

CPS ENERGY
MINUTES OF THE SPECIAL MEETING OF THE BOARD OF TRUSTEES
HELD ON NOVEMBER 3, 2025

A Special Meeting of the Board of Trustees of CPS Energy was held on Monday, November 3, 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 11:36 a.m.

Present were Board members:

Dr. Francine Romero, Chair
Dr. Willis Mackey, Vice Chair
Ms. Janie Gonzalez
Mr. John Steen
Mayor Gina Ortiz Jones (arrived at 11:44 a.m.)

Also present were:

Mr. Rudy Garza, President & CEO
Ms. Shanna Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
CPS Energy staff members

II. SAFETY MESSAGE, INVOCATION, AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Brandy Russell, Board Relations Liaison.

III. PUBLIC COMMENT

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

IV. EXECUTIVE SESSION

At approximately 11:39 a.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:

- Personnel Matters - Evaluation of Trustee Candidates (§551.074)
- Real Property Matters (§551.072)

The Board reconvened in open session at 12:18 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.

V. APPROVAL OF CONSENT ITEMS

Chair Romero asked that the consent item, Approval of Real Estate Sale: Higuchi Project, be pulled for further discussion, and asked Ms. Ramirez to provide a summary of the proposed real estate sale. Ms. Ramirez explained that this is a parcel of real property owned by CPS Energy that is currently leased to Higuchi with a right to purchase upon expiration of the lease. She noted we have negotiated favorable terms, and management recommends the sale of the surplus property.

Trustee Steen moved to approve the Resolution for the Sale of Surplus Property, and Vice Chair Dr. Mackey seconded the motion. It was approved unanimously.

VI. NOMINATION OF CANDIDATE FOR THE QUADRANT 2 BOARD OF TRUSTEES POSITION

Chair Romero began the discussion by providing an overview of the process, noting the robust outreach efforts and the record number of applicants. She thanked all those who applied for their interest and time commitment. She then opened the discussion and asked for nominations.

Trustee Gonzalez nominated Dr. Erika Gonzalez, and then highlighted her experience, qualifications, and accomplishments which qualify her for the position. The Board of Trustees discussed the nomination.

Dr. Erika Gonzalez was nominated, subject to confirmation by City Council, on a 4-1 vote with Trustee Steen voting against the nomination.¹

VII. 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 12:40 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 "A".

11/3/25

John Steen Comments

Nomination of Candidate for the
Quadrant 2 Board of Trustees Position
Agenda Item #7

To begin, I want to thank Dr. Romero for selecting me to serve with her on the Nominations Committee. For those listening today, I want to remind you that there are only five of us who serve on CPS Energy's Board of Trustees, including the mayor *ex officio*. Committees then are limited to two members. I think that Dr. Romero did a fine and thorough job overseeing the process culminating in today's vote. And the Nominations Committee was staffed by an outstanding team. In alphabetical order: Kathy Garcia, Ashley Glotzer, Heather Gomez, Matthew Jones, Devi Kumar-Nambiar, Shanna Ramirez and Brandy Russell. Thanks to you all for a great job.

One of the first tasks Dr. Romero and I undertook was to review and update our two-page Nominations Committee charter. In doing so, this sentence in Article I caught my attention: "In support of this responsibility, the Nominations Committee will be charged with coordinating among Board members to identify specific capabilities and expertise desired in Board candidates, keeping in mind the qualifications and expertise of current Board members so as to enhance the strength of the Board as a whole."

Dr. Romero and I approached our task with this charge in mind, and I thought we'd reached a consensus that what we needed on the board was a Quadrant 2 trustee with heavy-duty business experience and acumen. Directors with strong business acumen provide the necessary expertise for critical decision-making and efficacious risk management to ensure long-term financial success and accountability. They're adept problem-solvers and strategic thinkers providing the necessary guidance to steer a large corporation towards enduring success and effectively managed growth in a complex business landscape. This is what we were looking for as we culled through the applications, resumes and recommendation letters of close to 60 individuals.

I want to remind our listeners that when the City of San Antonio acquired its electric and gas utilities in 1942 from a private company, it was the expectation from the start that the utility would be managed and directed as a business rather than as a political entity. Take, for example, this sentence which appears in the foundational documents and has been included in all our bond documents since.

"The Board of Trustees may follow and adopt such rules for the orderly handling of its affairs as it may see fit and may manage and conduct the affairs of the Systems with the same freedom and in the same manner ordinarily employed by the board of directors of private corporations operating properties of a similar nature."

The operation of CPS Energy with emphasis on business principles over the course of its history has indeed paid rich dividends to the City, dividends which have benefited citizens and customers abundantly. CPS Energy's initial assets were acquired in 1942 from an investor-owned

utility for \$34 million. In the 83 years since, CPS Energy has distributed over \$9.6 billion to the City of San Antonio.

Now, for many years it was predominately businessmen, and then later businesswomen, who sat on the CPS Energy board. However, in time that began to change, which was fine, except some top-notch business and financial expertise was considered a necessity for the board. The last “all-star” businessperson to serve on the board was the legendary Ed Kelley. When his term was up, he and I as the two members of the Nominations Committee brought to the board as his replacement a stellar, highly qualified corporate executive, CPA and CFO, but that individual was rejected in a 3-to-2 vote led by the mayor on behalf of his preferred candidate. That left only me to, in effect, fill the businessperson slot, which I’ve strived to do utilizing my corporate-law expertise and private board experience as well as what I learned from Mr. Kelley during our years on the board together. Humbly, I like to think my business acumen was honed as a result of his mentoring. In any case, I’ve done my best.

So that brings us to today. First, in regard to the nominee Dr. Erika Gonzalez. I want to begin by complimenting her. Her resume is impressive. Her educational achievements, her honorable medical service in the Air Force, her praiseworthy accomplishments as a physician who has developed a thriving medical practice, and her prodigious output as an asthma and allergy researcher reflect a life of high purpose and incredible success. So I start by saluting Dr. Gonzalez.

However, she was among four finalists whom we interviewed, and in that group she was eclipsed by the other three candidates in terms of extensive, high-level business experience and business acumen. The easiest path for me today would be to go along with the other trustees and vote for Dr. Gonzalez, but, because I’m deeply concerned about the financial health of CPS Energy, I feel compelled to take a stand today. To tick off five of my major concerns:

- CPS Energy’s total indebtedness has exploded to ten billion dollars. It was around six billion dollars just a few years ago. This means it’s ballooned by 67% in that period of time.
- CPS Energy’s annual debt service has swelled to north of half a billion dollars.
- Our Debt Capitalization Ratio, CPS Energy’s leverage metric, exceeds 65% and management is planning to take it to 70% in the years ahead. I’ve been on this board for ten years, and, until the last four years, there was an absolute consensus among management and trustees that this ratio should not exceed 60%.
- Baked into CPS Energy’s financial projections and models are 5.5% base-rate increases every two years going forward. I understand that one of these rate increases is planned for early next year.
- 20% of our residential customers are past due on their CPS Energy bills, and this has been the case for many years. And remember, this is in a city that ranks third-highest in poverty among major U.S. metropolitan areas.

To sum up, I can’t in good conscience support Dr. Erika Gonzalez, as impressive as her medical credentials might be, over the sterling business credentials of the three other candidates who were short-listed for the position. With all due respect to Dr. Gonzalez, I intend to vote “no”

on the motion before us.

Finally, I respectfully ask General Counsel Shanna Ramirez to include these remarks in the minutes of today's meeting. Thanks, that's all I have.