

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION

NOTICE OF MEETING

Notice is hereby given that the Board of Directors of the SA Energy Acquisition Public Facility Corporation will hold a public meeting in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas **on Monday, February 27, 2023, at 4:20 p.m. or immediately following the Regular Board Meeting of the CPS Energy Board of Trustees.** The Board of Directors will consider specifically those matters referred to in the attached agenda, which is incorporated herein. The meeting will also be live-streamed.

The meeting will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register starting Wednesday, February 22, 2023 at 5:00 p.m. until Friday, February 24, 2023 at 1:00 p.m. CT. Registration may be made by email at publiccommentregistration@cpsenergy.com or by phone at (210) 353-4662. Those registering to speak should be prepared to provide the following information:

- First & last name
- City & state of residence
- Phone number
- Email address
- Group for which the individual is speaking, if applicable
- Agenda item # listed on the Agenda (any item other than #1 or 2) about which they are speaking
- Any required translation services

Commenters will be called to speak in the order that each registers.

Written comments may be sent to publiccommentregistration@cpsenergy.com and will be shared with the Board prior to the start of the meeting.

The agenda packet is attached. It and other informational material may be found at:

<https://www.cpsenergy.com/en/about-us/who-we-are/trustees/board-meetings.htm>

A recording of the meeting will be made and will be available to the public in accordance with the Open Meetings Act upon written request.

At any time during the Board Meeting, and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session for consultation concerning attorney-client matters under Section 551.071; for deliberations and other authorized action on real property under Section 551.072; on prospective gifts or donations under Section 551.073; on personnel under Section 551.074; on security personnel or devices under Section 551.076; on economic development negotiations under Section 551.087; to deliberate, vote, or take final action on competitive matters under Section 551.086; to deliberate regarding security audits and devices under Section 551.089; or to deliberate under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.



Shanna M. Ramirez
Secretary of the Board
February 22, 2023

CUSA - CITY CLERK
2023 FEB 22 AM 09:57:17



**SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION MEETING
TO BE HELD ON FEBRUARY 27, 2023
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)
THIS MEETING WILL FOLLOW THE REGULAR BOARD OF TRUSTEES MEETING**

2:56 PM 2/27/2023
CPS ENERGY

- At any time during the Board Meeting and pursuant to the provisions of Chapter 551 of the Texas Government Code, the Board may meet in executive session concerning*
- attorney-client matters under Section 551.071;
 - deliberations and other authorized action on real property under section 551.072;
 - prospective gives or donations under Section 551.073;
 - personnel under Section 551.074;
 - security personnel or devices under Section 551.076;
 - economic development negotiations under Section 551.087;
 - deliberations, voting or taking final action on competitive matters under section 551.086;
 - deliberations regarding security audits and devices under Section 551.089; or
 - deliberations under Texas Government Code Section 418.183(f) about confidential information under the Texas Homeland Security Act.

PFC Members

Dr. Willis Mackey, President	Mayor Ron Nirenberg, Director	Mr. Rudy Garza, Assistant Vice President
Ms. Janie Gonzalez, Vice President	Dr. Francine Romero, Director	Mr. Cory Kuchinsky, Director
Mr. John Steen, Director		

AGENDA

ITEM	TOPIC	ACTION	PRESENTER / SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	PUBLIC COMMENT Pre-Registration is from Wednesday, February 22, 2023 5:00 PM – Friday, February 24, 2023 1:00 PM. Dial (210) 353-4662 or Email PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
CONSENT AGENDA			
3	APPROVAL OF CONSENT ITEMS: A. Minutes of the PFC Meeting held on 10/31/2022 B. Financial Authorization and Approvals Policy for Banking & Investing (Ms. Julie Johnson)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
4	RESOLUTION FOR APPOINTMENT OF DIRECTORS & ELECTION OF OFFICERS (Ms. Shanna Ramirez)	Vote	Dr. Willis Mackey
5	CLOSE-OUT: Review Action Items from this meeting	Discuss	Ms. Julie Johnson
6	ADJOURNMENT	Execute	Ms. Janie Gonzalez
If the PFC meeting has not adjourned by 4:55 PM, the presiding officer may entertain a motion to continue the meeting, postpone the remaining items to the next Board meeting date, or recess and reconvene the meeting at a specified date and time.			

Draft for Review and Approval
at the February 27, 2023 meeting



**Minutes of Meeting of
Board of Directors
October 31, 2022**

A regular meeting of the Board of Directors of SA Energy Acquisition Public Facility Corporation ("PFC" or "Corporation"), held in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas, was called to order on Monday, October 31, 2022 at 3:36 p.m. by Board President Mackey.

The following Directors of the Corporation, constituting a quorum, were present and participated throughout the meeting:

- Dr. Willis Mackey, President
- Ms. Janie Gonzalez, Vice President
- Mr. Rudy Garza, Assistant Vice President
- Mr. John Steen
- Dr. Francine Romero
- Mayor Ron Nirenberg
- Mr. Cory Kuchinsky

Also, in attendance during the meeting were:

- Mr. Kevin Pollo, Executive Director
- Ms. Shanna Ramirez, Secretary
- Ms. Julie Johnson, Assistant Secretary
- Mr. David Ramirez, Treasurer
- Other CPS Energy leadership and staff members.

I. WELCOME / CALL TO ORDER

Board President Mackey welcomed everyone and called to order the meeting.

II. Public Comment

There were no members of the public wishing to provide public comment.

Draft for Review and Approval
at the February 27, 2023 meeting

III. CONSENT AGENDA

A. Approval of Consent Agenda: Board Meeting Minutes from July 25, 2022

Assistant Vice President Garza moved to approve the minutes, Mayor Nirenberg seconded, and the motion passed unanimously.

IV. PFC AUDIT RESULTS

Ms. Julie Johnson, Vice President of Finance & Accounting, introduced Mr. Robert Nelson and Ms. Caroline Garcia of KPMG to present the audit results for the SA Energy Acquisition Public Facility Acquisition. Also, in attendance were: Mr. Eric Brown of PFM, Mr. Don Gonzales of Estrada Hinojosa, and Mr. Clay Binford and Ms. Lauren Ferrero of McCall, Parkhurt & Horton.

V. UPDATE OF BYLAWS AND FORM 401

The update of bylaws was pulled from the agenda as it was no longer necessary.

Trustee Steen made a motion confirming the filing of a Form 401 with the Secretary of State to make Ms. Shanna Ramirez the registered agent and update the office. Assistant Vice President Graza seconded, and it was unanimously approved.

VI. Close-Out

No action items were captured.

ADJOURNMENT

There being no further business to come before the Board of Directors, upon motion by Vice President Garza and seconded by Mayor Nirenberg, the meeting was adjourned by President Mackey at 4:06 p.m.

Shanna M. Ramirez
Secretary of the Board

Executive Summary
San Antonio Energy Acquisition Public Facility Corporation
Financial Policy Annual Approval
February 27, 2023 Board Consent Agenda Item

ACTION REQUIRED:

- Board approval of San Antonio Energy Acquisition Public Facility Corporation's Financial Policy Resolution
- Should you have any questions or need any additional information, please contact
 - Julie Johnson at 210-353-2462 (office) / 210-289-3490 (cell)
 - Cory Kuchinsky at 210-353-5176 (office) / 210-415-2941 (cell)

BACKGROUND:

The following is a high-level summary of the extent of the changes that are being proposed herein:

Administrative	Organizational	Procedural	Substantive
None	None	Yes	None

This Policy:

- Designates San Antonio Energy Acquisition Public Facility Corporation officers (“Officers”) and other staff who are authorized to approve various banking, investing and hedging transactions and relationships
- Designates Investment Officers for the San Antonio Energy Acquisition Public Facility Corporation, as defined by the Texas Public Funds Investment Act (“PFIA”)
- Authorizes Officers to act in the name of San Antonio Energy Acquisition Public Facility Corporation to perform duties such as establishing, maintaining and closing bank accounts; authorizing or approving investment and banking transactions; and establishing, maintaining and closing trading authorizations for the investment of San Antonio Energy Acquisition Public Facility Corporation funds

SUMMARY OF CHANGES: Recommended adding the following verbiage " Signatures evidencing such authorization will be provided to financial institutions, including banks, investment firms, etc. upon establishment and termination of a relationship."

Updated the effective date of the FAAP Policy as a result of the annual renewal.

CONTENTS:

- Board Resolution: San Antonio Energy Acquisition Public Facility Corporation’s “Financial Authorizations & Approvals Policy for Banking & Investing”
- Clean and redlined versions of policy

Board of Directors

February 27, 2023



**FINANCIAL AUTHORIZATION AND APPROVALS POLICY
FOR BANKING AND INVESTING
(POLICY EFFECTIVE FEBRUARY 27, 2023)**

BANKING

Accounts

The SA Energy Acquisition Public Facility Corporation Officers listed below ("Officers"), or any persons appointed to fill those positions in an interim capacity, are authorized to act in the name of SA Energy Acquisition Public Facility Corporation (the "PFC") to establish, maintain and close bank and/or trust accounts:

Assistant Vice-President
Assistant Secretary
Treasurer

Authority to open or close any bank or trust account at a designated financial institution requires the signatures of at least two Officers. Signatures evidencing such authorization will be provided to financial institutions, including banks, investment firms, etc. upon establishment and termination of a relationship.

Financial Transactions

Any two Officers are authorized to sign checks drawn on PFC bank accounts. In addition, any two Officers may authorize and approve other financial transactions, including electronic funds transfers ("EFT") or investment of funds. EFT's may be executed verbally with personal identification codes, by signed letter or facsimile, or by electronic banking system transmission, provided that adequate segregation of system administration functions exists.

Any two Officers may designate other authorized representatives ("Authorized Representatives"). An Authorized Representative may authorize and approve financial transactions when, and only when, joined by at least one Officer. A list of Officers and, when applicable, Authorized Representatives will be provided to approved financial institutions along with specimen signatures. The Officers and Authorized Representatives who authorize and approve a financial transaction are prohibited from executing that transaction.

Collateral

In the event cash balances exceed levels insured by the Federal Deposit Insurance Corporation, the trustee, as defined by Texas Property Code Sec. 111.004(18) and hereinafter referred to as "Trustee", will pledge collateral in accordance with the Texas Public Funds Collateral Act and the Trust Indenture dated June 1, 2007 securing Gas Supply Revenue Bonds, Series 2007 ("Indenture"). Currently, Bank of New York Trust Company, N.A. serves as Trustee for the PFC. Two Officers will be required to approve collateral pledges or releases.

Board of Directors

February 27, 2023

INVESTMENT**Investment Authorization**

The above-listed Officers, or any persons appointed to fill those positions in an interim capacity, are authorized to act in the name of the PFC to establish, maintain and close investment relationships with the Trustee, investment managers, money market funds, and depository institutions for the investment of PFC funds. The signature of any two Officers will be required to open or terminate such investment relationships. The Treasurer and the Assistant Secretary are designated as the PFC's Investment Officers and will maintain the requisite number of investment training hours as specified in the Texas Public Funds Investment Act ("PFIA").

Investment Emphasis and Strategy

Investment of PFC funds will be in accordance with the PFIA, the Trust Indenture, and agreement(s) relating to the issuance of any of the PFC's bonds.

The investment emphasis and strategy describe its objectives based on the following order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the entity;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield

The majority of the PFC's funds will be invested in a Guaranteed Investment Contract (GIC) with J. Aron as the GIC provider. Goldman Sachs guarantees the obligations of its wholly-owned subsidiary, J. Aron (the gas supplier). The PFC Bond's credit ratings reflect the lower of the ratings of Goldman Sachs, CPS Energy, and the Royal Bank of Canada (the swap counterparty). Liquid funds (e.g., cash) in the Debt Service Fund, Revenue Fund, and General Fund are all currently in approved Government Money Market Funds.

The strategy for investment of PFC's funds is to ensure timely deposit of all debt service funds with the GIC provider.

Emphasis for investment of PFC funds should be placed on safety of principal and liquidity followed by emphasis on earning investment income at market rates.

Investment of funds not related to debt service will have a maximum maturity of one year or less to ensure adequate operating liquidity in the event early liquidation is required for cash flow purposes.

Market values of investments will be attained from sources deemed reliable by industry standard and will be reviewed no less than quarterly. All eligible securities will be settled on a delivery versus payment method.

Other available funds beyond debt service will be timely invested in authorized investments to earn market yields, with emphasis on safety and liquidity for operational requirements.

Authorized Investments

PFC funds may be invested in "Qualified Investments" as defined in the Indenture. With the exception of GICs or Repurchase Agreements, the PFC will own no greater than 10% of the outstanding issued amount for any one CUSIP or money market mutual fund. All investments are to be made consistent with this Policy, the Indenture, the PFIA, and other legal agreements and federal income tax

Board of Directors

February 27, 2023

requirements. Any two Officers may authorize the Trustee or investment manager to invest funds in said instruments without day-to-day oversight or additional authorization by those Officers.

No investment transaction shall be made that would cause the portfolio to be out of compliance with this Policy. The impact that an investment transaction would have on the portfolio will be evaluated prior to executing a transaction. However, it is possible for the portfolio to become out of compliance with this Policy due to regulatory changes, etc. Action will be taken to move the portfolio back into compliance within a period of 90 days from the date upon which the non-compliance event occurred or was discovered. Additional time periods may be granted in the event temporary market conditions are not seen as favorable for taking corrective action.

Standard of Care

Directors and Officers of the PFC, Authorized Representatives and the Trustee will be required to operate under the prudent-person rule, *i.e.*, managing financial transactions, investments and diversification of investments "shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived."

Investment Reporting

Reports of investment activity will be prepared and submitted to the PFC Officers on a quarterly basis in accordance with PFIA requirements. In addition, this Financial Authorization and Approvals Policy for Banking and Investing will be reviewed and approved by the Officers of the PFC not less than annually, during the fiscal year. If brokers are engaged in investment transactions for the PFC, the Investment Officers will review and approve a list of qualified brokers on an annual basis.

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RESOLUTION FOR APPROVAL OF THE FINANCIAL AUTHORIZATION AND APPROVAL POLICY FOR BANKING AND INVESTING

The following resolution relating to the banking and investing activities of the City of San Antonio, Texas acting by and through San Antonio Energy Acquisition Public Facility Corporation ("PFC") was presented for consideration and approval by the Board of Directors ("Board"):

WHEREAS, the Board of Directors of the PFC, is required to designate and authorize specific PFC Officers and staff to conduct financial transactions on behalf of the PFC; and

WHEREAS, a PFC Financial Authorization and Approval Policy for Banking and Investing ("the Policy") must be provided to banks, investment firms, brokers, and other counterparties to conduct transactions in the daily operations of the PFC; and

WHEREAS, PFC has a proposed procedural change to the Policy in addition to the effective date.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves the attached PFC Financial Authorization and Approval Policy for Banking and Investing, effective February 27, 2023.

Shanna M. Ramirez, Secretary



RESOLUTION FOR ELECTION OF OFFICERS

WHEREAS, Article VII of the Corporation’s Articles of Incorporation stipulates that “No person shall be appointed as a director of the Corporation unless that person is also appointed as a member of the Board of Trustees of CPS Energy or serves as the President and CEO or Chief Financial Officer of CPS Energy; provided that a director whose term on the Board of Trustees of CPS Energy or whose employment at CPS Energy concludes before the expiration of the term as a director of the Corporation shall also conclude their term as a director of the Corporation”; and

WHEREAS, on December 1, 2022, the San Antonio City Council reappointed the members of the CPS Energy Board of Trustees along with the President & Chief Executive Officer and the Chief Financial Officer of CPS Energy to the SA Energy Acquisition Public Facility Corporation Board of Directors for terms to commence February 1, 2023 and expiring on January 31, 2025; and

WHEREAS, on February 28, 2022 the Board of Directors elected a slate of officers to serve the Corporation for terms that expire January 31, 2023; and

WHEREAS, the Corporation’s by-laws call for the election of a president, a vice president, a secretary, and an executive director and authorize the board of directors to establish and fill other offices that it determines to be necessary; and

NOW, THEREFORE, BE IT RESOLVED, that the following persons shall serve as officers of the Corporation, in positions as identified below, for a term ending January 31, 2024, provided that an officer whose term on the Board of Trustees of CPS Energy concludes before the expiration of the term as an officer of the corporation shall also conclude his/her term as an officer of the corporation:

President ^(1,3)	Janie Gonzalez
Vice President ^(1,3)	Dr. Francine Romero
Assistant Vice President ⁽¹⁾	Rudy Garza
Secretary	Shanna Ramirez
Assistant Secretary ⁽²⁾	Julie Johnson
Treasurer ⁽²⁾	David Ramirez
Executive Director	Kevin Pollo

Notes:

- 1) Also serves as a Director of the Corporation. Other Trustees of CPS Energy not specified above also serve as Directors of the Corporation.
- 2) Serves as an Authorized Financial Officer for Banking & Investing of the Corporation.
- 3) The President and Vice President positions in the Corporation are aligned to be consistent with the Chair and Vice Chair positions on the CPS Energy Board.

Shanna Ramirez, Secretary