CPS ENERGY
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON JUNE 10, 2025

A Special Meeting of the Board of Trustees of CPS Energy was held on Tuesday, June 10, 2025 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 Romero called the meeting to order at 5:00 p.m.

Present were Board members:
Dr. Francine Romero, Chair
Dr. Willis Mackey, Vice Chair
Ms. Janie Gonzalez
Mr. John Steen
Mayor Ron Nirenberg (arrived at 5:14 p.m.)

Also present were:
Mr. Rudy Garza, President & CEO
Ms. Shanna Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Ms. Elaina Ball, Chief Strategy Officer
Mr. Benny Ethridge, EVP for Energy Supply
CPS Energy staff members
City of San Antonio officials
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Heather Gomez, Board Relations Manager.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, community member, stated that she is wearing a yellow lei as it represents light, and she stated it belongs to Mr. Garza because he is the light of CPS Energy. She stated Mr. Garza is the best President & CEO that CPS Energy has ever had because he respects the workers.

Ms. Patricia Major, CPS Energy retiree, stated that dozens of retirees want the Board of Trustees to be aware of their thoughts. She stated that the President & CEO should cultivate a relationship with CPS Energy's retirees, and dozens of retirees feel that communications have been lacking. She urged CPS Energy to slow down implementation of any changes to the health care plan.

Mr. Theodore Slansky, CPS Energy retiree, stated there is a major deficiency in the transparency in the information provided to the retirees. He stated he believes that information should proactively be provided to the Board of Trustees. He also stated he has concerns about open meetings and open records and asked the Board of Trustees to request more information.

Mr. Daniel Perez, CPS Energy retiree, stated there is concern about transparency and changes to the benefits plans. He also stated he is a CPS Energy customer, he worked for the company for half his life, and wants it to continue to be a great company. He would like for his benefits to continue, and he would like to see options to ensure the benefits are equal to or better than his current benefits. He urged the Board of Trustees to slow down implementation of any changes to the health care plan.

IV. CHAIR'S REMARKS

Chair Romero stated that the process to fill the upcoming vacancy in Quadrant 2, currently held by Trustee Steen, has begun. She noted applications can be submitted online, by email, by mail, or in-person by August 29, 2025 at 5 p.m. She also shared that two information sessions will be held, and interested parties can learn more at our website.

Finally, she conveyed that CPS Energy continues to connect with customers, and shared information about upcoming events for community resource fairs and small and medium business resource fairs.

V. EXECUTIVE SESSION

At approximately 5:22 p.m., Chair Romero announced the Board would go into Executive Session, and 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) & Competitive Matters (§551.086)
- Personnel Matters (§551.074) – Evaluation of President & CEO

The Board reconvened in open session at 6:21 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.

VI. BOARD COMMITTEE REPORTS

In the interest of time, Chair Romero accepted the submission of the following reports for the record in lieu of having them read during the meeting:

A. Personnel Committee meeting held on March 31, 2025. The report is attached as Attachment "A" to the meeting minutes.

B. Personnel Committee meeting held on May 21, 2025. The report is attached as Attachment "B" to the meeting minutes.

VII. FY2025 CEO PERFORMANCE OVERVIEW & VOTE ON COMPENSATION ADJUSTMENT

Ms. Lisa Lewis, Chief Administrative Officer, reviewed the process undertaken by the Personnel Committee, including seeking feedback from the other Board Members.

Vice Chair Dr. Mackey, Chair of the Personnel Committee, stated that the Board of Trustees met in Executive Session to discuss the performance of the CPS Energy President & CEO, Mr. Rudy Garza, for the period ending on January 31, 2025 to assess his performance. The Board reviewed the CEO Scorecard which included quantitative metrics for customer satisfaction, financial performance, and operational excellence. The Board also reviewed his performance on important strategic objectives, such as implementing steps to replace the utility's 25-year-old software system, increasing grid stability, increasing the organization's revenue through the operation of newly acquired generation assets, and continuous and robust strategic planning for the future through the Horizon 2050 efforts. Vice Chair Dr. Mackey then moved that the Board recognize Mr. Garza's FY2025 accomplishments with an increase to his base salary, effective May 25, 2025, of 4% from $742,000 per year to $771,680 per year, and he further moved that the Board direct CPS Energy staff to prepare an update to the President & CEO's contract to reflect the compensation adjustments for approval by the Personnel Committee. Mayor Nirenberg seconded the motion.

The Board of Trustees discussed the motion.[1] The motion passed on a 4-1 vote, with Trustee Steen voting against the motion.

VIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Vice Chair Dr. Mackey, seconded by Chair Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 6:37 p.m. by Chair Romero.

Shanna M. Ramirez
Secretary of the Board

[1] Trustee Steen requested that his comments be included in total and provided his written summary, which is attached to the meeting minutes as Attachment "C".

6/10/25

John Steen Comments

FY2025 CEO Performance Overview &
Vote on Compensation Adjustment

Agenda Item #7

Appropriately for our discussion and vote this afternoon I'll focus on enterprise metrics, which should be of paramount importance in guiding any CEO compensation decision. Let me briefly recap how we got to where we are today. Suffice it to say, that in recent years CPS Energy wasn't doing well at all achieving metrics adopted over a decade ago, and so a process was initiated – over my objections – to discard those long-standing metrics and substitute in their place easier-to-achieve metrics. For 13 years we'd been guided by the eminent firm of ScottMadden, arguably No. 1 in the field of performance management consulting. But the Atlanta firm of ScottMadden was eased out and replaced by the Austin firm of hbaileygroup, LLC. It's notable that ScottMadden has been around over 40 years and has roughly 200 employees, while the hbaileygroup is around five-years-old and is, the last time I checked, a one-person shop. Let's recall that for FY2023 CPS Energy's overall Tier 1 metrics score was 10 of 16. We've called this CPS Energy's "report card" so it's grade was 63 or a D-. I was disappointed but hoped CPS leadership would take this as a challenge to try harder and perform at a higher level, but regrettably the response was to start softening expectations and watering down targets for FY2024. But it didn't stop there. When CPS Energy's FY2024 metric scores came in, they were as weak as those of FY2023, and it was then the decision was made to essentially jettison our 16 Tier 1 metrics and adopt in their stead eight enterprise metrics. Only two of the 16 made it into the eight, and, this is noteworthy, of the six metrics CPS Energy failed to achieve in FY2023, only one appeared in the recasting. Remarkably, this major change in CPS Energy's metrics was implemented without a board vote. The board was merely solicited for feedback at our February 4, 2024, board meeting. So now, in setting our CEO's compensation today, we're considering a full year under the new metrics regime where expectations were softened, targets were lowered and challenging metrics were tossed aside, and, to my dismay, CPS Energy's report card still turned out badly. What really surprised me is that, for FY 2025, CPS Energy failed to meet its targets in four of the eight enterprise measures, namely:

- Average Customer Outage Duration (SAIDI)
- Plant Availability
- Customer Perception
- Safety Performance (RIR)

To repeat for emphasis, for the nine years I've been on this board, we've referred to our enterprise metrics as our report card. In this regard, these results are quite disheartening. A 63 or D- for FY2023, a comparably anemic result for FY2024, and now a 50 or F for the fiscal year we're focused on today. One can try to paper it over with a long detailed presentations, but the result is distressing and should be intolerable to this board. While, as might be expected, explanations or drivers as well as mitigations have been offered, there's no getting around this lack of metric success. What does this report card have to do with the vote we're about to take on adjusting our CEO's compensation? The answer is a great deal. I appreciate that Rudy Garza is hardworking and diligent, but how can this board reward him with an annual salary increase of $30,000 or 4% when CPS Energy has just completed such a dismal year metricswise? There must be accountability for suboptimal performance, and the buck stops with our CEO. Therefore, I intend to vote against the proposed compensation adjustment. Finally, I respectfully ask General Counsel Shanna Ramirez to include my statement in full in the minutes of today's meeting.