diversified liquidity source
- Savings opportunities
- Opportunities to lock in low, long-term interest rates

REQUEST OF THE BOARD:

- Approve a resolution to: 1) remarket the Junior Lien Series 2015D; 2) approve a resolution to refund Senior Lien Series 2012, Junior Lien Series 2013, Junior Lien Series 2014 Bonds, & refund outstanding Commercial Paper (CP); & 3) approve a resolution authorizing liquidity for the Flex Rate Revolving Note (FRRN) Program.

CONTENTS:

Enclosed are copies of the following documents, which are in final form, except the Ordinance & Form Note Purchase Agreement which are in draft form:

- **Board Resolutions**: 1) Concerning a resolution authorizing the remarketing of the Junior Lien 2015D Bonds; 2) An authorization to, but not the obligation for, refunding transactions that provide debt service savings on the Senior Lien Series 2012, the Junior Lien Series 2013, the Junior Lien Series 2014, and refund outstanding CP, for potential to bring savings to our Company; and 3) A resolution authorizing liquidity for the previously established and existing FRRN Program.

- **Draft Ordinance & Form Note Purchase Agreement**: As referenced in Exhibit A of the refunding resolution & the FRRN liquidity resolution.

- **FY2021 Financing Transactions Presentation**: To be presented at the May 27, 2020 Board of Trustees Meeting.
Remarketing Resolution
A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN
ANTONIO, TEXAS RELATING TO THE REMARKETING OF
OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS
ELECTRIC AND GAS SYSTEMS VARIABLE RATE JUNIOR LIEN
REVENUE BONDS, SERIES 2015D” INTO A NEW INTEREST MODE;
AUTHORIZING CERTAIN CPS ENERGY REPRESENTATIVES TO
EXECUTE AN APPROVAL CERTIFICATE MEMORIALIZING THE
TERMS OF SUCH REMARKETING; APPROVING A REMARKETING
AGREEMENT AND REMARKETING MEMORANDUM RELATING TO
THESE OBLIGATIONS; AND OTHER MATTERS IN CONNECTION
THEREWITH

WHEREAS, the City Council (the City Council) of the City of San Antonio, Texas (the
City) has heretofore issued, and there are currently outstanding, revenue bonds (the Senior Lien
Obligations) supported by a first and prior lien on and pledge of the Net Revenues of the City’s
electric and gas systems (as further described herein, the Systems); and

WHEREAS, the City Council has heretofore issued, sold, and delivered, and there are
currently outstanding, revenue bonds (the Junior Lien Obligations) which are equally and ratably
secured by a lien on and pledge of the Net Revenues of the Systems, which lien on and pledge of
Net Revenues is junior and inferior to the lien thereon and pledge thereof securing the payment of
the Senior Lien Obligations; and

WHEREAS, the City Council of the City has heretofore authorized three series of
commercial paper notes (collectively, the Commercial Paper or the Commercial Paper
Obligations) that are equally and ratably secured by a lien on and pledge of the Net Revenues of
the Systems, which lien on and pledge of Net Revenues is subordinate to the liens thereon and
pledges thereof securing the payment of Senior Lien Obligations and the Junior Lien Obligations,
respectively, and a portion of such Commercial Paper Obligations have been issued, sold, and
delivered by the City, and are currently outstanding; and

WHEREAS, the City has heretofore authorized and established a flexible rate revolving
note program under which the City may, from time to time, issue taxable or tax-exempt notes (the
Inferior Lien Obligations), such notes equally and ratably secured by a lien on and pledge of the
Net Revenues of the Systems that is subordinate to the liens thereon and pledges thereof securing
the payment of the Senior Lien Obligations, the Junior Lien Obligations, and the Commercial Paper
Obligations, respectively; and

WHEREAS, pursuant to the authority available under Chapter 1502, as amended, Texas
Government Code, the City Council has, in the respective ordinances authorizing the issuance of
the Senior Lien Obligations, the Junior Lien Obligations, the Commercial Paper Obligations, and
the Inferior Lien Obligations, provided that the complete management and control of the Systems
is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas
(the Board), during the period of time any of the these City obligations are outstanding and unpaid; and
WHEREAS, pursuant to the provisions of Chapters 1371 and 1502, as amended, Texas Government Code (Chapter 1371 and Chapter 1502, respectively, and, together, the Act), the City Council, on June 18, 2015, adopted an ordinance (the 2015D Ordinance) authorizing the issuance of the CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS VARIABLE RATE JUNIOR LIEN REVENUE BONDS, SERIES 2015D (the 2015D Bonds), which 2015D Bonds were initially issued on December 3, 2015 and the proceeds therefrom used to (i) finance costs associated with acquiring, purchasing, constructing, improving, repairing, extending, equipping, and renovating the Systems and (ii) pay the costs and expenses relating to the issuance of the Bonds; and

WHEREAS, the 2015D Bonds are variable rate demand obligations, initially issued in a Term Mode expiring on November 30, 2020, and as a result thereof, the 2015D Bonds are subject to mandatory tender by the current Holders thereof, without right of retention, on December 1, 2020; and

WHEREAS, the Board has determined, and the 2015D Ordinance allows, that the 2015D Bonds subject to mandatory tender on December 1, 2020, shall be remarketed into a new Interest Mode of fixed duration (as finally determined in the manner hereafter provided); and

WHEREAS, by virtue of the authority and power vested in the Board, generally, with reference to the expenditure and application of the revenues of the Systems as prescribed in the City ordinances authorizing the prior issuance of the Senior Lien Obligations, the Junior Lien Obligations, the Commercial Paper Obligations, and the Inferior Lien Obligations, and specifically, regarding the manner of remarketing the 2015D Bonds as provided in the 2015D Ordinance, the Board hereby finds and determines that it is now authorized and empowered to proceed with the passage and adoption of this Resolution authorizing (i) the remarketing of the 2015D Bonds in the manner described herein and in the 2015D Ordinance, (ii) the execution and delivery of a Remarketing Agreement relating to the 2015D Bonds, (iii) the distribution of a Remarketing Memorandum relating to the 2015D Bonds, and (iv) the exercise and performance of certain powers and duties to be exercised and performed by the Board, acting through its Designated Financial Officer (hereinafter defined), including the execution of an Approval Certificate of the type described herein and in the 2015D Ordinance; and

WHEREAS, the Board hereby finds and determines that the remarketing of the 2015D Bonds and the adoption of this Resolution is in the best interest of the ratepayers of the Systems; now, therefore,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

SECTION 1: Conversion to New Interest Mode; Delegation of Obligations to Designated Financial Officers. Pursuant to Section 2.2C of the 2015D Ordinance, the 2015D Bonds, originally issued in the principal amount of $100,000,000, shall be converted to a new Interest Mode that is a Fixed Mode, a SIFMA Index Mode, or a Term Mode (the period of any such mode, the New Interest Period), during which the 2015D Bonds shall bear interest at Fixed Rates, a SIFMA Index Rate, or a Term Rate. The New Interest Period shall commence on December 1, 2020 and shall conclude, if the 2015D Bonds during such New Interest Period bear interest at (i) a SIFMA Index Rate or a
Term Rate, not later than December 1, 2030 and (ii) Fixed Rates, not later than the 2015D Bonds’ stated date of final maturity, as specified in the 2015D Ordinance. If the 2015D Bonds in the New Interest Period bear interest at a SIFMA Index Rate, the Applicable Spread to the SIFMA Index for use in calculating the SIFMA Index Rate that is applicable to such 2015D Bonds during such New Interest Period shall not exceed 200 basis points. If the 2015D Bonds in the New Interest Period bear interest at a Term Rate, the Term Rate and the Stepped Rate applicable to the 2015D Bonds during such New Interest Period shall not exceed 8.00% per annum. If the 2015D Bonds in the New Interest Period bear interest at Fixed Rates, the true interest cost (federal arbitrage yield) applicable to the Series 2015D Bonds during such New Interest Period shall not exceed 6.00%. Determination of the foregoing shall be made by a Designated Financial Officer, within her discretion (but subject to the limitations described above).

In the event that the establishment of the Term Rate or Fixed Rates applicable to the 2015D Bonds in the New Interest Period, determined in accordance with Section 2.2E of the 2015D Ordinance, generates a premium (being an amount in excess of the Purchase Price of those 2015D Bonds tendered for purchase on the next occurring Purchase Date (such 2015D Bonds, the Tendered Bonds), then the Designated Financial Officer shall provide for the disposition of such premium in a manner permitted under the 2015D Ordinance, this Resolution, and applicable Texas law (which may include redemption of Tendered Bonds in accordance with Section 5 hereof). Such Tendered Bonds that remain Outstanding after accomplishing the remarketing that is the subject of this Resolution (which includes any redemption of Tendered Bonds) are referred to herein as the Remarketed Bonds.

Each Designated Financial Officer, acting by and through the Board for and on behalf of the City, is authorized to execute the Certificate for Conversion of Interest Rate, in substantially the form attached hereto as Exhibit A, establishing the final terms of the Remarketed Bonds. This Certificate for Conversion of Interest Rate is an “Approval Certificate” under the 2015D Ordinance, including particularly Section 2.2C thereof. Within such Certificate for Conversion of Interest Rate, the Designated Financial Officer shall, within the limitations of the paragraph above and the 2015D Ordinance, evidence the Applicable Spread, Term Rate, Stepped Rate, or Fixed Rates, as applicable, for the Remarketed Bonds, the duration of the New Interest Period (including the commencement date thereof), and the disposition of any premium resulting from the remarketing of the Remarketed Bonds. Upon execution of the Certificate of Conversion of Interest Rate, Co-Bond Counsel is authorized to complete this Resolution to reflect such final terms of the Remarketed Bonds, as evidenced in the Certificate for Conversion of Interest Rate.

The Purchase Date for the Tendered Bonds and the Rate Adjustment Date for the Remarketed Bonds, respectively, shall be December 1, 2020. The Purchase Date for the Remarketed Bonds shall be December 1, 2020. During the New Interest Period, the Remarketed Bonds shall bear interest at a Term Rate of __%, which Term Rate has been determined in accordance with the provisions of Sections 2.2C and 2.2E of the 2015D Ordinance; the Stepped Rate applicable to the Remarketed Bonds shall be __%, which Stepped Rate has been determined in accordance with the provisions of paragraph (k) of Section 2.2B of the 2015D Ordinance. The remarketing of the Remarketed Bonds has resulted in a premium of $________, including an amount (when added to the par amount of the Remarketed Bonds) that is in excess of the Purchase Price of the Tendered Bonds (excluding the accrued but unpaid interest on the
Tendered Bonds, which will be paid directly by the City from lawfully available funds), which premium will be utilized in the manner specified in the Certificate for Conversion of Interest Rate.

SECTION 2: Notices. (a) Notice of Mandatory Tender and Conversion of Interest Rate. Each Designated Financial Officer is hereby authorized and directed to cause to be delivered to the Tender Agent a Notice of Mandatory Tender and Conversion of Bonds, in substantially the form attached hereto as Exhibit B, and in accordance with and as required by Section 2.5B of the 2015D Ordinance. The Tender Agent is hereby authorized and directed to provide this Notice of Mandatory Tender and Conversion of Bonds to the Holders of all 2015D Bonds currently Outstanding in accordance with and as required by the 2015D Ordinance. In addition to the foregoing, each Designated Financial Officer (or the designee thereof) is authorized and directed to deliver or cause to be delivered any notice of the remarketing of the 2015D Bonds and conversion of Interest Mode that is the subject of this Resolution that may be required by the 2015D Ordinance or that is otherwise determined by the Designated Financial Officer to be necessary or desirable (including a notice of the type attached hereto as Exhibit E).

(b) Material Event Notice. Each Designated Financial Officer (or the designee thereof) is hereby authorized and directed to take any action, and to execute and deliver any and all documents, certificates or other instruments as are necessary or appropriate, for the filing of any material event notice required as a result of the transactions authorized by this Resolution and the City’s and the Board’s continuing disclosure undertaking under United States Securities and Exchange Commission Rule 15c2-12 (the Rule) and the 2015D Ordinance.

SECTION 3: Reoffering Memorandum. The Board hereby approves, ratifies and confirms the form and content of the remarketing memorandum (the Remarketing Memorandum) presented to the Board with this Resolution, in substantially the same form attached hereto as Exhibit C, and prepared for use by the Remarketing Agent (defined herein) in connection with the remarketing of the 2015D Bonds and the determination of the Term Rate for the Remarketed Bonds in the New Interest Period, and authorizes the preparation of any addenda, supplements or amendments thereto as a Designated Financial Officer may deem appropriate, and the Board further ratifies and approves the use and distribution of such Remarketing Memorandum in connection with the remarketing of the 2015D Bonds and the determination of the Term Rate. The Designated Financial Officers are individually authorized and directed to execute and deliver any certificates, instruments, affidavits, or other documents as may be necessary or appropriate in connection with the Remarketing Memorandum. It is hereby officially found, determined, and declared that the descriptions, statements, and information contained in the Remarketing Memorandum are true and correct in all material respects, to the best knowledge and belief of the Board.

SECTION 4: 2015D Bonds Subject to Mandatory Tender Without Right of Retention. The Board hereby determines that, at the end of the New Interest Period into which the Remarketed Bonds are remarketed pursuant to Section 1 hereof, and if Remarketed Bonds bear interest at a Term Rate of a SIFMA Index Rate, such Remarketed Bonds shall be subject to mandatory tender, without right of retention by the Holders; provided, however, that a failure of the Remarketing Agent to remarket the 2015D Bonds at the end of such New Interest Period shall result in the Holders of the 2015D Bonds retaining such 2015D Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of the 2015D Ordinance (including Section 2.5E thereof).
SECTION 5: Redemption of Certain 2015D Bonds. As described in Section 1 hereof, the remarketing of the Tendered Bonds in the manner specified in Section 2.2E of the 2015D Ordinance may result in excess proceeds, which excess proceeds can be used to redeem Tendered Bonds. The 2015D Bonds are subject to redemption, in whole or in part, on December 1, 2020 at the option of the City. If the remarketing of the 2015D Bonds produces proceeds in excess of the amount necessary to pay the Purchase Price of the Tendered Bonds, and a Designated Financial Officer determines that such excess proceeds shall be used to optionally redeem Tendered Bonds, then such Tendered Bonds determined to be optionally redeemed by the Designated Financial Officer (to be evidenced in the Certificate for Conversion of Interest Rate) are hereby called for redemption.

The City shall give written notice to the Paying Agent/Registrar of any 2015D Bonds that have been called for redemption. The Paying Agent/Registrar is authorized and instructed to provide notice of this redemption to the Holders of any redeemed 2015D Bonds in the form and manner described in the 2015D Ordinance. Notwithstanding the foregoing, a notice of mandatory tender (when delivered to Holders without retention rights relating to the then-outstanding 2015D Bonds) shall satisfy any notice requirements for an optional redemption of 2015D Bonds which occurs on a Purchase Date, pursuant to Sections 2.4F and 2.5B of the Ordinance.

SECTION 6: Appointment of Remarketing Agent. In recognition and satisfaction of its obligations under the 2015D Ordinance (including Section 2.5G thereof), the Board hereby delegates to each Designated Financial Officer the authority to appoint a qualified financial institution to serve as the Remarketing Agent for the 2015D Bonds (the Remarketing Agent) to accomplish the remarketing of the 2015D Bonds into the New Mode Rate Interest Period in the manner contemplated under this Resolution, which appointment shall be evidenced in the Certificate of Conversion of Interest Rate. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed thereon by such appointment by execution of the Remarketing Agreement, in substantially the form attached hereto as Exhibit D (the Remarketing Agreement). Each Designated Financial Officer is hereby authorized and directed to execute and deliver the Remarketing Agreement, for and on behalf of this Board, and such agreement, as executed by the Board and the Remarketing Agent, shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of this Board. The Remarketing Agreement shall specify the compensation to be paid to the Remarketing Agent for its service in connection with accomplishing the remarketing of the Remarketed Bonds into the New Interest Period, payment of which is hereby authorized to be made from any lawful source of funds available to the Board (including proceeds derived from the remarketing of the Remarketed Bonds). Upon completion of the foregoing, the Remarketing Agent shall constitute the “Remarketing Agent” and the Remarketing Agreement shall constitute the “Remarketing Agreement”, respectively, under the 2015D Ordinance for purposes of remarketing the Remarketed Bonds into the New Interest Period.

SECTION 7: Additional Actions Authorized; Designated Financial Officers. Pursuant to the authority provided by Chapter 1371 and the 2015D Ordinance, the President and Chief Executive Officer, the Chief Financial Officer and Treasurer of the Board and any Assistant Treasurer of the Board, each of whom were identified as Designated Financial Officers under the 2015D Ordinance, are hereby identified and designated as Designated Financial Officers under this Resolution, as well. The Designated Financial Officers, and all other appropriate officers, agents and representatives of the Board, are hereby authorized and directed to take any and all other actions
as may be necessary and appropriate to provide for the (i) payment of the Purchase Price of the
Tendered Bonds, the redemption of any Tendered Bonds, and the conversion and remarketing of
the Remarketed Bonds into the New Interest Period; (ii) execution of the Remarketing Agreement
with the Remarketing Agent; and (iii) preparation and distribution of replacement definitive 2015D
Bonds and the Remarketing Memorandum, as contemplated by this Resolution and the 2015D
Ordinance. In addition and with respect to accomplishing the foregoing matters, each Designated
Financial Officer is hereby authorized and directed to execute, deliver, and accept on behalf of the
City (acting by and through the Board) all agreements certificates, consents, waivers, receipts,
notices, requests and other documents as may be necessary or appropriate to carry out the actions
contemplated by this Resolution.

SECTION 8: Definition of Terms. Capitalized terms used herein without definition shall
have the respective meanings ascribed thereto in the 2015D Ordinance.

SECTION 9: Ratification of Prior Actions. The actions of the Designated Financial
Officers, as well as their agents, designees, and representatives, taken prior to the date of this
Resolution to accomplish the conversion and remarketing of 2015D Bonds that is the subject of
this Resolution are hereby ratified, confirmed and approved as the act and deed of the Board.

SECTION 10: Public Meeting. 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.

SECTION 11: Incorporation of Preamble Recitals. The recitals contained in the preamble
to this Resolution are hereby found to be true, and such recitals are hereby made a part of this
Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 12: Coordination of Transaction Matters; Further Procedures. The Board hereby
authorizes PFM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., its Co-Financial
Advisors, to coordinate these financial matters in consultation with CPS Energy staff, McCall,
Parkhurst & Horton L.L.P. and any designated firm qualified for its expertise in bond matters and
serving as co-bond counsel (together, Co-Bond Counsel), the Tender Agent, the Paying
Agent/Registrar, and the Remarketing Agent. In addition, the Board authorizes the payment of the
professional fees and expenses associated with this transaction upon the approval by a Designated
Financial Officer of written invoices for any such services, which payments are hereby authorized
to be made from any lawful source of funds available to the Board (including proceeds derived
from the remarketing of the Remarketed Bonds).

Each Designated Financial Officer and Co-Bond Counsel are hereby authorized and
directed to approve any technical changes or corrections to this Resolution or to any of the
instruments authorized and approved by this Resolution necessary in order to (i) correct any
ambiguity or mistake or properly or more completely document the transactions contemplated and
approved by this Resolution and as described in the Reoffering Memorandum or (ii) obtain a rating
from any of the national bond rating agencies. In case any officer of the Board whose signature
shall appear on any certificate shall cease to be such officer before the delivery of such certificate,
such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer
had remained in office until such delivery.

SECTION 13: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

*   *   *

*   *   *
PASSED AND ADOPTED, this 27th day of May, 2020.

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS

Chair, Board of Trustees

ATTEST:

Secretary, Board of Trustees
INDEX OF SCHEDULES AND EXHIBITS

Exhibit A......................................... Certificate for Conversion of Interest Rate

Exhibit B ............................................ Notice of Mandatory Tender and Conversion of Bonds

Exhibit C ............................................ Remarketing Memorandum

Exhibit D ............................................ Remarketing Agreement

Exhibit E ............................................ Notice to Working Group
EXHIBIT A

Certificate for Conversion of Interest Rate

See Tab No. ___
EXHIBIT B

Notice of Mandatory Tender and Conversion of Bonds

TO: Owners of City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Bonds, Series 2015D (the Bonds):

<table>
<thead>
<tr>
<th>CUSIPNo.</th>
<th>Stated Maturity</th>
<th>Principal Amount ($)</th>
<th>Initial Interest Period</th>
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<td>7962534L3</td>
<td>December 1, 2033</td>
<td>100,000,000</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Expiration Date: November 30, 2020</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Mandatory Tender Date: December 1, 2020</td>
</tr>
</tbody>
</table>

Pursuant to Section 2.5B of the ordinance authorizing the issuance of the Bonds (the Ordinance), and a resolution adopted by the City Public Service Board of San Antonio, Texas (CPS Energy) on May 27, 2020 (the Resolution), CPS Energy, on behalf of the City of San Antonio, Texas, has elected to exercise its right to convert the Bonds from the initial Interest Period during which the Bonds bear interest at a Term Rate to a new Interest Period during which the Bonds will bear interest at a new rate or rates (such new Interest Period commencing on December 1, 2020, also being the date on which Bonds now in the initial Interest Period are to be tendered for purchase (the Mandatory Tender Date)). The duration (in years) and interest rate or rates or applicable interest rate spread for such new Interest Period will be determined on or about ___________, 2020 (the Rate Determination Date). Notice of such new rate shall be sent to U.S. Bank National Association, as paying agent/registrar, on the Rate Determination Date, for further distribution to the Holders of the Bonds.

All Bonds are subject to mandatory tender, without right of retention by the Holders thereof, on the Mandatory Tender Date (on which date shall be due to the Holders of tendered Bonds the Purchase Price). Bonds shall be deemed tendered for purchase if not tendered by noon, New York City time, on the Mandatory Tender Date. Bonds may be tendered through the Depository Trust Company or by physically delivering such Bonds by mail to: U.S. Bank National Association (the Tender Agent), 13737 Noel Road, Suite 800, Dallas, Texas 75240, Attn: Brian Jensen (brian.jensen@usbank.com). Any Bond not delivered to the Tender Agent for purchase, as herein provided, shall be deemed tendered and purchased on the Mandatory Tender Date and shall constitute an Untendered Bond under the Ordinance. Any Holder of an Untendered Bond shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of such Bond to the Tender Agent.

The Remarketing Agent for the tendered Bonds and their remarketing into the succeeding Interest Period is ______________ (Attention: ____________).

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

U.S. BANK NATIONAL ASSOCIATION, as Paying Agent/Registrar and Tender Agent

Dated: October 30, 2020
EXHIBIT C

Remarketing Memorandum

See Tab No. ___
EXHIBITD

Remarketing Agreement

See Tab No. ___
EXHIBIT E

Notice from CPS Energy to Working Group

[CPS ENERGY LETTERHEAD]

Re: City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Bonds, Series 2015D

TO THE ATTACHED DISTRIBUTION LIST:

The City of San Antonio, Texas (the City), acting by and through the City Public Service Board of San Antonio, Texas (CPS Energy), hereby notifies you, as a recipient of this letter, of CPS Energy’s intent to convert and remarket to a new interest rate mode those bonds of the captioned series (collectively, the Bonds). The Bonds are currently outstanding in the principal amount of $100,000,000. This letter will serve as notice of CPS Energy’s intention to (i) convert and remarket the outstanding Bonds to a new Interest Period, commencing on December 1, 2020 (which is the first Business day succeeding the November 30, 2020 expiration of such Bonds’ current Interest Period) and during which the Bonds will bear interest at a new rate or rates. On the December 1, 2020 date of conversion and remarketing, the then-outstanding Bonds will be subject to mandatory redemption without right of retention by the Holders thereof.

The Bonds are issued and outstanding pursuant to an ordinance of the City Council of the City adopted on June 18, 2015 (the Ordinance). The conversion and remarketing of the Bonds into a new interest rate mode is authorized pursuant to the Ordinance and a resolution of the CPS Energy Board of Trustees adopted on May 27, 2020 (the Resolution). Capitalized terms used, but not defined herein, have the meanings ascribed thereto in the Ordinance.

This letter is provided in satisfaction of the requirements of the Resolution and the Ordinance. Please contact Mr. Clay Binford, McCall, Parkhurst & Horton L.L.P., CPS Energy’s Co-Bond Counsel, with any questions concerning this matter. Documents will be circulated to the working group by Co-Bond Counsel to effectuate the remarketing of the Bonds, as well as any redemption accomplished in conjunction with the hereinbefore-described remarketing.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

Shannon Albert
Senior Director
Capital Markets & Cash Management
Assistant Treasurer

cc: [INSERT DISTRIBUTION LIST]
Refunding Resolution
A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF REFUNDING OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE REFUNDING BONDS”, AS FURTHER DESIGNATED BY PURPOSE, SERIES, LIEN PRIORITY, TAX TREATMENT, TIME OF DELIVERY, AND METHOD OF CALCULATING INTEREST RATE (WHETHER FIXED OR VARIABLE); THE APPROVAL OF SEPARATE OFFERING DOCUMENTS RELATING TO EACH SERIES OF OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances previously passed by the City Council (the City Council) of the City of San Antonio, Texas (the City) authorizing the issuance of the currently outstanding first lien revenue bonds and junior lien revenue bonds, respectively (the Senior Lien Obligations and the Junior Lien Obligations, respectively, and collectively, the Outstanding Bonds), the complete management and control of the electric and gas systems (the Systems) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the Board), during the period of time any of the Outstanding Bonds are outstanding and unpaid; and

WHEREAS, the Board has determined that one or more series of revenue refunding obligations designated as “City of San Antonio, Texas Electric and Gas Systems Revenue Refunding Bonds”, as further distinguished by series, year of issuance, purpose of issuance, lien priority, federal tax treatment, time of delivery, and method of calculating interest rate (whether fixed or variable rate) for distinction in the event of multiple issuances (together, the Bonds), in the approximate aggregate maximum principal amount of $1,185,000,000 should now be issued by the City to provide funds for the purposes of (i) refunding some or all of the Refunding Candidates (as such term is defined in the hereinafter-defined Ordinance), and (ii) paying costs of issuance of the Bonds; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the issuance of additional bonds secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Ordinance and that will be on parity with certain of the heretofore issued Outstanding Bonds secured by and payable from, on a series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Bonds, consent to the issuance of the same, approve the ordinance authorizing each series of the Bonds (the Ordinance), including the approval and distribution of the disclosure documents relating thereto, and agree to comply with all the terms and provisions of the Ordinance, including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Bonds; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,
BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. The City Council is hereby formally requested to authorize and sell the Bonds in one or more series, as designated by series, purpose, lien priority, method of interest calculation, time of delivery, and federal tax treatment in the manner hereinbefore described, in the aggregate principal amount not to exceed $1,185,000,000, and the Board by the adoption of this Resolution, hereby evidences its consent to the issuance and sale of the Bonds and the security and payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Ordinance authorizing the respective issuance of the Bonds, substantially in the form attached to this Resolution as Exhibit A (such Ordinance being incorporated herein by reference for all purposes).

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions governing the sale of each series of Bonds shall expire not later than the date of expiration that is specified in the Ordinance.

3. The Preliminary Official Statement relating to each series of Bonds in substantially the form or forms presented at this meeting are hereby approved and deemed final for the purpose of complying with the United States Securities and Exchange Commission’s Rule 15c2-12 and the President and Chief Executive Officer, the Chief Financial Officer, or any Treasurer of the Board (each an Authorized Official and, together, the Authorized Officials) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to execute each final Official Statement on behalf of the Board.

4. The Purchase Contract pertaining to each series of Bonds (collectively, the Purchase Contract), dated as of the date of the sale of the applicable series of Bonds and among the underwriter or underwriters named therein, the City, and the Board, in the form presented at this meeting, is hereby approved. Any Authorized Official is hereby authorized to execute the Purchase Contract on behalf of the Board and to deliver it to the other parties thereto.

5. In lieu of a Purchase Contract for each respective series of Bonds, the Board reserves the right to alter the method of sale for any series of Bonds to a competitively bid sale or privately placed negotiated sale for such series of Bonds. Such decision by the Board shall include execution of an official bid form, purchase and investment letter, or note purchase agreement relating to a particular series of Bonds, to be dated as of the date of the sale of the applicable series of Bonds and among the purchaser or purchasers named therein, the City, and the Board, in the form presented at this meeting is hereby approved, and each Authorized Official is hereby authorized to execute any of the aforementioned evidences of or contract for sale relating to a particular series of Bonds on behalf of the Board and to deliver it to the other parties thereto.

6. The Board recognizes that provisions of the Ordinance, completed with respect to a series of Bonds, contain representations, covenants, and obligations of the City relating to the
Bonds and, as and if applicable, the preservation of tax-exempt treatment of the interest on such series of Bonds for federal income tax purposes. Since the proceeds of the applicable series of Bonds will be entirely within the control and disposition of the Board, the Board specifically adopts the representations, covenants, and obligations of the City or those made by the City Council in that section of the Ordinance.

7. The Board recognizes that provisions of the Ordinance relating to “Continuing Disclosure of Information” contains covenants of the City relating to the Bonds. Since certain financial information, financial status, operating data, and annual audits of the Systems will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the City Council in those provisions of the Ordinance.

8. In order to comply with various provisions of Texas law, various certificates must be provided to Co-Bond Counsel (defined herein) and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the issuance, sale, and delivery of each series of Bonds.

9. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the sale, issuance, and delivery of each series of Bonds and the funding, as applicable, of the escrow established in connection with the issuance of a series of Bonds (including engagement of an escrow bidding agent to facilitate the acquisition of eligible securities to fund such an escrow). This delegation shall last through the period of expiration as set forth in the Ordinance.

10. The Board hereby authorizes PPM Financial Advisors LLC and Estrada Hinojosa & Company, Inc., as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and any designated firm qualified for its expertise in bond matters and serving as co-bond counsel (collectively, Co-Bond Counsel). In addition, the 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. Due to the COVID-19 pandemic and its effects, the Board recognizes that certain advantageous federal and State programs may hereafter provide aid to the City in the form of grants, low-interest loans, liquidity facilities, and other assistance to permit political subdivisions such as City, acting by and through the Board, to continue to service the Systems’ ratepayers and perform the necessary operations to maintain the provision of utility service thereto. Each Authorized Official is hereby authorized to take any and all other actions consistent with the provisions of this Resolution and the City documentation authorizing the issuance of and governing any Outstanding Bonds (collectively, the Authorizing Documentation) to apply, if necessary, and effectuate any assistance programs applicable to the City, acting by and through the Board, subject to the limitations, if any, set forth in the Authorizing Documentation. The Board affirms the foregoing authorization is consistent with the current path of flexibility previously approved and currently promoted by the Board.
12. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance.

13. 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.

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

* * * *
PASSED AND ADOPTED, this 27th day of May, 2020.

CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS

______________________________
Chair, Board of Trustees

ATTEST:

______________________________
Secretary, Board of Trustees
EXHIBIT A

Bond Ordinance

See Tab No. ___
FRRN Resolution
A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS CONCERNING THE AUTHORIZATION AND EXECUTION OF ONE OR MORE NOTE PURCHASE AGREEMENTS AND RELATED DOCUMENTATION UNDER THE EXISTING REVOLVING FINANCE PROGRAM KNOWN AS THE “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS FLEXIBLE RATE REVOLVING NOTE PRIVATE PLACEMENT PROGRAM” AND OTHER MATTERS IN CONNECTION WITH THE FOREGOING

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances (the New Series Bonds Ordinances) previously adopted by the City Council (the City Council) of the City of San Antonio, Texas (the City) authorizing the issuance of certain currently outstanding revenue bonds (the New Series Bonds), the complete management and control of the electric and gas systems (the Systems) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the Board), during the period of time any of the New Series Bonds are outstanding and unpaid; and

WHEREAS, the Board has heretofore determined that, for the purpose of ensuring access to funds necessary to finance its operation of the Systems, the City established, on the Board’s behalf, the “City of San Antonio, Texas Electric and Gas Systems Flexible Rate Revolving Note Private Placement Program” (the Program), being a revolving line of credit program permitting periodic sales and repayment of obligations the interest on which is excluded for federal income tax purposes (such obligations styled “City of San Antonio, Texas Electric and Gas Systems Tax Exempt Flexible Rate Revolving Notes, Series A” and referred to herein as the Tax Exempt Notes) and obligations the interest on which is not excluded for federal income tax purposes (such obligations styled “City of San Antonio, Texas Electric and Gas Systems Taxable Flexible Rate Revolving Notes, Series A” and referred to herein as the Taxable Notes and, together with the Tax Exempt Notes, collectively the Notes) in the maximum principal amount at any one time outstanding not to exceed $100,000,000; and

WHEREAS, the City, upon request of the Board in the form of a Resolution adopted on January 20, 2009, established, by Ordinance No. 2009-02-19-0119 adopted by the City Council on February 19, 2009 (the Ordinance), the Program, which has an effective date of April 28, 2009 and a stated termination date of November 1, 2028; and

WHEREAS, the Program and the City proceedings relating to its establishment were reviewed and approved by the Texas Attorney General as evidenced by its approving legal opinion dated April 28, 2009; and

WHEREAS, the City, on behalf of the Board, previously entered into separate “Note Purchase Agreements”, with one relating to each series of Notes, on the Program’s effective date with JPMorgan Chase Bank, N.A., who was the “Initial Program Note Purchaser” under the Ordinance; and

WHEREAS, the most recent Note Purchase Agreement under the Program was terminated in 2019, but the Program authorization remains active; and
WHEREAS, the Board now desires to enter into a new Note Purchase Agreement with one or more qualified financial institutions (each, a Bank) in which each Bank is obligated to purchase Notes from time to time issued by the City, on behalf of the Board, under the Program; and

WHEREAS, Section 3.03 of the Ordinance requires approval of the Board prior to the City’s entering into any replacement Note Purchase Agreement (as described in the Ordinance); and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interest of the Systems and its ratepayers; now, therefore

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. Subject to the provisions of Section 2 hereof, the Board hereby (i) delegates to the President & Chief Executive Officer and the Chief Financial Officer and Treasurer of the Board (who are referred to as the “General Manager and CEO” and “CFO and Treasurer” in the designated Authorized Representative provision of the Ordinance) or any designee thereof (each, a Designated Financial Officer), the authority to, on the Board’s behalf, identify one or more Banks and negotiate and enter into therewith one or more Note Purchase Agreements, which agreement shall be substantially in the form attached hereto as Exhibit A (which form is incorporated herein for all purposes); and (ii) authorizes a Designated Financial Officer to, on the Board’s behalf, negotiate, execute, and/or deliver any notices, consents, certifications, or related documentation required by a Bank as a prerequisite to the effectiveness of a Note Purchase Agreement (specifically to include if necessary, but not be limited to, control agreements, continuing pledge agreements, closing certificates, and requests for purchase, or any supplement or extension of any existing similar agreements and any side letter agreement relating to safekeeping fees paid to a Bank as the holder of collateral relating to the transactions that are the subject of this Resolution) in the form heretofore executed by the City, acting by and through the Board, pursuant to or in accordance with the Program or as hereafter approved by a Designated Financial Officer.

2. The Board hereby grants authority to any Designated Financial Officer to effectuate the Note Purchase Agreement, subject to the following limitations:

   a. Total liquidity available under all Note Purchase Agreements at any one time valid and effective shall never exceed the maximum permitted principal amount of Notes authorized at any one time to be outstanding under the Program, being a principal amount of $100,000,000;

   b. All Note Purchase Agreements shall have an effective term that expires not later than November 1, 2028;

   c. The interest rate on the Notes shall never exceed the Maximum Interest Rate, as defined in the Ordinance;

   d. To the extent a Note Purchase Agreement relates to Tax Exempt Notes, a
Designated Financial Officer shall deliver the requisite certificates, comply with the continuing covenants, and otherwise take action to maintain, or refrain from any action which would adversely affect the treatment of such Tax Exempt Notes, each as fully described in the Ordinance; and

e. Any Note Purchase Agreement shall maintain compliance with the terms and provisions of the Ordinance.

As set forth in Section 2.14 of the Ordinance, each Designated Financial Officer retains the ability to act on behalf of the City and determine, from time to time, in connection with entering into a Note Purchase Agreement, the terms and provisions set forth therein related to the issuance of Program Notes (as defined in the Ordinance).

3. The Board delegates to each Designated Financial Officer the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance, as necessary or desirable to implement the actions which are the subject of this Resolution.

4. Though such parties may be identified, and the entry into a particular form of contract may be authorized herein, the Board hereby delegates to each Designated Financial Officer the authority to independently select the counterparty to any agreement or other contract that is determined to be necessary or incidental to carry out the provisions of this Resolution, as long as each of such contracts has a value of less than the amount referenced in Section 2252.908, Texas Government Code, as amended (collectively, the Ancillary Contracts), and, as necessary, to execute the Ancillary Contracts on behalf and as the act and deed of the Systems. The Board has not participated in the selection of any of the business entities which are counterparties to the Ancillary Contracts.

5. The Board hereby authorizes its co-financial advisors to coordinate these financial matters with PFM Financial Advisors LLC and Estrada Hinojosa & Company, Inc. in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P., as Bond Counsel to the City. The Board hereby approves payment from lawfully available Systems funds of professional fees and expenses of Bond Counsel, CPS Energy’s co-financial advisors, and any other party whose services have been determined by CPS Energy to be necessary to accomplish the purpose and intent of this Resolution.

6. The Chair of the Board, the Secretary of the Board, or any Designated Financial Officer, are authorized to evidence adoption of this Resolution and to do any and all things necessary or convenient to give effect to the intent hereof.

7. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

8. The recitals contained in the preamble hereof are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.
9. All ordinances and resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

10. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

11. 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.

12. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance.

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

*   *   *

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PASSED AND ADOPTED on the 27th day of May, 2020.

CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO, TEXAS

______________________________
Chair, Board of Trustees

ATTEST

______________________________
Secretary, Board of Trustees
EXHIBIT A

FORM OF NOTE PURCHASE AGREEMENT

See Tab No __
The Audit & Finance Committee met on April 21, 2020. As part of the Audit & Finance Committee agenda, the Committee:

A. Approved meeting minutes from the prior meeting, held on January 21, 2020.

B. Received overview of the financial reporting and audit process, and the external auditors presented the results of the annual audit of our financial statements.

C. Received an update on the impact of COVID-19 on compliance related to electric reliability & protocol, environmental, and gas. No non-compliance events due to COVID-19 have been identified.

D. Received update on the Ethics Program, which included a summary of cases opened and closed through March 31, 2020, and a presentation on trend analysis based on case category for FY2019 versus FY2020.

E. Received Audit Services Quarterly Report:
   b. Discussed that internal controls and fraud training for senior management had been halted and agreed to resume providing the training virtually in the next few weeks. Also, discussed providing training to other employees and contractors.

F. Received update on COVID-19 preliminary financial impacts:
   b. Communicated that City Payment was based on gross revenue and a reduction in our gross revenue would result in a reduction to the City Payment. The City of San Antonio (COSA) requested estimates for City Payment several weeks ago and we have been conducting on-going meetings with the COSA team.
   c. Provided an overview of the potential COVID-19 impact on key financial metrics: adjusted debt service coverage (ADSC), days cash on hand (DCOH), and debt capitalization (DC).

The next meeting of the Audit & Finance Committee is to be determined.

This concludes my report.
EMPLOYEE BENEFITS COMMITTEE OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE APRIL 21, 2020 MEETING PREPARED FOR COMMITTEE MEMBER, TRUSTEE DR. WILLIS MACKEY

The EBOC met on April 21, 2020. As part of the EBOC agenda, the Committee:

A. Approved meeting minutes from the prior meeting held on January 21, 2020
B. Reviewed an Action Item list from the January 21, 2020 Meeting
C. Received a presentation regarding a Benefits Plans Administrative & Financial Update, which included items related to succession planning efforts, governance items, and an investment performance update related to the Plans
D. Received a presentation regarding a Benefits Plans Audit Update, discussing the recently completed audit for the Pension Plan, as well as a one-year extension of the current Auditor

The next meeting of the EBOC is still to be determined.
The Audit & Finance & EBOC Aligned Risk Sub-Committee (Sub-Committee) met on April 21, 2020. As part of the Sub-Committee agenda, the Sub-Committee:

A. Approved meeting minutes from the previous meeting held on January 21, 2020.
B. Reviewed the COVID-19 risk universe with a focus on CPS Energy's People and Financial risks and heard from the risk owners on the risk mitigation steps being executed.

The next meeting of the Audit & Finance & EBOC Aligned Risk Sub-Committee is to be determined.