

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON NOVEMBER 15, 2021

The Regular Meeting of the Board of Trustees of CPS Energy for the month of November was held on Monday, November 15, 2021 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. Ed Kelley
Mr. John Steen
Mayor Ron Nirenberg

Also present were:

Mr. Rudy Garza, Interim President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Frank Almaraz, Chief Power, Sustainability & Business Development Officer
Mr. Paul Barham, Chief Grid Optimization & Resiliency Officer
Ms. Lisa Lewis, Chief Administrative Officer
CPS Energy staff members
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Benny Ethridge, Senior Vice President, Power Generation.

III. PUBLIC COMMENT

Chair Dr. Mackey announced that public comments would be taken, and Ms. Loretta Kerner, Director, Board Relations & Chief of Staff to the CEO, outlined the guidelines for doing so. The following persons made comments:

1. Mr. Alan Montemayor, Chairman, Alamo Group of the Sierra Club, spoke on Agenda items 5B and 11. He wished Ms. Paula Gold-Williams well on her future endeavors and welcomed Mr. Garza as the new Interim President & CEO. He asked the Board to review a handout he delivered to them that contains several recommendations related to Winter Storm Uri. He also spoke on the topics of decarbonization, the City of San Antonio's (City) Climate Action & Adaptation Plan (CAAP), closure of the Spruce coal plants, elimination of natural gas subsidies, and incentives for electric vehicles (EVs) and other renewable resources.

2. Ms. Prentice Miller ceded her time to Mr. Ed Hart.
3. Ms. Jane Macon ceded her time to Mr. Ed Hart.
4. Mr. Ed Hart, Chairman, San Antonio Museum of Art (SAMA), spoke on agenda item 10. On behalf of SAMA, he thanked the Board for the proposed revised conveyance agreement.
5. Mr. Terry Burns, Former Chair, San Antonio Sierra Club, spoke on agenda item 4. He spoke on topics of rate equity, Board governance and the search for a new CEO.

IV. INTERIM CEO'S REPORT

Mr. Garza began by highlighting some of our winter preparedness actions, noting that we have completed or are very close to completing many of these actions. Mr. Garza also reported that we held an internal Townhall to inform employees of these efforts and an external Tele-Townhall to inform the community of the same.

Mr. Garza also reported that we continue to hold Assistance Fairs throughout the city. As a result, approximately twenty-seven thousand (27,000) customers were removed from our disconnection list. We helped arrange over forty million dollars (\$40,000,000) in direct payment assistance to our customers. We have also been working with the City regarding American Rescue Plan Act (ARPA) funding and expect to receive twenty million dollars (\$20,000,000) to aid our customers.

Our finance team, led by Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, has been working with the City's finance team, led by Mr. Ben Gorzell, to get alignment on the financial need for a rate case. Mr. Garza thanked the Mayor, City Manager and City staff for working many hours on this matter. We expect to present the results of these discussions to the Board very soon.

Mr. Garza also announced that the new headquarters building was recently awarded a 2021 Best Projects Award from Engineering News - Record (ENR) under the renovation and restoration category. We will be featured in the December 13, 2021 issue of the ENR Magazine for Texas and Louisiana and will receive the award on December 17, 2021. In addition, we are automatically nominated for the ENR national Best of the Best Awards.

Mr. Garza also recognized one of our employees, Mr. Michael Blackmon, Supervisor, Contact Center. Mr. Blackmon began his career with CPS Energy on February 1, 2016. He has over fifteen (15) years of leadership experience, holds a Bachelor of Science degree in Business and two (2) Master's degrees in Arts Education and Organizational Management. He and his team support our agency portal, scam reporting, EV program and customer outreach effort team. Mr. Blackmon recently volunteered to participate at Mayor Nirenberg's Halloween Event. Mr. Blackmon briefly spoke to the Board about how he and his team assist customers with agency assistance information. Chair Dr. Mackey and Mayor Nirenberg thanked Mr. Blackmon for his service to our customers. The Mayor also thanked Mr. Garza and CPS Energy staff for attending these fairs. He explained that these in-person events help guide citizens to many agencies that provide various forms of help.

Trustee Steen asked for an update on the resumption of customer disconnections. Mr. Garza responded that we began by working with our business customers and are now focusing on residential

customers. So far, we have reached out to approximately ninety thousand (90,000) customers. The number of eligible customers for disconnects has gone down from close to eighty thousand (80,000) to around sixty thousand (60,000). Mr. Garza also reported that we intend to establish a team to knock on doors and provide assistance information for customers who may not be able to leave their homes or who do not have access to the internet.

Trustee Kelley asked how the twenty million dollars in ARPA funds (\$20,000,000) from the City will be applied against the one hundred and thirty-five million dollars (\$135,000,000) of bad debt. Mr. Garza responded that it will be applied to the customers with the most need. For customers with an income below poverty guidelines, funds will be applied to their account. We believe that approximately thirteen million dollars (\$13,000,000) will be used to help these customers. The remaining seven million dollars (\$7,000,000) will be applied on a pro-rata basis for other low-income customers. We plan to utilize payment plans for many of our customers who are behind on their payments and believe we will know more about the balance of bad debt by February of next year. Vice Chair Gonzalez asked if we are tracking the number of times we assist a customer. Mr. Garza responded that we track the type of assistance we provide to a customer. There is a four hundred-dollar (\$400) limit for refund assistance per year per customer. The ARPA funds are separate from the refund assistance.

Mr. Garza stated recognition of Veterans Day and because ten percent (10%) of our employees are veterans, we prepared and presented a video recognizing them. Chair Dr. Mackey thanked our veteran employees for their service to CPS Energy and to our country.

V. ADDITIONAL UPDATES

A. Cost Savings: Recycling of Byproducts from Plants

Mr. Etheridge began his presentation by stating that recycling aligns with our Guiding Pillars. We have a strong commitment to sustainability and we recycle ninety-nine percent (99%) of coal ash produced. The benefits of recycling are that it reduces our landfill costs significantly, conserves our natural resources and reduces the cost of producing concrete locally for many projects in our community. In 1978, we entered into an agreement with a firm to manage our coal ash recycling and have done so since that time. In addition, the environmental team has been a champion for recycling across our organization. Power generation's fleet and coal ash make up eighty percent (80%) of our recycling efforts. The remaining twenty percent (20%) is made up of materials we no longer need in our business, such as metals, plastics, wood, batteries, etc.

Mr. Etheridge emphasized that we are focused on new generation as part of our Flexible PathSM and we are working in parallel to handle the coal ash that is produced today. Since 2005, we have recycled five and one-half (5 ½) tons of coal ash, which has paid us approximately thirty five million dollars (\$35,000,000) and avoided the construction of six (6) new landfills at a cost of seventy two million dollars (\$72,000,000) for a total savings to our customers of over one hundred and seven million dollars (\$107,000,000).

B. Winter Preparedness Progress Report

Mr. Barham provided an on our self-identified action item list for winter preparedness. He reported that one third (1/3) of the over one hundred (100) items on the list have been completed.

Mr. Barham also reported on the status of our work on the City's Committee on Emergency Preparedness (CEP) recommendations. He stated that about one third (1/3) of the recommendations have been completed and approved. We will be submitting additional items to the Municipal Utilities Committee (MUC) for its review later this month. Overall, there has been a lot of progress made.

He also reported on the improvements we have made to our grid operations, noting the winter readiness activities reported weeks earlier by Mr. Almaraz will be completed by the end of the year. These activities include weatherization of our power plants, changes to the planned outage schedule and the strengthening of our fuel supply. In addition, we have made a lot of improvements to our planned management of a possible load shed event and feel we are prepared for a Uri-type event. The Operations Oversight Committee (OOC) recently received a load shed assessment from our consultant, Black & Veatch. The assessment will be ongoing to identify opportunities to improve our processes. We are also finalizing our activities in support of an attestation requirement mandated by the Texas Public Utilities Commission (PUC) and the Electric Reliability Council of Texas (ERCOT). These agencies recently updated their rules, setting expectations on how we are to be prepared this winter with regards to generation and transmission.

We also recognize that we needed to increase our collaboration with local partners, including our sister utility, San Antonio Water Systems (SAWS). We met with SAWS to review the details of our respective winter preparations. We have also improved our collaboration with the various entities represented at the Emergency Operations Center (EOC). For example, we recently met with San Antonio Fire Department (SAFD) leadership and provided them with a tour of our facilities and discussed ways to improve coordination among our organizations. We also met with the Southwest Texas Regional Advisory Council (STRAC), who represents hospitals and medical facilities to strengthen our coordination with them.

We recognize that the CEP and our customers have provided us with the feedback that we need to improve our communications. We have several teams working on this issue, and will be issuing a revised emergency communications plan by the end of the year. We tested existing tools that directly communicated with approximately four hundred and seventy thousand (470,000) customers through text, phone and email. We have information in our systems that will allow us to communicate rapidly with about ninety two percent (92%) of our customers. We also recently worked with the EOC to connect with the Joint Information Center, which is a group of different entities that are working on how to collaborate and communicate during an emergency.

Mr. Barham also reported on our policy activities. The CEP identified four (4) issues related to the electric system that would occur at the State level. Our Government Relations team has been monitoring these issues, as well as other issues such as market redesign. However, there are also issues involving the gas system that are being addressed by the Texas Railroad Commission. Overall, we are tracking thirty-six (36) topics involving both systems.

We will continue to provide a monthly update to both the Board and the MUC on our activities. In addition, we will provide information to the Board to assist in answering questions asked by our customers or other members of our community.

VI. PROCUREMENT PREVIEW

- A. General Services – Context for agenda items 8D1 & 8D2: Electrical Substation Civil Site Work & General Civil Construction Services & Underground Residential Electric Distribution & Terminations

Mr. Lee Byrd, Director, Distribution Process & Support Services, began his presentation by stating that these projects are directly related to our Reliability, Resiliency, and Safety Guiding Pillars. These are contracts that include activities ranging from pre-construction meetings to construction closeout. The types of projects include rebuilding neighborhood loops, converting existing overhead lines to underground lines, replacing the direct-buried primary cable with cable inside of conduit, and terminating cables and connecting them to new transformers. The primary scope of the substation civil contract is for system-level improvements and customer growth projects.

Mr. Byrd also explained the need to use contractors as additional resources that augment our internal staff. They provide us with flexibility from a business continuity perspective and with relief for storm restoration efforts.

Both contracts were solicited through a Request for Proposal (RFP) process, which allows us to actively recruit and grow our small, minority, veteran-owned business groups. We have implemented a contractor performance program in which contractors are asked to directly contact neighbors and customers to find out if they have any questions or concerns related to completed work. We are also working on a post-construction survey that will be sent out to neighborhoods in which work was performed so that anonymous feedback on the performance of the contractor can be received. Chair Dr. Mackey thanked Mr. Byrd for this program.

We received eight (8) proposals and selected three (3) firms for the underground residential construction contract. Two of the firms are headquartered in San Antonio and one (1) is small and in a HUBzone. The companies that are non-diverse are committed to subcontracting ten percent (10%) to local diverse firms. This is a three (3) year contract worth forty-five million dollars (\$45,000,000). The forty-five million dollars (\$45,000,000) is allocated among the three (3) firms at fifteen million dollars (\$15,000,000) each.

We received sixteen (16) proposals and six (6) firms were selected for the substation civil contract. All six (6) firms are diverse. Five (5) of them are headquartered in the San Antonio area. This is a three (3) year contract valued at thirty million dollars (\$30,000,000). Each contractor was allocated five million dollars (\$5,000,000).

As part of the consent agenda, we are requesting that the three (3) companies listed for the underground residential electric distribution and electric terminations be awarded contracts for three (3) years totaling forty-five million dollars (\$45,000,000), and the six (6) companies listed for the electrical substation civil site work and general construction services be awarded contracts for three (3) years totaling thirty million dollars (\$30,000,000).

Trustee Kelley asked if the conversion from overhead to underground lines will lower the maintenance costs to serve these neighborhoods. Mr. Byrd responded yes, it is easier and less expensive to maintain an underground system because there is less wear and tear from the elements. Trustee Kelley asked if it also increases Reliability. Mr. Byrd responded yes and said it is for the same reason. Trustee Kelley asked how we are selecting neighborhoods for this program. Mr. Byrd responded that our engineering organization performs a risk-based analysis of the entire system and has strategically selected the areas that have the most outages or have the most risk for failure in the future. Trustee Steen asked if the areas have been selected. Mr. Byrd responded yes, the plan has been developed for 2022. Trustee Steen asked about

the size of the 2022 plan. Mr. Byrd responded that we plan to spend one third (1/3) of the contract amount in 2022. Trustee Steen also asked what the cost of underground construction is and if we use directional drilling. Mr. Byrd responded yes, we use directional drilling when we go under streets and sidewalks and stated that underground construction is four (4) to five (5) times more expensive than overhead construction. Trustee Steen asked for a copy of the list of neighborhoods where we will install underground and Mr. Byrd agreed to provide it. Mayor Nirenberg suggested that considering the City's bond program and the County's infrastructure plans will open up streets, we should collaborate among utilities to underground lines. Vice Chair Gonzalez thanked our organization for making an intentional effort to include small businesses. She asked if the HUBzone is a federal or state HUBzone. Mr. Byrd responded that it is a federal HUBzone. She also asked if she could see an ongoing report on the money spent with small businesses and Mr. Byrd agreed we will provide the report. She suggested that we should consider state HUBzones because it might increase the number of diverse small businesses involved in our projects.

VII. EXECUTIVE SESSION

At approximately 2:10 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 3:11 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.

VIII. APPROVAL OF CONSENT ITEMS

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

- A. **Approval of Minutes of the Regular Board Meeting held on September 27, 2021 were approved as presented.**
- B. **Approval of Payment to the City of San Antonio for October 2021**

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 October 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$211,536,463.69, less applicable exclusions. The revenue for the month of October 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$209,001,496.79
Gas revenue	15,007,886.36
Interest and other income	(1,704,088.13)
Gross revenue per CPS Energy financial statements	<u>222,305,295.02</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(8,264,838.84)
LVG revenue per City Ordinance 100709	(12,638.85)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(14,882,607.84)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>12,391,254.20</u>
Total excluded revenue	<u>(10,768,831.33)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$211,536,463.69</u>
City payment per Bond Ordinance for October 2021 based upon October 2021 revenue	\$29,615,104.92
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	510,554.91
Wholesale Special Contract Annual True Up	117,076.92
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	30,230,236.75 A
Utility services provided to the City for October 2021	<u>(2,672,651.48)</u>
Net amount to be paid from October 2021 revenue to the City in November 2021	<u>\$27,557,585.27</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)

October 2021	Actual	Budget	Variance	
Current Month* A	\$30,230	\$28,011	\$2,219	7.9%
Year-to-Date*	\$272,324	\$277,259	(\$4,935)	-1.8%

* 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 \$27,557,585.27 representing 14% of applicable system gross revenues for the month of October 2021, such payment being net of City utility services (\$2,672,651.48), is hereby approved."

C. Appointment to the Citizen's Advisory Committee (CAC) from District 1

Ms. Julia Haynes, Manager, Local Government Relations, informed the Board that District 1 Councilman Mario Bravo nominated Mr. Richard Farias to the CAC. Mr. Farias is the Director of Annual Giving for the Alamo Colleges District. Mr. Farias briefly described his background and shared that he informed Councilman Bravo that he wanted to get more involved in the community and the Councilman nominated him to the committee. Trustee Steen asked Mr. Farias what his impressions of CPS Energy were. Mr. Farias stated that he has broad information about the company but does not have a lot of specific knowledge and that he is interested to learn more about it. Trustee Kelley asked for Mr. Farias to elaborate about his residency in San Antonio. Mr. Farias responded that he grew up on the near northwest side of San Antonio and attended Health Careers High School and enjoyed literature and writing. He also attended both Incarnate Word University and UTSA. Mayor Nirenberg thanked Mr. Farias for his service and welcomed him to the CAC. Vice Chair Gonzalez and Chair Dr. Mackey also welcomed Mr. Farias to the CAC. Trustee Steen informed Mr. Farias that the vote for his approval to serve on the CAC will occur during the vote on the Consent Agenda.

D. Approval of Procurement Items

Two (2) Non-Competitively Sensitive Items and One (1) Competitively Sensitive Item

1. General Services: Electrical Substation Civil Site Work & General Civil Construction
Purchase Category: General Services
Supplier: Allbrite Constructors of Texas, Inc. D/B/A Allbrite Construction
Supplier: Dorazio Enterprises, Inc.
Supplier: E-Z Bel Construction, LLC
Supplier: HJD Capital Electric, Inc.
Supplier: Packet Construction, LLC
Supplier: Paloma Blanca Enterprises, Inc.

2. General Services: Underground Residential Electric Distribution and Electric Terminations
Purchase Category: General Services
Supplier: HJD Capital Electric, Inc.
Supplier: Mears Installation, LLC
Supplier: Zachry Underground & Utility Services, Inc.

3. General Services: Competitively Sensitive Item

*The listed Procurement Item to be attached as Attachment "A"

IX. COMMITTEE REPORTS

Trustee Steen requested that the Board dispense with a reading of the reports and Trustee Kelley agreed. Chair Dr. Mackey accepted the submission of reports for the record in lieu of having them read during the meeting.

Audit and Finance (A&F) Committee Meeting held on October 14, 2021

A report of the A&F meeting, which took place on October 14, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "B") to the meeting minutes.

Employee Benefits Oversight Committee (EBOC) Meeting held on October 14, 2021

A report of the EBOC meeting, which took place on October 14, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

A&F and EBOC Aligned Risk Sub-Committee Meeting held on October 14, 2021

A report of the A&F and EBOC Aligned Risk Sub-Committee meeting, which took place October 14, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

Master Planning and Oversight Committee (MPOC) Meeting held on October 25, 2021

A report of the MPOC meeting, which took place on October 25, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "E") to the meeting minutes.

X. REAL ESTATE: JONES AVENUE PROPERTY USE

RESOLUTION APPROVING THE CONVEYANCE OF A PORTION OF THE JONES AVENUE PROPERTY TO THE SAN ANTONIO MUSEUM OF ART AND FOR THE SALE OF THE BALANCE OF THE PROPERTY

WHEREAS, CPS Energy owns the property located at 326 West Jones Ave., which is an approximately 6.94-acre tract (the "Jones Avenue Property");

WHEREAS, by resolution dated March 30, 2015, the CPS Energy Board of Trustees declared the Jones Avenue Property surplus and had authorized the conveyance of approximately one-half (1/2) of the Jones Avenue Property, being located along Jones Avenue and having a portion of the Camden Street frontage (the portion of the Jones Avenue Property authorized to be conveyed to the San Antonio Museum of Art ("SAMA")(the "2015 Property"), subject to certain restrictions and conditions;

WHEREAS, pursuant to the March 30, 2015 resolution, CPS Energy and SAMA entered into a conveyance agreement for the future conveyance of the 2015 Property by CPS Energy to SAMA, but the agreement expired by its terms prior to the conveyance of the 2015 Property;

WHEREAS, CPS Energy now desires to re-engage with SAMA and convey a smaller portion of the 2015 Property to SAMA, such portion being all or a portion of the approximately 1-acre of the 2015 Property generally depicted on the attached Exhibit A (the "2021 Property");

WHEREAS, CPS Energy desires to market for sale the portion of the Jones Avenue Property other than the 2021 Property (such portion of the Jones Avenue Property, the "Remaining Property");

WHEREAS, Chapter 272 of the Local Government Code which governs the sale or exchange of land by a municipality provides in Section 272.001 (k) that notice and bidding requirements do not apply to sales of land owned by a municipality operating a municipally owned electric or gas utility if the land is held by the municipal utility, provided that the governing body of the municipal utility adopts a resolution stating the conditions and circumstances of the sale and the public purpose that will be achieved by the sale;

WHEREAS, the proceeds from the sale of the Remaining Property will generate revenue which can be applied to the operation and development of the CPS Energy Electric and Gas Systems (the "Systems"); and

NOW, THEREFORE, BE IT RESOLVED:

1. The recitals to this Resolution are hereby incorporated by reference.
2. The CPS Energy Board of Trustees finds that the "public purpose" for conveying the 2021 Property is the enhancement for cultural resources in San Antonio and the increased educational and economic development benefits that accrue therefrom, making San Antonio a more attractive community for companies to relocate to and for people to live, including any increase in the CPS Energy customer base resulting therefrom; and the aforementioned increased benefits from the transfer will accrue to San Antonio and CPS Energy and are adequate consideration for the conveyance.
3. The CPS Energy Board of Trustees authorizes, but does not obligate, the President and CEO, or his/her designee(s), to: (i) take, any and all actions necessary or appropriate to identify the exact boundaries of the 2021 Property and the Remaining Property, provided the 2021 Property is all or a portion of the approximately 1-acre generally depicted on the attached Exhibit A; and (ii) to negotiate, execute, and deliver one or more definitive and binding transaction documents which such employee(s) or agent(s) deem necessary or appropriate to convey the 2021 Property to SAMA for its use for museum purposes, on such terms and subject to such restrictions or conditions as they deem appropriate including, without limitation, those deemed appropriate for the conveyance to comply with applicable law, restrictions on the use of the 2021 Property, allocation of environmental responsibility, a prohibition against any liens or encumbrances, and a prohibition against revenue generating activities
4. The CPS Energy Board of Trustees authorizes, but does not obligate, the President and CEO, or his/her designee(s), to take or to direct any employee or agent of CPS Energy to take, any and all actions necessary or appropriate to negotiate, execute and deliver one or more other ancillary documents in connection with the contemplated conveyance to SAMA. The CPS Energy Board of Trustees authorizes CPS Energy staff to take any and all action necessary to carry out and consummate the contemplated conveyance, or otherwise to give effect to the actions authorized

hereby and the intent hereof or to observe and perform the obligations of CPS Energy and any agreements made in contemplation of the subject conveyance.

5. The CPS Energy Board of Trustees finds that a "public purpose", generating revenue for the operation and development of the Systems, will be achieved by the sale of the Remaining Property and, as such, the transaction is exempt from the notice and bidding requirements of Chapter 272 of the Local Government Code.
6. The CPS Energy Board of Trustees hereby authorizes, but does not obligate, the President and CEO, or his/her designee(s), to determine a final sales price and to take such action as is deemed necessary and appropriate to carry out the purposes and intent of this Resolution and complete the sale of all or a portion of the Remaining Property.

On motion duly made by Trustee Kelley, seconded by Vice Chair Gonzalez, and upon affirmative vote by all members present, the resolution was unanimously approved. Trustee Kelley thanked Chair Dr. Mackey for ensuring that the property transaction with SAMA was accomplished.

XI. FLEXPOWER BUNDLESM UPDATE

Mr. Kevin Pollo, Vice President, Energy Supply & Market Operations, provided an update on our FlexPOWER BundleSM. Our Flexible PathSM is our overarching approach to transform our generation fleet into lower or non-emitting resources. For over twenty (20) years, we have demonstrated significant reductions in our emissions. The FlexPOWER BundleSM is the next step along this journey. Mr. Pollo highlighted our Big Sun Community Solar project, which was a local impact project and the type of opportunity we would like to grow as part of our FlexPOWER BundleSM. Mr. Pollo mentioned that we are coming to the end of the FlexPOWER BundleSM RFP process and indicated that we expect to make an announcement on the full FlexPOWER BundleSM awards by next spring, noting that we will be making an announcement on solar sooner. Although this FlexPOWER BundleSM will be coming to an end, our Flexible PathSM journey will continue.

In addition, Mr. Pollo presented our generation and fuel mix as of 2010 and 2018, and what this might look like in 2040 had we not embarked on our Flexible PathSM a potential scenario of a dramatic increase of renewable penetration into our portfolio. When our nuclear generation is considered along with renewables and flexible generation, we show a potential of almost eighty percent (80%) of our generation fleet being non-emitting.

Mr. Pollo also discussed the aging plants in our portfolio. Almost thirty percent (30%) of our capacity currently comes from plants that are over forty (40) years old. The three (3) oldest units are Braunig 1, 2 and 3. Part of the FlexPOWER BundleSM is the capacity additions that we are making to our portfolio to replace the three (3) Braunig units. In total, we are looking to transform about three thousand megawatts (3,000 MW) of generation.

As we have worked through the FlexPOWER BundleSM process, we have seen many opportunities to optimize the approach to our portfolio. This includes different types of capacity such as solar, energy storage and firming. The FlexPOWER BundleSM process allows us to evaluate projects individually and as part of a bundle so that we can optimize how we will select the projects.

We have referred to our approach to our FlexPOWER BundleSM as thinking global and applying local. To apply local, we decided to separate our goal of nine hundred megawatts (900 MW) of solar into three (3) categories. The priority solar projects consist of up to two hundred megawatts (200 MW). The other large-scale solar projects consist of up to six hundred and fifty megawatts (650 MW). The remaining fifty megawatts (50 MW) will be local, small-scale solar selections. We recognize that these small projects do not enjoy the economies of scale that larger projects do, but we can strategically site them to relieve overloaded circuits. Another benefit is to add solar to areas of our community where solar presence is not as marked as other areas. A further benefit is to generate power locally, which can shield us and our customers from certain costs associated with the larger grid. Vice Chair Gonzalez requested a follow up meeting to clarify the various company priorities and RFPs related to the FlexPOWER BundleSM.

XII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Kelley, and seconded by Mayor Ron Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:40 p.m. by Chair Dr. Mackey.



Shanna M. Ramirez
Secretary of the Board



**CPS Energy Board of Trustees Meeting
November 15, 2021
APPROVAL of PROCUREMENT ITEMS
Table of Contents**

1. Item Description: Underground Residential Electric Distribution and Electric Terminations
Purchase Category: General Services
Supplier: HJD Capital Electric, Inc.
Mears Installation, LLC
Zachry Underground & Utility Services, Inc.

2. Item Description: Electrical Substation Civil Site Work & General Civil Construction
Purchase Category: General Services
Supplier: Allbrite Constructors of Texas, Inc. D/B/A Allbrite Construction
Dorazio Enterprises, Inc.
E-Z Bel Construction, LLC
HJD Capital Electric, Inc.
Packet Construction, LLC
Paloma Blanca Enterprises, Inc.

Approval: 

Lisa Lewis, Chief Administrative Officer

Approval: 

Rudy Garza, Interim President & CEO



**CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 1**

Item Description	Underground Residential Electric Distribution and Electric Terminations
Purchase Order Value	\$45,000,000
Purchase Category	General Services
Department	Construction and Maintenance Services
Vice President	Darrell Clifton
Chief Grid Optimization & Resiliency Officer	Paul Barham

Detailed Description

CPS Energy staff recommend that contracts be awarded to three (3) respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below. These recommended respondents include:

- 1 local/diverse firm
- 2 local/non-diverse firms

These contracts will provide replacement of padmount transformers, aging single phase underground primary cable, aging secondary cable in existing residential subdivisions and apartments, and overhead-to-underground conversion projects. The contracts will allow CPS Energy to ensure **Safe, Reliable** services to our customers and to our system throughout the CPS Energy service territory. These three-year contracts will expire on December 15, 2024.

Subcontracting Opportunities

Zachry Underground & Utility Services, Inc. has committed to subcontract 10% of overall contract spend to the following diverse businesses:

- Four B Paving, Inc. is a local, small, woman-owned business providing asphalt paving services.
- Morlandt Electric Co Inc. is a local, small business providing pole line services.
- Bartek Construction is a local, small business providing directional boring services.

Mears Installation, LLC has committed to subcontract 10% of overall contract spend to Cimbafor, LLC, a local, small business providing electric termination services.

The solicitation method for this procurement was a Request for Proposals. 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	15
Economic Development (local & diverse consideration)	10
The financial soundness of the Respondent	5
TOTAL	100



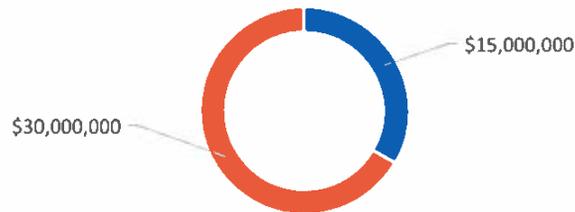
**CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 1**

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
HJD Capital Electric, Inc.	Local / Diverse (Small, HUBzone)	85.7	\$15,000,000	2199284	Corporate headquarters based in San Antonio Metropolitan Area
Zachry Underground & Utility Services, Inc.	Local / Non-Diverse	75.0	\$15,000,000	2199285	Corporate headquarters based in San Antonio Metropolitan Area
Mears Installation, LLC	Local / Non-Diverse	66.8	\$15,000,000	2199286	
TOTAL			\$45,000,000		

Five (5) additional respondents were not recommended for award: 3S Services, LLC; Wampole-Miller, Inc. dba Miller Bros.; Renegade Group, LLC; Power Line Services, Inc; and BComm Constructors, LLC.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY22 PO Spend	% of FY22 Annual Corp Budget	Projected FY23 PO Spend	Projected FY24 PO Spend	Projected FY25 PO Spend
\$714,300,000	Capital	\$1,500,000	0.21%	\$15,000,000	\$15,000,000	\$13,500,000
\$687,500,000	Non-Fuel O&M	\$0	0.00%	\$0	\$0	\$0

Procurement Item: General Services



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



CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 2

Item Description	Electrical Substation Civil Site Work & General Civil Construction
Purchase Order Value	\$30,000,000
Purchase Category	General Services
Department	Grid Optimization & Resiliency
Senior Director	LeeRoy Perez
Chief Grid Optimization & Resiliency Officer	Paul Barham

Detailed Description

CPS Energy staff recommend that contracts be awarded to six (6) respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below. These recommended respondents include:

- 5 local/diverse firms
- 1 non-local/diverse firm

This procurement is for general and substation civil construction services. Services include sitework, installation of foundations, fences, access roads and driveways, grading, drainage and storm water pollution prevention measures. These contracts are necessary to meet CPS Energy's commitment to cost effective and **Safe** construction services to support the **Reliability** and **Resiliency** of our electric system. These contracts are for a three-year term and will expire on November 30, 2024.

Subcontracting Opportunities

All six companies recommended for award are classified as diverse businesses. Additionally, all six companies committed to subcontracting 10% of contract spend to diverse businesses.

The solicitation method for this procurement was a Request for Proposals. 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	25
Company overview/firm overview	20
Safety records and training program	20
The ability to meet CPS Energy's requirements	15
Economic Development (local & diverse consideration)	10
The overall cost	5
The financial soundness of the Respondent	5
TOTAL	100



**CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 2**

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Paloma Blanca Enterprises, Inc.	Local / Diverse (Small)	89.4	\$5,000,000	2198973	Corporate headquarters based in San Antonio Metropolitan Area
Dorazio Enterprises, Inc.	Local / Diverse (Small)	86.9	\$5,000,000	2198969	Corporate headquarters based in San Antonio Metropolitan Area
Allbrite Constructors of Texas, Inc. D/B/A Allbrite Construction	Local / Diverse (Small)	82.5	\$5,000,000	2198968	Corporate headquarters based in San Antonio Metropolitan Area
E-Z Bel Construction, LLC	Local / Diverse (Small, Hispanic American)	81.2	\$5,000,000	2198971	Corporate headquarters based in San Antonio Metropolitan Area
Packet Construction, LLC	Non-Local / Diverse (Small)	80.2	\$5,000,000	2198974	
HJD Capital Electric, Inc.	Local / Diverse (Small, HUBzone)	78.2	\$5,000,000	2198972	Corporate headquarters based in San Antonio Metropolitan Area
TOTAL			\$30,000,000		

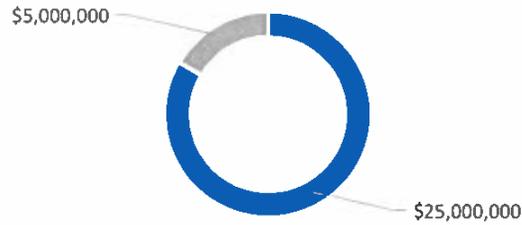
Ten (10) additional respondents were not recommended for award: Wampole-Miller, Inc. dba Miller Bros.; Zachry Underground & Utility Services, Inc.; K. West Group, LLC; Chancellor Construction, LLC; D. Grimm, Inc.; Pronto Sandblasting, Coating, and Oilfield Services Co. Inc.; Southeast Power Corporation; Ernest P. Breaux Electrical, LLC; Evers & Sons Inc.; and Principle Services LLC.



CPS Energy Board of Trustees Meeting
November 15, 2021
Procurement Form 2

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY22 PO Spend	% of FY22 Annual Corp Budget	Projected FY23 PO Spend	Projected FY24 PO Spend	Projected FY25 PO Spend
\$714,300,000	Capital	\$500,000	0.07%	\$10,000,000	\$10,000,000	\$9,500,000
\$687,500,000	Non-Fuel O&M	\$0	0.00%	\$0	\$0	\$0

Procurement Item: General Services



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



COMPETITIVELY SENSITIVE ITEM



AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 14, 2021 MEETING PREPARED FOR CHAIR JOHN STEEN FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on October 14, 2021. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 28, 2021.
- B. Received an update on Enterprise Compliance:
 - a. Regulatory agencies are still exercising enforcement discretion as necessary, and many regulatory agencies' employees are working remotely. Also, it is anticipated that the Texas Commission on Environment Quality (TCEQ) will change Bexar county's current designation of marginal for nonattainment to moderate in early 2022.
 - b. Provided an update on gas compliance and regulatory audits conducted by the Railroad Commission and shared that work has been occurring with operations areas since early September 2021 in relation to winter weather preparations.
 - c. Discussed TCEQ extension discretion regarding allowances for variances above permitting limits and that the Chairman of the Public Utility Commission of Texas (PUCT) has been informed of our concerns regarding exceeding permitting limits.
- C. Received an update on the Ethics Program, including a summary of cases that were opened and closed through September 17, 2021, and a trend analysis for FY2021 first Quarter versus FY2022 first Quarter.
- D. Received an update on financial policies annual renewals, which included an overview of managed investments and proposed changes to financial policies.
- E. Received an update on the Nuclear Decommissioning Trust and renewal of investment manager agreements.
- F. Received Audit Services Update:
 - a. Provided status of projects for FY2022 and reviewed the results of five projects completed since the last Committee meeting.
 - b. Discussed the options for performing the external quality assessment which is required to be performed every 5 years. Informed the Committee of our plan to conduct a full assessment and there was no objection with proceeding with that approach.

The next meeting of the Audit & Finance Committee will be held in January 2022.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 14, 2021 MEETING PREPARED FOR COMMITTEE CHAIR JOHN STEEN FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING

The EBOC met on October 14, 2021. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 28, 2021.
- B. Reviewed the Action Item list from the July 28, 2021 Meeting.

The Committee also received presentations regarding:

- C. A Benefit Plans Statement of Governance Update, which included a review of the 2021 meeting calendar and proposed revisions to the Statement of Governance (SoG) in preparation for full Board of Trustees approval. The EBOC approved to present the SoG proposed revisions to the full Board of Trustees at the October Board meeting.
- D. A Benefits Plans Investment Policy (IP) Update, which included a recommendation for proposed near-term changes to IP asset allocation targets. The EBOC approved this recommendation.
- E. A Benefits Plans Investment Consultant (IC) Request for Proposal (RFP) Update, which included a discussion of the IC role and a review of the IC RFP timeline.
- F. A Benefits Plans Financial Update, which included a review of investment performance to date.
- G. A Benefit Plans Improvement Plan Update, which included items related to continued improvement initiatives being led by the Administrative Committee (AC).
- H. An update on a Benefit Plans Internal Controls Audit conducted by Audit Services and a plan to provide an update on audit findings to the EBOC at the next regularly scheduled meeting in January 2022.
- I. A Benefit Plans Trustee Services Recommendation, which included a request for approval to engage J.P. Morgan as the Trustee for the next 5-year term. The EBOC approved this recommendation.
- J. A Benefit Plans External Audit Engagement Update, which included an update on finalizing a 5-year agreement with BDO, the new external audit firm that is scheduled to start the external audit process in November 2021.
- K. The Restatement of Benefit Plan Documents, which included a summary of Benefit Plans document restatements and a request for approval. The EBOC approved this recommendation.

The next meeting of the EBOC will be held in January 2022.



**AUDIT & FINANCE & EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)
ALIGNED RISK SUB-COMMITTEE**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 14, 2021 MEETING
PREPARED FOR COMMITTEE MEMBER, MR. JOHN STEEN
FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING**

The Audit & Finance & EBOC Aligned Risk Sub-Committee met on October 14, 2021. As part of the Audit & Finance & EBOC Aligned Risk Sub-Committee (Sub-Committee) agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on July 28, 2021
- B. Reviewed the action item from the previous meeting
- C. Discussed the enterprise risk landscape
- D. Heard from risk owners on managing our financial health risk and the importance of investing in our people

The next meeting of the Sub-Committee is to be determined.



MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 2021 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE NOVEMBER 15, 2021 BOARD OF TRUSTEES MEETING

The MPOC met on October 25, 2021. As part of the MPOC agenda, the Committee:

- A. Discussed the operation and activities in and around the McCullough Building.
- B. Reviewed the status, current and potential buyers, marketing strategies and/or contract deadlines for the following properties:
 - 1. Main Office Building;
 - 2. Tower Garage;
 - 3. Villita Assembly Building;
 - 4. Surface Parking Lot #2;
 - 5. Northside Customer Service Center; &
 - 6. Mission Road Power Plant and Gugert Street.
- C. Discussed disposition of Jones North and Jones South and reviewed property features and information.
- D. Discussed strategic property purchase opportunities that support electric and gas system *Reliability, Resiliency* and customer growth, as well as potential property sale opportunities.

The next meeting of the MPOC is November 15, 2021.