

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON FEBRUARY 23, 2026

The Regular Meeting of the Board of Trustees of CPS Energy for the month of February was held on Monday, February 23, 2026, 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 1:01 p.m.

Present were Board members:

Dr. Francine Romero, Chair
Dr. Willis Mackey, Vice Chair
Dr. Erika Gonzalez
Ms. Janie Gonzalez
Mayor Gina Ortiz Jones (arrived at 1:12 p.m.)

Also present were:

Mr. Rudy D. Garza, President & CEO
Ms. Shanna M. 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 Mr. Mario Guzman, Senior Manager Financial Planning and Analysis.

III. PUBLIC COMMENT

Ms. Antonia Taylor, Climate Justice SA, urged the Board to focus on emissions that impact asthma rates and our most vulnerable citizens.

Ms. DeeDee Belmares, Public Citizen, stated she believed additional data needed to be considered as part of the generation plan refresh, and she urged the Board to assist the most vulnerable customers.

Mr. Alan Montemayor, Alamo Group of Sierra Club, expressed concerns about data center growth, and urged the Board to keep an emphasis on decarbonization.

Mr. Brian Lopez, Public Citizen, noted all customers of CPS Energy should have input to the Board, and he urged the Board to focus on our community's most vulnerable citizens and provide more assistance.

Mr. Peter Bella, community member, noted that climate change is real and that renewables are cheaper than fossil fuels.

Mr. Ed Banas, community member, noted we are running out of electricity and water, and he urged progress in building generation and transmission facilities in a way that limits negative impacts.

Mr. Russell Seal, community member, noted previous projections were not accurate and he urged the Board to exercise caution in relying on projections as they moved forward with decisions.

IV. CHAIR'S REMARKS

Chair Romero stated we continue momentum on executing to the Vision 2027 and Horizon 2050 plans. She noted that the Board will also hear updates on that strategic progress along with our financial plan and the generation plan. This work is critical in moving this organization forward to help our growing community.

Next, she welcomed Trustee Dr. Erika Gonzalez to the Board of Trustees, noting that she is joining us at a time when we will work together as a Board to guide the organization on this progress in a very complex time for our community and for the entire energy industry.

Finally, she noted that CPS Energy is seeking feedback on the Generation Plan refresh and wants to hear from the community about their priorities through a survey.

V. CEO RECOGNITION & REMARKS

Mr. Rudy D. Garza, President & CEO, briefly welcomed the new Chief Operating Officer, Frank Almaraz, who is returning to CPS Energy.

Mr. Garza then recognized the ERP Transformation Global Design Team, appreciating the large collaborative effort of employees to meet the milestones and timelines necessary to move the project ahead.

He then provided an overview of the agenda, noting how we've worked together on the FY2027 Budget and FY2027 Scorecard and the other financial items, and that these items set the path for the year ahead.

VI. EXECUTIVE SESSION:

At approximately 1:37 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 Matter (§551.071)
- Attorney Client Matter (§551.071)
- Real Property Matter (§551.072)
- Real Property Matter (§551.072)

The Board reconvened in open session at 2:47 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.

VII. CONSENT AGENDA

Vice Chair Dr. Mackey moved approval of Consent Agenda Items A and B, and Mayor Jones seconded the motion. The Board of Trustees discussed, with Trustee Gonzalez asking some questions about the city payment. The items were approved unanimously.

A. Approval of Payment to the City of San Antonio for January 2026 & Additional Transfer to the City of San Antonio for FY2026

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 January 2026 is based on actual gross revenue per the New Series Bond Ordinance of \$281,005,362.29, less applicable exclusions. The revenue for the month of January 2026 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$372,318,681.30
Gas revenue	53,068,854.95
Other operating revenue	765,198.19
Interest and other income	12,798,848.97
Gross revenue per CPS Energy financial statements	<u>438,951,583.41</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,745,216.56)
LVG revenue per City Ordinance 100709	(163,213.40)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(106,797,425.75)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(43,240,365.41)</u>
Total excluded revenue	<u>(157,946,221.12)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$281,005,362.29</u>
City payment per Bond Ordinance for January 2026 based upon January revenue	\$39,340,750.72
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	5,093,448.64
Wholesale Special Contract Annual True Up	321,294.06

City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>	
City payment per Bond Ordinance plus adjustments for MOU	44,742,993.42	A
Utility services provided to the City for January 2026	<u>(3,127,187.56)</u>	
Net amount to be paid from January 2026 revenue to the City in February 2026	<u>\$41,615,805.86</u>	

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

(Dollars in thousands)

January 2026	Actual	Budget	Variance	
Current Month* A	\$44,743	\$45,621	(\$878)	-1.9%
Year-to-Date*	\$497,088	\$498,220	(\$1,132)	-0.2%

* This amount does not include any additional funding authorized by the Board of Trustees.

ADDITIONAL FUNDING AND TRANSFERS

Accrued January 2026 – Additional Transfer per Bond Ordinance	
Total	<u>\$13,748,804.15</u> B

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 \$41,615,805.86 representing 14% of applicable system gross revenues for the month of January 2026, such payment being net of City utility services (\$3,127,187.56), is hereby approved."

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$13,748,804.15, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

CPS Energy's management team has verified that collectively all of the City Payments mentioned herein fit under the Bond ordinance maximum of 14% of applicable revenues, including the following:

- A. The amounts paid routinely during the year, net;
- B. The additional distribution paid once for the year.

B. Minutes from the Regular Board Meeting, held on January 30, 2026

The following items were postponed to a future meeting:

- C. Approval of Real Property Purchase: New Central Service Center
- D. Approval of Real Property Purchase: Expansion of Facilities

VIII. 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:

BOARD COMMITTEE REPORTS:

- A. Personnel Committee Meeting held on January 12, 2026. The report is attached as Attachment "A" to the meeting minutes.
- B. Audit and Finance (A&F) Meeting held on January 12, 2026. The report is attached as Attachment "B" to the meeting minutes.
- C. Employee Benefits Oversight Committee (EBOC) Meeting held on January 12, 2026. The report is attached as Attachment "C" to the meeting minutes.

COMMUNITY INPUT COMMITTEE REPORTS:

- A. Community Input Committee Meeting held on February 11, 2026. The report is attached as Attachment "D" to the meeting minutes.
- B. Customer Relations and Communications Working Group Meeting held on February 11, 2026. The report is attached as Attachment "E" to the meeting minutes.
- C. Power and Technology Working Group Meeting held on February 11, 2026. The report is attached as Attachment "F" to the meeting minutes.
- D. Finance and Business Working Group Meeting held on February 11, 2026. The report is attached as Attachment "G" to the meeting minutes.

IX. BOARD OF TRUSTEES COMMITTEE ASSIGNMENTS

Chair Romero introduced the committee assignments. The Board of Trustees discussed the slate, and asked questions regarding the process for committee assignments, and if a motion to amend the slate for specific committees was appropriate.

After discussion, Chair Romero made a motion to approve the committee assignments. Trustee Dr. Gonzalez seconded, and it passed on a 3-2 vote with Trustee Gonzalez and Vice Chair Dr. Mackey voting against the motion.

X. ESTABLISH TRANSMISSION FINANCING STRUCTURE

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented a request to establish a transmission financing structure. He provided an overview of the structure and explained that the financing structure allows us to deliver the value of transmission investments to customers without negatively impacting our overall financial health. He then requested approval of a resolution to establish a transmission financing structure.

The Board of Trustees discussed and asked questions focused on the mechanics of the structure, financial benefits of owning transmission facilities, impacts of not creating the structure, and governance and oversight of the structure. Trustee Dr. Gonzalez moved to approve the resolution, Mayor Jones seconded, and it passed unanimously.¹

XI. STRATEGIC PROGRESS

Ms. Elaina Ball, Chief Strategy Officer, provided a presentation on our strategic progress. She noted we aligned the FY2027 milestones, measures, and targets to Vision 2030 goals and strategic initiatives. She reviewed the process CPS Energy undertook to set the milestones and metrics, and she then reviewed the FY2027 Scorecard. She stated that this process advanced the five-year strategic plan by aligning to the Vision 2030 strategic initiatives, anchored to the Horizon 2050 framework.

The Board of Trustees discussed and asked questions about the process, targets, and strategic actions and planning that could positively impact our community.

XII. FY2027 BUDGET

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, presented the FY2027 Budget. He noted that the budget supports our Board-approved plans. He reviewed our internal budget processes and guardrails to ensure the budget meets our financial metrics. He then reviewed the proposed Capital and O&M budgets and provided details on the budgeted items. He concluded by requesting approval of the Capital & Non-Fuel O&M Budget for FY2027.

The Board of Trustees discussed, asked questions, and made requests for additional information. The Board of Trustees further discussed taking additional time to review materials prior to approving the FY2027 Budget. Chair Romero then asked for a motion to postpone the budget vote until next month. Mayor Jones made a motion to continue the discussion and vote at the March Board of Trustees meeting, and Trustee Gonzalez seconded. Mr. Garza asked that Board Members let management know of any questions they have as soon as possible. The motion passed unanimously.

XIII. FY2027 FINANCING PLAN

Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer, provided an overview of financial transactions that improve our fiscal resiliency and seek potential savings for our customers. He then requested authorization, without obligation, to execute the FY2027 Financing Plan, by delegating authority to the Chief Executive Officer or Chief Financial Officer over the next 12 months, after City Council approval. This included the approval of the associated financial resolutions to effectuate the FY2027 Financing Plan.

Vice Chair Dr. Mackey made a motion to approve, and Chair Romero seconded the motion. The Board of Trustees discussed and asked questions focused on governance and implications of the financing transactions. The motion passed unanimously.²

¹ The signed resolution is attached as Attachment "H" to the minutes.

² The signed resolutions are attached as Attachment "I" to the minutes.

XIV. GENERATION PLAN REFRESH – ENERGIZING PROGRESS TOGETHER

This item was postponed until the March Board of Trustees meeting.

XV. ADJOURNMENT

Chair Romero asked Ms. Ramirez to review the requested action items. 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 4:36 p.m. by Chair Romero.



Shanna M. Ramirez
Secretary of the Board



PERSONNEL COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE JANUARY 12, 2026 MEETING
PREPARED FOR COMMITTEE CHAIR WILLIS MACKEY
FOR REPORT AT THE DECEMBER BOARD OF TRUSTEES MEETING**

The Personnel Committee met on January 12, 2026. As part of the Personnel Committee agenda, the Committee:

- A. Chair Dr. Mackey requested that the committee convene to Executive Session to discuss input and process for CEO compensation.

The next meeting of the Personnel Committee is April 27, 2026.



AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM JANUARY 12, 2026, MEETING PREPARED FOR COMMITTEE CHAIR DR. FRANCINE ROMERO FOR REVIEW AT THE FEBRUARY 23, 2026, BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on January 12, 2025. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 6, 2025.
- B. Received the Audit Services Quarterly Report, including a review of projects completed, projects in progress, and ongoing projects. The FY2027 Annual Planning process was presented including the ERP audit focus areas. The FY2026 & 2027 Budget update was presented noting no changes in headcount from prior year.
- C. Received, the GASB Update presentation provided an overview of what the governmental accounting standards board (GASB) is, the teams involved in the compliance with the standards set by GASB, and the implementation of GASB 103, which had no financial or budget impact but primarily changes in presentation. The changes will be reflected in all financial reports including board schedules, audited financial statements and other associated reports.
- D. Received the Procurement Review of eleven contracts related to transformers; 145kV circuit breakers; engineering, procurement, and construction (EPC) for substation and transmission projects; parts and services for LM6000 and LMS100 gas turbines; environmental services; general electric boilers, mills and miscellaneous parts and services; Toshiba turbine and generator parts and services; industrial vacuuming and hydroblasting services; and customer construction design and engineering services that will be presented to the Board for approval in January 2026. Two of the contracts related to the transport communication transformation and power transformers will be presented to the Board for approval in February 2026.
- E. Received a presentation on the Private LTE (PLTE) initiative, including an overview of current communications technologies and the development of a secure, private LTE network to enhance grid reliability, resiliency, cost efficiency.

The next meeting of the Audit & Finance Committee will be held on April 13, 2026.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM JANUARY 12, 2026, MEETING PREPARED FOR COMMITTEE CHAIR DR. FRANCINE ROMERO FOR REVIEW AT THE FEBRUARY 23, 2026, BOARD OF TRUSTEES MEETING

The EBOC met on January 12, 2026. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on October 6, 2025.
- B. There was one Action Item to review from the meeting held on October 6, 2025.
- C. Reviewed the annual EBOC calendar and governance overview as part of a Benefit Plans Administrative & Financial Update.
- D. Reviewed Membership and Succession Planning of the Administrative Committee (AC).
- E. Reviewed and approved Fiscal Year (FY) 2027 funding requirements for the Benefit Trusts.
- F. Discussed and approved proposed revisions to the Pension Plan Funding Policy, including the incorporation of approval and effective dates consistent with other governing documents and minor editorial changes for clarity.
- G. Recommended Board approval of updates to the Statement of Governance (SoG), adding the previously approved CPS Energy Group Medicare Supplement Plan and making minor clarifying revisions.
- H. Received an Investment Performance Update, recapping investment performance across all plans (net of fees) through November 2025 achieved 13% or higher. The primary contributor to the high performance was Non-US Equities with 29% positive performance. It was noted, for the one- to ten-year time horizons, that the CPSE Pension Plan ranks in the top quartile in comparison to other public pension plans.
- I. The committee noted one Action Item for follow-up:
 - a. To provide the EBOC with the December 2025 investment performance results by Investment Manager.

The next meeting of the EBOC will be held on April 13, 2026.



Community Input Committee (CIC) Committee Report

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 11, 2026, MEETING PREPARED FOR COMMITTEE CHAIR, MR. STEVE BONNETTE FOR REPORT AT THE FEBRUARY 23, 2026, BOARD OF TRUSTEES MEETING

The Community Input Committee met on February 11, 2026. The meeting was open to the public, livestreamed, and a recording of the video has been posted on the CIC website. As part of the agenda, the committee:

- A. Received a presentation on CPS Energy's Vision 2030 Strategy from Elaina Ball, CPS Energy Chief Strategy Officer. The presentation detailed the goals and strategic initiatives of Vision 2030 while outlining the aligned fiscal year 2027 enterprise milestones, measures, and targets. It also provided a timeline for regular checkpoints, community engagement, and internal collaboration anchored to the Horizon 2050 long term framework.

Following the meeting, CIC members met in their Working Groups to elect Chairs and Vice Chairs for 2026. According to the CIC Bylaws, the Chair of each Working Group is a member of the CIC Executive Committee. Following these elections, the 2026 CIC Executive Committee members are: Steve Bonnette (CIC Chair), Maria Nelson (CIC Vice Chair), Lawson Picasso (CIC Past Chair), Bob Zapata (Chair, Finance and Business Working Group), Peter Onofre (Chair, Power and Technology Working Group), Tom Corser (Chair, Customer Relations and Communications Working Group).

The next regular CIC meeting is scheduled for March 11, 2026.



**Community Input Committee (CIC)
Working Group Report
Customer Relations and Communications**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 11, 2026, MEETING
PREPARED ON BEHALF OF WORKING GROUP CHAIR, MR. TOM CORSER
FOR REPORT AT THE FEBRUARY 23, 2026 BOARD OF TRUSTEES MEETING**

The Working Group convened to hold elections for the 2026 Chair and Vice Chair positions. The Working Group elected Tom Corser as Chair, and Lawson Picasso as Vice Chair. Following elections, Chair Corser led the working group in a discussion of potential topics for consideration in 2026.

This meeting summary has been distributed to all members of the Community Input Committee.

The next Customer Relations and Communications Working Group meeting is April 8, 2026.



**Community Input Committee (CIC)
Working Group Report
Power and Technology**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 11, 2026, MEETING
PREPARED ON BEHALF OF WORKING GROUP CHAIR, MR. PETER ONOFRE
FOR REPORT AT THE FEBRUARY 23, 2026 BOARD OF TRUSTEES MEETING**

The Working Group convened to hold elections for the 2026 Chair and Vice Chair positions. The Working Group elected Peter Onofre as Chair, and Frank Gonzalez as Vice Chair. Following elections, Chair Onofre led the working group in a discussion of potential topics for consideration in 2026.

This meeting summary has been distributed to all members of the Community Input Committee.

The next Power and Technology Working Group meeting is April 8, 2026.



**Community Input Committee (CIC)
Working Group Report
Finance and Business**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE FEBRUARY 11, 2026, MEETING
PREPARED ON BEHALF OF WORKING GROUP CHAIR, MR. BOB ZAPATA
FOR REPORT AT THE FEBRUARY 23, 2026 BOARD OF TRUSTEES MEETING**

The Working Group convened to hold elections for the 2026 Chair and Vice Chair positions. The Working Group elected Bob Zapata as Chair, and Maria Nelson as Vice Chair. Following elections, Chair Zapata led the working group in a discussion of potential topics for consideration in 2026.

This meeting summary has been distributed to all members of the Community Input Committee.

The next Finance and Business Working Group meeting is April 8, 2026.