SAENERGY
Acquisition Public Facility Corp.

SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION MEETING
TO BE HELD ON JULY 20, 2026, IMMEDIATELY TO FOLLOW THE MEETING OF THE CPS ENERGY BOARD OF TRUSTEES MEETING
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)
LIVESTREAM: CPS ENERGY BOARD OF TRUSTEES MEETING LIVESTREAMS

At any time during the Board Meeting, the Board may go into an executive session as permitted by the Texas Open Meetings Act, (Chapter 551 of the Texas Government Code) regarding any item on this agenda. To note, the Public Comment Registration period runs the Friday prior to the Board of Trustees meeting at 5:00 PM through 12:30 PM the day of the meeting via our online registration form in addition to the ability to register via phone from the Friday prior to the Board of Trustees meeting at 5:00 PM through Wednesday at 1:00 PM.

AGENDA

ITEM	TOPIC	ACTION	PRESENTER / SPONSOR
1	**CALL TO ORDER**	Execute	Dr. Francine Romero
2	**PUBLIC COMMENT**	Discuss	Dr. Francine Romero
CONSENT AGENDA			
3	**APPROVAL OF CONSENT ITEMS:** A. Minutes from the PFC Meeting held January 30, 2026 B. Directors & Officers ("D&O") Insurance Program approval	Vote	Dr. Francine Romero
REGULAR AGENDA			
4	**RESOLUTION FOR ELECTION OF OFFICERS** (Ms. Shanna Ramirez)	Vote	Dr. Francine Romero
5	**PFC AUDIT RESULTS** (Mr. Andrew Crouch, KPMG)	Discuss	Ms. Lizeth Oliver

6	**CLOSE-OUT:** Review Action Items from this meeting	Discuss	Ms. Lizeth Oliver
ADJOURNMENT			
7	**ADJOURNMENT**	Execute	Dr. Francine Romero
If the PFC meeting has not adjourned by 3:00 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.			

SA ENERGY
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Minutes of Meeting of
Board of Directors
January 30, 2026

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 Friday, January 30, 2026, at 4:03 p.m. by Board President Romero.

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

Dr. Francine Romero, President
Dr. Willis Mackey, Vice President
Mr. Rudy D. Garza, Assistant Vice President
Ms. Janie Gonzalez
Mr. John Steen
Mayor Gina Ortiz Jones
Mr. Cory Kuchinsky

Also, in attendance during the meeting were:

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

I. WELCOME / CALL TO ORDER

President Romero welcomed everyone and called to order the meeting. Ms. Ramirez confirmed a quorum was present.

II. PUBLIC COMMENT

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

III. APPROVAL OF CONSENT AGENDA

On a motion duly made by Vice President Dr. Mackey, seconded by Assistant Vice President Garza, and upon the affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved:

A. **Board Meeting Minutes from June 30, 2025**
B. **Financial Authorization and Approvals Policy for Banking & Investing**

IV. RESOLUTION FOR ELECTION OF OFFICERS

Assistant Vice President Garza moved to approve the Resolution for Election of Officers, Director Gonzalez seconded, and the following resolution was approved unanimously:

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 February 6, 2025, the San Antonio City Council reappointed 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, 2025 and expiring on January 31, 2027; and

WHEREAS, on January 16, 2026, the San Antonio City Council appointed Dr. Erika Gonzalez to the SA Energy Public Facility Corporation, replacing Mr. John Steen, for a term to commence February 1, 2026 and expiring on January 31, 2027; and

WHEREAS, on January 31, 2025 the Board of Directors elected a slate of officers to serve the Corporation for terms that expire January 31, 2026; 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, 2027, 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)	Dr. Francine Romero
Vice President (1,3)	Dr. Willis Mackey
Assistant Vice President (1)	Rudy Garza
Secretary	Shanna Ramirez
Assistant Secretary (2)	Julie Johnson
Treasurer (2)	Lizeth Oliver
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.*

V. CLOSE-OUT

There were action items captured.

VI. ADJOURNMENT

There being no further business to come before the Board of Directors, upon a motion duly made by Assistance Vice President Garza, seconded by President Romero, and upon the affirmative vote by all members present, the meeting was unanimously adjourned at 4:08 p.m. by President Romero.

____
Shanna M. Ramirez
Secretary of the Board

Executive Summary
Directors & Officers (D&O) Insurance Renewal Coverage for SA Energy Acquisition Public Facility Corporation (PFC) Effective August 1, 2026

- **Background:**

  As part of the formation of the PFC and at the directive of its board of directors, the placement of a D&O insurance policy was executed at the PFC's inception in April 2007 and is renewed annually.

- **PFC D&O Insurance Coverage:**

  The policy protects the PFC's board of directors from liability arising from actions connected to their corporate positions as they relate to the management of PFC's business operations. In addition, the individual directors and corporate assets are protected against legal claims alleging wrongful acts such as breach of duty, neglect, errors, misstatements or misleading information.

- **PFC D&O Insurance Policy Renewal:**

	Current Policy	Renewal Policy
Policy Period:	8/1/2025 – 7/31/2026	8/1/2026 – 7/31/2027
Policy Limit:	$20,000,000	$20,000,000
Deductible:	$100,000	$100,000
Annual Premium	$80,231	$79,439

  - Annual renewal premium of $79,439 represents a modest 1% decrease from expiring premium & is slightly below the 0%-5% increase experienced in the broader D&O insurance market, as indicated by Marsh USA LLC (CPS Energy's insurance broker).
  - Favorable decrease of 1% compared to market is driven by steady decrease in revenue and asset exposures for the PFC
  - Renewal policy maintains the same coverage, policy limit, & deductible as the current policy
  - Premium expenses & deductible are paid by the PFC

- **Other Notables**

  - Originating policy limit of $10M was increased to $20M in July 2007, as recommended by the PFC Board
  - $20M is in line with the 3rd Quartile compared to Marsh peer group benchmarking
  - PFC does not assume the inherent statutory and common law protections afforded a municipally owned utility

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RESOLUTION APPROVING ACQUISITION OF DIRECTORS AND OFFICERS LIABILITY INSURANCE

WHEREAS, on May 21, 2007, the SA Energy Acquisition Public Facility Corporation's ("Corporation's") Board of Directors resolved to authorize the initial purchase of directors and officers liability insurance with policy limits equal to $10 million with not more than a $50,000 deductible; and

WHEREAS, on July 27, 2007, in order to provide an enhanced assurance of insurance protection, the Corporation's Board of Directors resolved to authorize the purchase of an additional $10 million of coverage in excess of the primary $10 million policy limit, resulting in securing two policies with a total limit of $20 million; and

WHEREAS, on February 25, 2008, the Corporation's Board of Directors authorized the purchase of the primary $10 million directors and officers liability insurance to renew the policy set to expire April 1, 2008; and

WHEREAS, on February 25, 2008, the Corporation's Board of Directors authorized the purchase of $10 million excess directors and officers liability insurance to renew the policy set to expire June 1, 2008, and established a newly effective policy date of April 1, 2008 to correspond to the effective date of the primary $10 million policy limit, resulting in continuing to secure two policies with a total limit of $20 million; and

WHEREAS, on March 29, 2010, the Corporation's Board of Directors authorized increasing the directors and officers liability insurance deductible from $50,000 to $100,000 to attain additional premium savings; and

WHEREAS, the directors and officers liability insurance policies totaling $20 million with a $100,000 deductible are currently set to expire July 31, 2026; and

WHEREAS, the Corporation's Board of Directors acknowledges that the cost of the policy premium and deductible will be paid by the SA Energy Acquisition Public Facility Corporation; and

WHEREAS, the existing policies are available for renewal at the existing terms, conditions, limits and deductible for a period ending July 31, 2027, at a total annual premium cost of $79,439; and

WHEREAS, pursuing this insurance coverage for members of the Board of Directors continues to be a prudent and necessary expenditure to address the liability of the Corporation's Directors and Officers; and

NOW, THEREFORE, BE IT RESOLVED, that the Corporation's Board of Directors hereby authorizes the renewal of the Corporation's Directors and Officers Liability Insurance Program, which currently provides Corporate Board members and officers with insurance coverage of $20 million with a $100,000 deductible, to replace the policies that are set to expire July 31, 2026, with both premium and deductible, if the need arises, to be paid by the SA Energy Acquisition Public Facility Corporation.

PASSED AND ADOPTED, this _____ day of ________ 2026.

____
Shanna M. Ramirez, Secretary

SA ENERGY
Acquisition Public Facility Corp.

RESOLUTION FOR ELECTION OF OFFICERS

WHEREAS, the SA Energy Acquisition Public Facility Corporation's by-laws call for the election of officers, including 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

WHEREAS, the Corporation previously took action to elect a slate of candidates to serve through January 31, 2027; and

WHEREAS, Ms. Julie Johnson, the current Assistant Secretary to the Corporation, announced her upcoming retirement from CPS Energy in December 2026; and

WHEREAS, Mr. Gautam Shringarpure has been named the Vice President of Finance & Assistant Treasurer for CPS Energy; and

WHEREAS, Mr. Michael Hale has been promoted to Vice President, Energy Supply & Market Operations; and

WHEREAS, on June 18, 2026, the San Antonio City Council appointed Mr. Frank Almaraz, the Interim President & CEO of CPS Energy, replacing Mr. Rudy D. Garza, to the Corporation with a term expiring on January 31, 2027; and

WHEREAS, the changes in positions and the appointment of Mr. Frank Almaraz require the Board of Directors to elect an updated slate of officers to serve the Corporation; 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, 2027, 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 their term as an officer of the Corporation:

President (1,3)	Dr. Francine Romero
Vice President (1,3)	Dr. Willis Mackey
Assistant Vice President (1)	Frank Almaraz
Secretary	Shanna Ramirez
Assistant Secretary (2)	Gautam Shringarpure
Treasurer (2)	Lizeth Oliver
Executive Director	Michael Hale

Notes:
1) *These officers also serve as Directors 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 the Corporation's banking and investing activities.*
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.*

PASSED AND ADOPTED, this _____ day of ________ 2026.

____
Shanna M. Ramirez, Secretary

SA Energy Public Facility Corporation
Discussion with those charged with governance

Audit results for the year ending January 31, 2026

July 20, 2026

People X Platform

Be confident in KPMG with our people and platform integrated into every aspect of your audit. Here's what makes us different:

Agile, industry-experienced team members

led by an empowered lead partner and backed by the strength of our full firm

Modernized project management

with milestones focused on minimizing disruption and maximizing insights

Tailored, data-driven approach

driving a risk-based strategy, with clarity and visibility from the very start

Environment of trust and transparency

through open communication and meaningful conversations

KPMG has put AI and innovation at the forefront and is significantly advancing the capabilities of auditing and financial reporting to uplevel employee experience and accelerate innovation. With the integration of AI innovations across the Microsoft Cloud, further enhanced by KPMG's Audit expertise, together we are creating more value and achieving more together as a result.

Amy Hood
Chief Financial Officer
Microsoft

Audit results: Overview

Outstanding matters

There are no outstanding matters to report. The audit is complete, and our report was issued on June 25, 2026.

Auditors' report

There are no modifications to the auditors' report.

Uncorrected Misstatements

There was one uncorrected misstatement related to the effects of PFC's non-GAAP policy, as detailed on page 7.

Corrected Misstatements

None identified

Required communications to those charged with governance

Prepared on: June 18, 2026

Presented on: July 20, 2026

Audit results required communications and other matters

Matters to communicate		Reference
Significant unusual transactions	X	
Uncorrected audit misstatements	✓	Page 7
Corrected audit misstatements	X	
Financial statement presentation and disclosure omissions	X	
Non-GAAP policies and practices	✓	Page 7
Auditors' report	X	
Changes to our risk assessment and planned audit strategy	X	
Significant accounting policies and practice	X	
Significant accounting estimates	✓	Page 8
Significant financial statement disclosures	✓	Page 9

Matters to communicate		Reference
Related parties	X	
Going concern	X	
Other information	X	
Subsequent events	X	
Noncompliance with laws and regulations	X	
Significant difficulties encountered during the audit	X	
Significant findings or issues discussed, or the subject of correspondence with management	X	
Management's consultation with other accountants	X	
Disagreements with management	X	
Other significant matters	X	

✓ = Matters to report   X = No matters to report

Audit results required communications and other matters

Matters to communicate	
Consultations	There were no difficult or contentious matters for which the auditor consulted outside the engagement team that are relevant to those charged with governance's oversight of the financial reporting process.
Illegal acts or fraud	No actual or suspected fraud involving management, employees with significant roles system of in the Company's internal control, or where fraud results in a material misstatement in the financial statements were identified during the audit.
Written communications	Engagement letter and management representation letter, including summary of uncorrected misstatements, to be distributed under separate covers.
Independence	See page 10
Required inquiries	See page 11

Uncorrected audit misstatements

		$(Thousands)
Description of misstatement	**Quantitative income statement effect**	
	Iron curtain	**Rollover – year to date**
Amortization of bond premium		
Amortization of debt premium	$231	$102
Long-term debt, net		
Total, net of taxes	$231	$102
Net income (loss)	$0	$0
Percentage	0%	0%

Non-GAAP policies and practices

Non-GAAP policies	Impact of non-GAAP policies and practices
Bond premium amortization	PFC amortizes its bond premium using the redemption price method; however, GASB Statement No. 62 requires the use of the effective interest method for amortizing premiums and discounts. Management has quantified the difference between the two methods and concluded that the non-GAAP policy does not have a material effect on the financial statements in the current or future periods.

Significant accounting estimates

Fair value of the commodity swap derivative instrument

- PFC entered into a long-term commodity swap agreement with Royal Bank of Canada to hedge exposure to natural gas price volatility; the arrangement requires PFC to pay a floating WAHA index price and receive a fixed price over a 20-year term and is accounted for as a derivative instrument at fair value in accordance with GASB Statement No. 53, with fair value estimated using forward price curves and discounted cash flow techniques based on observable market inputs.

Audit findings

Management's process used to develop the estimates

- Management estimates the fair value of the commodity swap derivative using forward price curves and forecasts to assess the expected earnings or losses over the remaining life of the Commodity Swap Agreement. The resulting unrealized gains or losses are then discounted to reflect their net present value.

Significant assumptions used that have a high degree of subjectivity

- There are no significant assumptions used that involve a high degree of subjectivity.

Indicators of possible management bias

- No indicators of management bias were identified.

Qualitative aspects

- Management's fair value estimate of the commodity swap derivative is based primarily on observable market inputs, including forward natural gas price curves and index pricing, and therefore involves limited judgment and minimal estimation uncertainty.

Conclusions

- Based on our procedures performed, we determined that management's assumptions used in the fair value estimates were reasonable and that related material disclosures were adequate.

Significant financial statement disclosures

Description of significant financial statement disclosures	Summary
Note 1: Summary of Significant Accounting Policies • Net Costs Recoverable from Future Participant Billings	PFC applies regulatory accounting in accordance with GASB Statement No. 62, which permits certain costs and revenues associated with debt service requirements to be deferred and recognized in the periods in which they are recovered through participant billings. As a result, the Statements of Net Position include a “Net costs refundable to future participant billings” account.
Note 2: Cash, Cash Equivalents and Investments	PFC discloses its invested balances in accordance with its Investment Policy. Money market mutual fund investments are accounted for using amortized cost. PFC’s investment in its Guaranteed Investment Contract is reported at cost in accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, as it represents a nonparticipating contract.
Note 5: Prepaid Gas Supply	PFC discloses the significant terms of its prepaid gas agreement with J. Aron & Company.
Note 7: Long-term Debt	PFC discloses its long-term debt activity and balances, including future debt service requirements and compliance with all significant debt covenants.
Note 8: Commodity Swap	PFC discloses the significant terms of its commodity swap derivative instrument, related risk exposures, and valuation methodology in accordance with GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*.

Independence communications

The following are circumstances or relationships that, in our professional judgment, may reasonably be thought to bear on independence, and to which we gave significant consideration, in reaching the conclusion that independence has not been impaired.

Service	Description of the service	Fees
Complimentary access to KPMG Accounting Research Online (ARO)	KPMG Accounting Research Online is a web-based financial reporting and accounting research tool that provides authoritative literature and KPMG interpretive guidance.	$0
Complimentary access to the KPMG Custom Learning Portal	The KPMG Custom Learning Portal provides access to public KPMG training events, such as conferences, and self-study web-based training courses.	$0

Affirmation of independence

We hereby affirm that as of June 25, 2026, the engagement team and others in the firm as appropriate, the firm and its affiliated firms, have complied with relevant ethical requirements regarding independence.

Required inquiries

- What are your views about fraud risks, including management override of controls, at the entity and whether you have taken any actions to respond to these risks?
- Are you aware of, or have you identified, any instances of actual, suspected or alleged fraud, including misconduct or unethical behavior related to financial reporting or misappropriation of assets? If so, have the instances been appropriately addressed and how have they been addressed?
- Are you aware of or have you received tips or complaints regarding the entity's financial reporting (including those received through the internal whistleblower program, if such program exists) and, if so, what was your response to such tips and complaints?
- How do you exercise oversight over management's assessment of fraud risk and the establishment of controls to address/mitigate fraud risks?
- Has the entity entered into any significant unusual transactions?
- Have there been any instances of actual or possible violations of laws and regulations, including illegal acts (irrespective of materiality threshold)?
- What is the audit committee's understanding of the entity's relationships and transactions with related parties that are significant to the entity?
- Does any member of the audit committee have concerns regarding relationships or transactions with related parties and, if so, what are the substance of those concerns?
- Have any subsequent events occurred that might affect the financial statements?
- Has there been any correspondence with regulators or licensing authorities?

Questions?

For additional information and audit committee resources, including National Audit Committee Peer Exchange series, a Quarterly webcast, and suggested publications, visit the KPMG Audit Committee Institute (ACI) at www.kpmg.com/ACI

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