

REVISED
CPS ENERGY BOARD OF TRUSTEES
NOTICE OF REGULAR MEETING AND PUBLIC INPUT SESSION

CPSA - CITY CLERK
2021 DEC 10 AM 9:27:46

Notice is hereby given that the CPS Energy Board of Trustees will hold its **Regular Monthly Meeting on Monday, December 13, 2021 at 3:30 p.m.** in the Board Room located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. The Regular Board meeting will also be live-streamed.

The subject of this meeting is to act upon all matters pertaining to the current management and operation of the municipal electric and gas systems, including the acquisition of real property and interest therein by purchase and condemnation, the facilities, financing, the handling and administration of funds and accounts, consideration of matters relating to operations and administration and such other matters as may be brought before the meeting by the Trustees of the Board, and specifically those matters referred to in the attached agenda, which is incorporated herein.

Additionally, notice is hereby given that the CPS Energy Board of Trustees will participate in a **Public Input Session at 6:00 p.m.** in the Grid Rooms located on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

The Public Input Session will also be live-streamed on cpsenergy.com.

The Public Input Session is also available by calling toll-free 855-962-1328 (*English*), 855-962-1497 (*Spanish*)

The subject of this meeting is the rate case. No Board action or voting will take place at the Public Input Session.

Both meetings will be streamed on cpsenergy.com.

Those wishing to speak on an agenda item during the Public Comment portion of the **Regular Monthly Meeting** must register on Friday, December 10, 2021, from 7:00 a.m. CT to 1:00 p.m. CT.

Those wishing to speak during the **Public Input Session** are encouraged to register between Friday, December 10, 2021, at 7:00 a.m. and Monday, December 13, 2021 at 12:00 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
- Designate whether public comment will be provided at the Regular Monthly Meeting or the Public Input Session or both.
- Designate whether public comment will be provided in person or virtually
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

Commenters will be called to speak in the order of registration.

Written comments may be sent to publiccommentregistration@cpsenergy.com. Note that written comments will not be read during the Board 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.html>

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
December 9, 2021

CUSA - CITY CLERK
2021 DEC 10 AM 08:27:54



**CPS ENERGY BOARD OF TRUSTEES MEETING
TO BE HELD ON DECEMBER 13, 2021 AT 3:30 PM
LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

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 gifts 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.

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE, INVOCATION & PLEDGE OF ALLEGIANCE	Execute	Ms. Loretta Kerner
3	PUBLIC COMMENT Pre-Registration on Friday, December 10, 2021 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
4	INTERIM CEO'S REPORT	Discuss	Mr. Rudy Garza
5	RESOLUTION FOR POLICY REVIEW	Vote	Dr. Willis Mackey
REGULAR AGENDA			
6	RATE INCREASE	Discuss	Mr. Cory Kuchinsky
7	WINTER PREPAREDNESS PROGRESS REPORT	Discuss	Mr. Paul Barham
CONVENE TO EXECUTIVE SESSION			
8	EXECUTIVE SESSION: Please see the narrative list at the top of this agenda for the potential discussion topics.	Discuss	Dr. Willis Mackey
RECONVENE TO OPEN SESSION			
CONSENT AGENDA			
9	APPROVAL OF CONSENT ITEMS: A. Minutes of the Regular Board Meeting held on 10/25/2021 B. Payment to the City of San Antonio for November 2021 C. Flexible Rate Revolving Note (FRRN) Renewal (Mr. Cory Kuchinsky) D. Procurement Item: 1. General Services (Mr. Frank Almaraz)	Vote	Dr. Willis Mackey
REGULAR AGENDA, CONT.			
10	COMMITTEE REPORTS: A. Operations Oversight Committee (OOC) Meeting held on 11/08/2021 (Dr. Willis Mackey) B. OOC Aligned Risk Sub-Committee Meeting held on 11/08/2021 (Dr. Willis Mackey) C. Master Planning & Oversight Committee Meeting held on 11/15/2021 (Mr. Ed Kelley) D. CEO Search Committee Meeting held on 11/11/2021 (Ms. Janie Gonzalez) E. CEO Search Committee Meeting held on 11/29/2021 (Ms. Janie Gonzalez)	Discuss	Dr. Willis Mackey
11	ADJOURNMENT	Execute	Dr. Willis Mackey

If the Board meeting has not adjourned by 5:30 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.

**THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE
FOLLOWED BY A BOARD PUBLIC INPUT SESSION TO BEGIN AT 6:00 PM.**

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Resolution for Policy Review

WHEREAS, the CPS Energy Board of Trustees has become aware of recent media reports regarding the use of company purchasing cards by former top CPS executives in a manner that may be damaging to public trust in CPS Energy;

WHEREAS, the CPS Energy Board of Trustees believes that maintaining public trust is vital for any entity entrusted with ratepayer funding;

WHEREAS, the CPS Energy Board of Trustees seeks to better understand and to improve upon CPS Energy's existing ethics, expense, and meals policies and procedures and the enforcement thereof;

BE IT RESOLVED by the CPS Energy Board of Trustees that the General Counsel Office of CPS Energy shall conduct a review of all applicable ethics, expense, and meals policies and procedures and provide a report to the CPS Energy Board of Trustees of the results of the review and recommended actions for strengthening CPS Energy's ethics, expense, and meals policies and procedures and the enforcement thereof.



WINTER PREPAREDNESS PROGRESS REPORT

PRESENTED BY:

Paul Barham

Chief Grid Optimization & Resiliency Officer (CGORO)

December 13, 2021

Informational Update

AGENDA



- **COMBINED ACTION LIST STATUS OVERVIEW**
- **COMMITTEE ON EMERGENCY PREPAREDNESS (CEP)
RECOMMENDATION STATUS OVERVIEW**
- **READINESS STATUS**
- **NEXT STEPS**



OUR GUIDING PILLARS & FOUNDATION



Reliability



Customer Affordability



Security



Safety



Environmental Responsibility



Resiliency



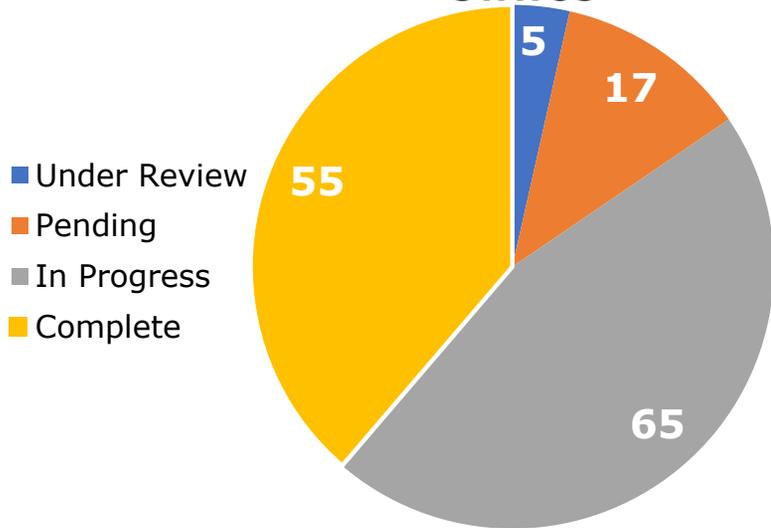
● *Financially Responsible* ●

Our actions in response to Winter Storm Uri impact all of our *Guiding Pillars* but are focused on improving *Resiliency*.

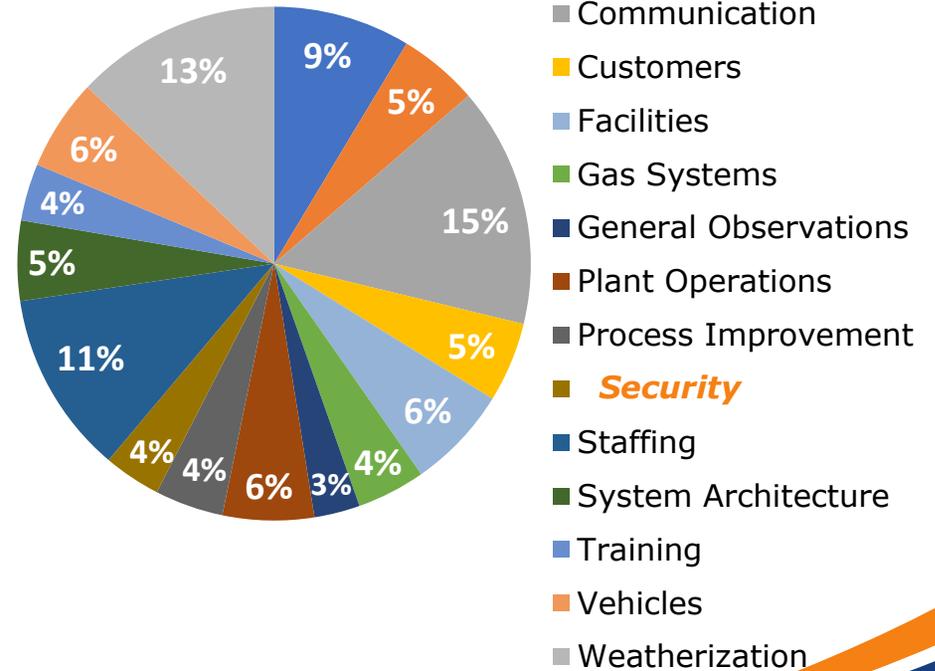
COMBINED ACTION LIST STATUS OVERVIEW



COMBINED ACTION LIST STATUS



COMBINED ACTION LIST CATEGORIES

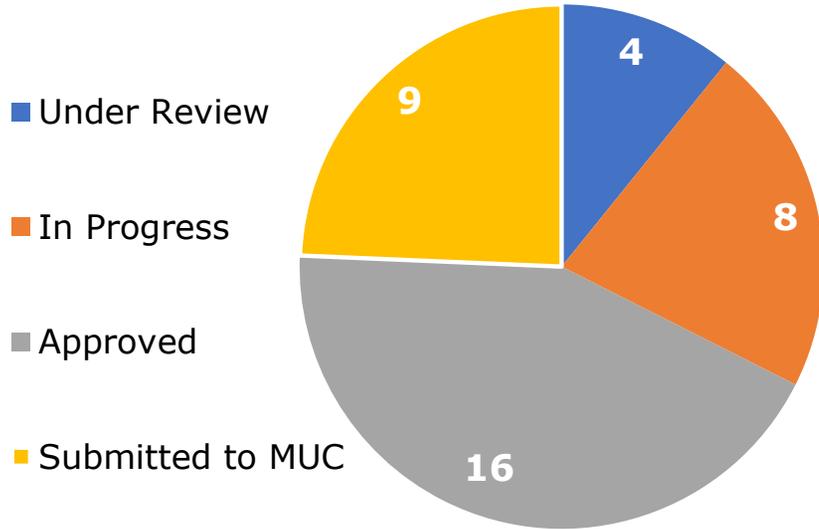


Progress continues to execute plans for completion of items by the end of year.

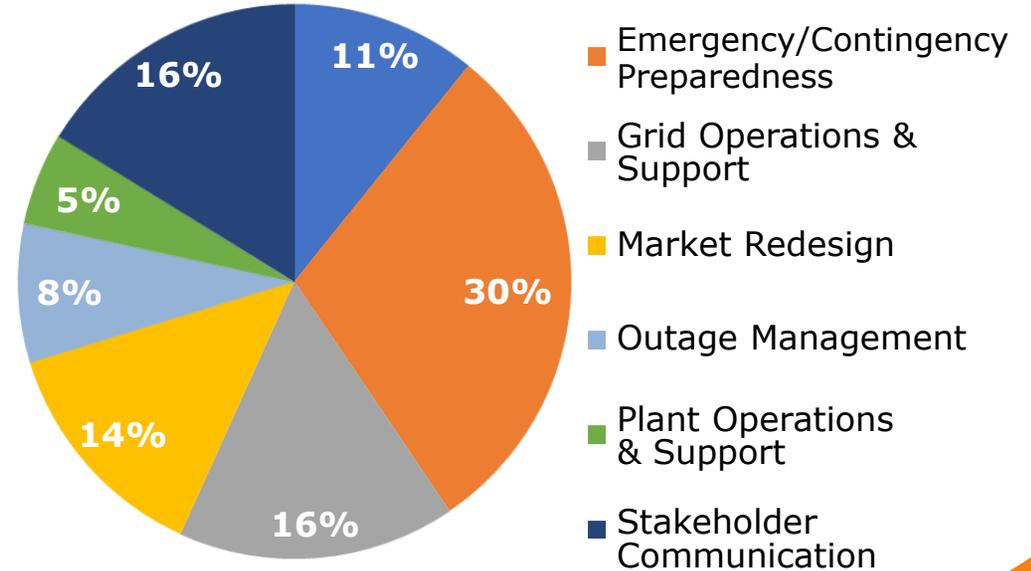
CoSA CEP RECOMMENDATIONS STATUS OVERVIEW



CEP RECOMMENDATION ACTION PLAN STATUS



CEP RECOMMENDATION CATEGORIES



All CEP Recommendations will be addressed by the end of the year in preparation for this winter season with additional long-range initiatives to target infrastructure improvements.

WINTER READINESS CEP RECOMMENDATIONS



Recommendations for CPS Energy	Status
1, 3: Market Design	Effectively Complete - On going effort
2: Natural Gas Supply	Effectively Complete
4: Generation Plant Weatherization	Effectively Complete
5, 6: Load Shed Outage Management	Effectively Complete
7: Support of SAWS critical facilities	Effectively Complete
8, 9: Communications Improvements	On track for End of Year (EOY)
Recommendations for SAWS – Effectively Complete	
2, 3, 5, 8, 16: Support SAWS in improving its Resiliency , emergency preparedness, communications protocols & Public Utilities Commission (PUC) compliance	
Recommendations for the Emergency Operations Center (EOC) – On track for EOY	
1-3, 8, 10-14, 18-20, 23-24: Support CoSA’s EOC in its efforts to improve its Resiliency , emergency preparedness, communications protocols & overall emergency operations during extended duration outages	

We continue moving toward documented completion of all actions for the winter 2021-22 season by the end of the year.

Winter Preparations



Plant Operations & Support



- Enhanced weatherization completed
- Third-party validation of improvements
- Increased natural gas storage ability
- Moved plant maintenance schedule ahead of winter months

Outage Management



- Improved load shed capacity with more circuits to minimize customer impact, i.e., better rotation of outages
- Third-party validation of improvements
- Additional use of advanced technologies

Grid Operations & Support



- More collaboration with the City of San Antonio, Bexar County, SAWS & emergency managers
- Review of procedures completed
- Updated procedures for winter operations

Emergency Preparedness



- Ongoing participation in local, state & federal training
- Executive liaison assigned to regional Emergency Operations Center

Stakeholder Communications



- Ongoing collaboration with the City of San Antonio, Bexar County, SAWS & emergency operations
- Launched stakeholder text alerts
- Engaging in public input & feedback opportunities

Customer Communications



- Review & refresh communications plans
- Multi-pronged approach to reach customers
- Updated 100,000 customer contacts through Manage My Account to date
- Community Town Halls & Utility Assistance Fairs

Policy Activity



- Engaging with local, state & federal regulators & policy makers
- Participating in regulatory proceedings
- Involved in development of ERCOT protocol revisions

We are committed to continuing overall infrastructure & communications improvements to ensure **Reliability & Resiliency** for our customers.

WINTER READINESS

EXTERNAL ACTIVITIES

- Electric Reliability Council of Texas (ERCOT) "Roadmap to Improving Grid **Reliability**"
 - 60 point action plan of grid **Reliability** improvements
 - Completed 40 items by October 15, 2021 update
- Federal Energy Regulatory Commission's (FERC) Final Report "The February 2021 Cold Weather Outages in Texas & the South Central United States"
 - Included 28 formal recommendations
 - Identifies reliance on & impact of natural gas infrastructure availability
- Public Utilities Commission (PUC) published its "Market Redesign Blueprint"
 - Focuses ERCOT market improvement activities
 - Meets goal to encourage dispatchable generation investment with better pricing
 - PUC expected to vote on Blueprint in mid-December



Assessments & reports from various entities point to the same core issues of plant weatherization, operational planning & coordination, & communication planning & coordination across south central United States.

NEXT STEPS



- Continue status updates at monthly Municipal Utilities Committee (MUC) meetings & to our Board of Trustees (BOT)
- Detailed updates at Operations Oversight Committee (OOC) meetings
- Assessment of FERC report & recommendations
- Close-out of winter preparation activities
- Identify funding requirements as required for action plans
- Submit formal close-out memo to BOT

Significant mitigation activities to address the CEP recommendations continue & will be completed prior to the end of the year.



Thank You



Draft for review and approval at the
December 13, 2021 meeting

CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON OCTOBER 25, 2021

The Regular Meeting of the Board of Trustees of CPS Energy for the month of October was held on Monday, October 25, 2021 in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas. Chair Dr. Mackey called the meeting to order at 1:01 p.m.

Present were Board members:

Dr. Willis Mackey, Chair
Ms. Janie Gonzalez, Vice Chair
Mr. Ed Kelley
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:04 p.m.)

Also present were:

Ms. Paula Gold-Williams, President & CEO
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Frank Almaraz, Chief Power, Sustainability & Business Development Officer
Mr. Paul Barham, Chief Grid Optimization & Resiliency Officer
Mr. Rudy Garza, Chief Customer & Stakeholder Engagement Officer
CPS Energy Staff Members
City of San Antonio officials

I. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Demetrius Payton, Interim Director, Infrastructure Services.

II. PUBLIC COMMENT

No persons were registered, so no public comment occurred.

III. CEO'S REPORT

Ms. Gold-Williams provided an overview of her written report to the Board and a summary of items that will be presented during the meeting. She pointed out that her report contains a summary of CPS Energy's comprehensive actions related to Winter Storm Uri (Uri). The City of San Antonio Municipal Utilities Committee (MUC) has thirty-seven (37) items related to the storm, whereas CPS Energy has identified one hundred twenty-nine (129) action items. Ms. Gold-Williams stated that most of the items will be completed by the end of the calendar year. We will follow up with the Board on the progress of the items.

Ms. Gold-Williams highlighted a recent Standard & Poor's (S&P) rating of our Junior Lien Bonds. We are remarketing these bonds and S&P re-affirmed them as A+ but with a negative outlook. S&P continues to monitor our governance, succession, rate case, and other credit rating metrics.

Draft for review and approval at the
December 13, 2021 meeting

She clarified that we have not declared a rate case but instead we are in a pre-rate case consideration period. Our goal is to have conversations with our community about our operations and fine tune our calculations. She noted that stakeholder feedback indicates that our community is still concerned about Uri, winter preparedness, and ensuring we are applying an equity lens to any action taken on rates.

She highlighted our efforts to help customers with proactive calls about our assistance programs as well as programs offered by others. We are working with San Antonio City Council members to do pop up events in their districts. If customers are unable to stay for the entire event, we have a process in place to call them back and share our information and resources.

Ms. Gold-Williams mentioned that we are working with the City of San Antonio (City) on our pre-rate case considerations and have reduced our initial rate increase calculation from ten percent (10%) to eight percent (8%), and continue to look for opportunities to further reduce the amount. Since we are still working on our calculations, we will pull agenda item 6, Potential Rate Increase: Drivers & Timeline Update.

She stated that we will present our progress on Winter Preparedness, and that we are also monitoring the MUC action items and in addition, will be attending a MUC meeting this week.

She shared that we will be presenting Ms. Lawson Picasso to the Board to serve as a member of the Citizens Advisory Committee (CAC) representing Council District 2, and that there will be a presentation on the Jones Avenue property during Executive Session.

In addition, we will be giving an update on the **FlexPOWER BundleSM** and we are looking to add a distributed generation component to the program of approximately 50 MW.

IV. WINTER PREPAREDNESS PROGRESS REPORT

Mr. Barham provided an update on actions taken and the work planned to prepare for winter. He began his presentation by stating that the Winter Preparedness actions impact all our **Guiding Pillars** but focuses primarily on **Resiliency**. We have received input from various channels and have had multiple meetings with our customers about **Reliability** and Uri, as well as with our various stakeholders such as the Emergency Operations Center (EOC), San Antonio Water Systems (SAWS), and other First Responders to ensure that collaboration is taking place. Another channel of input is from the Board of Trustees as we discuss the progress of our action items to improve our system. We also receive input from independent consultants.

Customers have told us that they did not receive timely and relevant information, such as load shedding and how it was going to impact the community. They also said that we did not coordinate well with SAWS and asked about protections from price gouging. In response, we are communicating with our customers how we collaborate with other entities and how our infrastructure is ready for the upcoming winter.

We are involved in numerous activities with regulators at both the state and federal level.

Mr. Barham also gave a status update on the progress of the thirty-seven (37) action items identified by the City's Committee on Emergency Preparedness (CEP) and the plan to complete most of them by year's end. There are several that will be ongoing.

Draft for review and approval at the
December 13, 2021 meeting

He described some of the weatherization improvements to plant operations, which will be incorporated into our fall outage schedule. We are also firming up our gas supply and storage capacities and making improvements to our load shed management activities. Our goal is to increase load shed capacity so that we can handle an event as large as, or greater than, Uri.

We have improved our operational processes and procedures utilized in the field during such an event and have enhanced communication with our stakeholders and the community. Mr. Garza and his team are leading efforts around this action. During community events, we will take input and provide the community with information on how to prepare and what to expect if such an event were to occur again.

We also consider our involvement in the policy making process as an improvement of our actions. At both the state and federal levels, we are tracking 36 topics and participating in various committee meetings.

We will continue to brief the Board and the MUC on the progress of our action items and seek feedback and monitor the impacts that these improvements will have on our budget.

Chair Dr. Mackey requested a list of the CEP recommendations identified on slide 9 of the presentation. He also asked if the improved load shed capacity of the 155 circuits shown on slide 10 will improve rolling brown/blackouts; Mr. Barham responded yes. He also asked about CPS Energy's EOC contact; Mr. Barham responded that it is Ms. Melissa Gutierrez. Chair Dr. Mackey inquired about our third-party consultant, Black & Veatch, who is providing the load shed assessment and when a report will be provided. Mr. Barham stated that another consultant is providing the weatherization assessment. Chair Dr. Mackey asked that the third-party consultants provide the Board with their recommendations.

Trustee Kelley asked what will happen if we have another Uri-type load shedding request and we follow all recommendations being made to us, but the rest of the State does not. Mr. Barham responded that we are in better shape now and can handle the request. However, Mr. Barham further stated that load shed requests come from ERCOT and not CPS Energy. Ms. Gold-Williams stated that we have increased the number of circuits that we can take into outage. We will be able to rotate the outages more effectively than what occurred during winter storm Uri. The goal is to balance around 15 minutes in outage and 45 minutes with power. If utilities around the State do not put people into load shed, then the State will suffer a blackout.

Trustee Steen stated that National Oceanic and Atmospheric Administration (NOAA) is providing the same forecast for the upcoming winter that it provided for last year's winter. He asked if we have employees who look at these forecasts; Mr. Barham responded that we have employees who coordinate and aggregate forecast data and we rely on our consultant, DTN, for long-term and planning forecasts. Mr. Almaraz confirmed that we use DTN for forecasting services and stated that it gave us a similar forecast as described by Trustee Steen, noting that extreme weather can occur with very little notice. We had very few days' notice of Uri. Trustee Steen also asked Mr. Barham about his biggest concern regarding the upcoming winter. Mr. Barham responded that he feels we have good operational improvements in place and would like to see us improve communications with our customers so they may make good planning decisions. Trustee Steen asked Ms. Gold-Williams the same question. Ms. Gold-Williams responded that she is worried about the anxiety in the community about the upcoming winter. She also feels that our team members are exhausted but are mission-driven to serve the community. Trustee Steen also asked what we will tell the community if a storm, like Uri happens again. Ms. Gold-Williams responded that it will be a shared effort among the community to keep as many people warm as we can, and that we want customers to pay attention to our

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conservation notices. We will also communicate with customers about forecasts and monitor what the State is doing to manage such an event.

Mayor Nirenberg asked if we are putting the winter storm progress report on CPS Energy's website and requested that the report be provided to the MUC so that it can be placed on the City's website. Vice Chair Gonzalez suggested that we provide the Board with real-time information on winter storm efforts. She stated that we should have a strong project management plan in place to address load shed efforts, communicate with our stakeholders. Ms. Gold-Williams answered that we are providing our information to the MUC who, in turn, is posting it on the City's website and we will be posting it on our website too. The Mayor asked for staff to provide the Board with a link to the information.

Trustee Steen asked if Mr. Garza wanted to share information about our communication efforts. Mr. Garza responded to the Mayor's question that CPS Energy's action items list will be prepared so that customers will find it easy to read and understand. He also stated that there is an opportunity to provide a report showing the efforts by SAWS and CPS Energy on behalf of the community. Mr. Garza noted that we have improved our stakeholder messaging and we want our messaging to be actionable so that customers can make informed decisions. Chair Dr. Mackey asked if customers know the location of warming centers and Mr. Garza responded that the centers are shown on our outage maps. Chair Dr. Mackey shared that he has participated in hurricane planning sessions and asked if we collaborate with others during such events. Mr. Garza responded that we meet at the City's EOC during such events. In addition, CPS Energy, SAWS, and the City will work together to publish community messaging. Mr. Eric Walsh, San Antonio City Manager, agreed that we must improve communications with the community. He further stated that he has weekly meetings with CPS Energy, SAWS, VIA, the San Antonio Housing Authority (SAHA), and others at the EOC to prepare for upcoming events.

V. POTENTIAL RATE INCREASE: DRIVERS & TIMELINE UPDATE

This item was pulled from the agenda.

VI. EXECUTIVE SESSION

At approximately 1:55 p.m., 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)
- Real Property (§551.072)
- Prospective Gifts (§551.073)
- Personnel Matters (§551.074)
- Security Personnel or Devices (§551.076)
- Security Audits and Devices (§551.089)
- Confidential Information Under the Texas Homeland Security Act (§418.183(f))
- Economic Development Negotiations (§551.076)
- Competitive Matters (§551.086)

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The Board reconvened in open session at 5:27 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. APPROVAL OF CONSENT ITEMS

On a motion duly made by Trustee Steen, seconded by Trustee Kelley, and upon affirmative vote by all members present, the following items on the Consent Agenda were unanimously approved.

Approval of Minutes

Minutes of the Regular Board Meeting held on August 30, 2021, the Special Board Meeting held on September 13, 2021, and the Special Board meeting held on September 29, 2021.

Approval of Payment to the City of San Antonio for September 2021

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 September 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$259,260,769.49, less applicable exclusions. The revenue for the month of September 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$261,411,899.96
Gas revenue	13,033,045.71
Interest and other income	(2,029,489.53)
Gross revenue per CPS Energy financial statements	<u>272,415,456.14</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,449,663.77)
LVG revenue per City Ordinance 100709	(22,800.58)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(25,992,204.73)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>22,309,982.43</u>
Total excluded revenue	<u>(13,154,686.65)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$259,260,769.49</u>
City payment per Bond Ordinance for September 2021 based upon September 2021 revenue	\$36,296,507.73
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	689,414.74

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City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	36,973,422.47	A
Utility services provided to the City for September 2021	<u>(2,761,035.66)</u>	
Net amount to be paid from September 2021 revenue to the City in October 2021	<u>\$34,212,386.81</u>	

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

(Dollars in thousands)

September 2021	Actual	Budget	Variance	
Current Month* A	\$36,973	\$37,878	(\$905)	-2.4%
Year-to-Date*	\$242,094**	\$249,248	(\$7,154)**	-2.9%

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

**Year-to-date Actual includes a rounding adjustment of 1 to equal correctly rounded number.

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 \$34,212,386.81 representing 14% of applicable system gross revenues for the month of September 2021, such payment being net of City utility services (\$2,761,035.66), is hereby approved."

Financial Policies Annual Renewal

The following policies were approved:

- Investment Policy Resolution
- Nuclear Decommissioning Trust Investment Policy
- Financial Authorizations and Approvals Policy for Banking, Investing, and Hedging
- Collateral Policy
- Master Interest Rate Management Policy
- Energy Price Risk Management Policy

INVESTMENT POLICY RESOLUTION

The following resolution relating to the investment activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees ("Board"):

WHEREAS, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric systems in the Board, including management and control over the purchasing activities of the systems; and

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WHEREAS, the Board is responsible for the prudent handling and control of funds and investments of CPS Energy; and

WHEREAS, the Texas Public Funds Investment Act ("PFIA") requires that the governing body of a local government review its investment policies and investment strategies not less than annually during the fiscal year; and

WHEREAS, CPS Energy Management desires to modify CPS Energy's Investment Policy (the "Policy"), as attached, with non-substantive changes which are administrative in nature and include:

- Documenting existing processes, and
- Updating defined terms and other minor clarifications;

WHEREAS, CPS Energy desires the approval of a resolution a) acknowledging that a review of the Policy has been completed and b) adopting the Policy with the proposed changes; and

WHEREAS, CPS Energy Management has verified and represents to the Board that the Policy as attached hereto is in compliance with the requirements of the CPS Energy operating procedures, the PFIA, the Bond Ordinances and the Commercial Paper Ordinances.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and adopts the Policy, as attached hereto, effective January 31, 2022.

NUCLEAR DECOMMISSIONING TRUST INVESTMENT POLICY RESOLUTION

The following resolution relating to the Nuclear Decommissioning Trust ("NDT") activities of the City of San Antonio, Texas acting by and through the City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees (the "Board"):

WHEREAS, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric system in the Board, including management and control over the purchasing activities of the systems; and

WHEREAS, the Board is responsible for the prudent handling and control of funds and investments of CPS Energy, the City Public Service Decommissioning Master Trust for the South Texas Project (the "28% Trust"), and the City Public Service Decommissioning Master Trust Agreement Related to the South Texas Project Interest Acquired from AEP Texas Central Company (the "12% Trust (TCC Funded)"); and

WHEREAS, the Texas Public Funds Investment Act ("PFIA") requires that the governing body of a local government review its investment policies and investment strategies not less than annually during the fiscal year; and

WHEREAS, CPS Energy Management desires to modify the CPS Energy South Texas Project NDT Investment Policy ("Policy"), as attached, with non-substantive changes which are administrative in nature and serve primarily to update defined terms and the effective date.

Draft for review and approval at the
December 13, 2021 meeting

WHEREAS, CPS Energy desires the approval of a resolution a) acknowledging that a review of the Policy has been completed and b) adopting the Policy with the proposed changes.

WHEREAS, CPS Energy management has verified and represents to the Board that the Policy as attached hereto complies with the requirements of the U.S. Nuclear Regulatory Commission, the Public Utility Commission of Texas, the PFIA, the Texas Property Code Subtitle B, Title 9, where applicable and the requirements of the 28% Trust and the 12% Trust (TCC Funded).

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and adopts the Policy as attached hereto, effective January 31, 2022.

FINANCIAL AUTHORIZATIONS AND APPROVALS POLICY FOR BANKING, INVESTING AND HEDGING RESOLUTION

The following resolution relating to the banking, investing and hedging activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the Board of Trustees ("Board"):

WHEREAS, the Board of Trustees of the City Public Service Board of San Antonio, Texas, is required to designate and authorize specific CPS Energy Officers and staff to conduct financial transactions on behalf of CPS Energy, the City Public Service Restated Decommissioning Master Trust for the South Texas Project, the City Public Service Decommissioning Master Trust Agreement Related to the South Texas Project Interest Acquired from AEP Texas Central Company; and Hedge Instrument transactions on behalf of CPS Energy; and

WHEREAS, a CPS Energy Financial Authorizations and Approvals Policy for Banking, Investing and Hedging ("the Policy") must be provided to banks, investment firms, brokers and other counterparties in order to conduct transactions in the daily operations of CPS Energy; and

WHEREAS, CPS Energy Management has no proposed changes to the Policy other than the effective date.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves the attached CPS Energy Financial Authorizations and Approvals Policy for Banking, Investing and Hedging, effective January 31, 2022.

COLLATERAL POLICY RESOLUTION

The following resolution relating to the collateral activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the Board of Trustees ("Board"):

WHEREAS, Texas Government Code Section 2257.023 requires that CPS Energy adopt a policy concerning the collateral pledged to secure the deposit of CPS Energy funds in a depository bank or other financial institution; and

WHEREAS, CPS Energy Management has no proposed changes to the Collateral Policy other than the effective date.

Draft for review and approval at the
December 13, 2021 meeting

NOW THEREFORE BE IT RESOLVED that the Board hereby approves the attached CPS Energy Collateral Policy, effective January 31, 2022.

MASTER INTEREST RATE MANAGEMENT POLICY RESOLUTION

The following resolution relating to interest rate management agreements and transactions of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees ("Board"):

WHEREAS, Texas Government Code Section 1371.056, requires that the City Council (the "City Council") of the City of San Antonio, Texas (the "City"), adopt a risk management policy governing entering into and managing interest rate management agreements and transactions in anticipation of, related to, or in connection with the authorization, issuance, security, purchase, payment, sale, resale, redemption, remarketing, or exchange of debt obligations of the City as a condition to the execution of any such agreement or transaction; and

WHEREAS, Texas Government Code Section 1502.070 and various ordinances of the City Council vests management and control of the CPS Energy electric and gas systems (the "Systems") in the Board; and

WHEREAS, it is in the best interests of the customers of the Systems that the Board and the City be authorized to enter into interest rate management agreements to manage the net interest expense borne by debt obligations of the City issued and to be issued to finance or refinance eligible costs of Systems' projects and/or other permitted costs and payable from revenue of the Systems; and

WHEREAS, on November 28, 2011, the Board approved the Master Interest Rate Management Policy, which has subsequently been updated; and

WHEREAS, CPS Energy Management has no proposed changes to the Master Interest Rate Management Policy, other than the effective date.

NOW THEREFORE BE IT RESOLVED that the Board hereby ratifies and approves the attached CPS Energy Master Interest Rate Management Policy, as revised, effective January 31, 2022.

ENERGY PRICE RISK MANAGEMENT POLICY RESOLUTION

The following resolution relating to the investment and hedging activities of the City of San Antonio, Texas acting by and through City Public Service Board ("CPS Energy") was presented for consideration and approval by the CPS Energy Board of Trustees ("Board"):

WHEREAS, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric systems in the Board, including management and control over the purchasing activities of the systems; and

WHEREAS, the Board is responsible for the prudent handling and control of energy hedge instruments; and

Draft for review and approval at the
December 13, 2021 meeting

WHEREAS, the Texas Public Funds Investment Act ("PFIA") requires that the governing body of a local government review its investment policies and investment strategies not less than annually; and

WHEREAS, by policy, the Board shall review CPS Energy's Energy Price Risk Management ("EPRM") Policy on an annual basis and approve any changes thereto; and

WHEREAS, CPS Energy Management has no proposed changes to the EPRM Policy, other than the effective date; and

WHEREAS, CPS Energy desires the approval of a resolution a) acknowledging that a review of the Policy has been completed and b) adopting the Policy with the proposed changes; and

WHEREAS, CPS Energy Management has verified and represents to the Board that the Policy as attached hereto is in compliance with the requirements of the PFIA.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and adopts the Policy, as attached hereto, effective January 31, 2022.

Nuclear Decommissioning Trust Investment Manager Agreements Biannual Renewal

The following resolution for the Investment Manager Agreements was approved:

**NUCLEAR DECOMMISSIONING TRUST
INVESTMENT MANAGER AGREEMENTS RESOLUTION**

The following resolution relating to the Nuclear Decommissioning Trust activities of the City of San Antonio, acting by and through the City Public Service Board ("CPS Energy") was presented for consideration and approval by the Board of Trustees:

WHEREAS, Texas Government Code Section 1502.070 vests management and control of the CPS Energy gas and electric system in the Board of Trustees of CPS Energy (the "Board"), including management and control over the purchasing activities of the systems; and

WHEREAS, the Board is responsible for the prudent handling and control of funds and investments of the City Public Service Decommissioning Master Trust for the South Texas Project (the "28% NDT"), and the City Public Service Decommissioning Master Trust Agreement Related to the South Texas Project Interest Acquired from AEP Texas Central Company (the "12% NDT"), pursuant to the South Texas Project Nuclear Decommissioning Trust Investment Policy (the "Policy"); and

WHEREAS, Texas Government Code Section 2256.003(b), a section of the Public Funds Investment Act ("PFIA"), requires that the Board of Trustees approve contracts with investment management firms to help implement the Policy and provide CPS Energy with investment advice; and

WHEREAS, CPS Energy Management recommends and desires approval of a resolution to renew Investment Manager Agreements with the following managers for the 28% NDT through January 31, 2024:

Draft for review and approval at the
December 13, 2021 meeting

Dodge & Cox
Earnest Partners, LLC
Hamilton Associates
Rhumbline Advisors
William Blair Investment Mgmt. LLC

Duff & Phelps Investment Mgmt.
Galliard Capital Mgmt., Inc. Garcia
Pugh Capital Mgmt., Inc.
State Street Global Advisors

WHEREAS, CPS Energy Management recommends and desires the approval of a resolution to renew Investment Manager Agreements with the following managers for the 12% NDT through January 31, 2024:

Duff & Phelps Investment Mgmt.
Galliard Capital Mgmt., Inc.
Capital Mgmt, Inc.
William Blair Investment Mgmt. LLC

Earnest Partners, LLC
Garcia Hamilton Associates Pugh
Rhumbline Advisors

WHEREAS, CPS Energy Management finds that all the agreements are compliant with the Policy and requirements of the PFIA; and

WHEREAS, the identified Investment Manager Agreements will each be valid for a two-year period, after which extensions will require additional Board approval, as required by the PFIA.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and adopts the Nuclear Decommissioning Trust Investment Manager Agreements as discussed herein.

WHEREAS, CPS Energy Management finds that all the agreements are compliant with the Policy and requirements of the PFIA; and

WHEREAS, the identified Investment Manager Agreements will each be valid for a two-year period, after which extensions will require additional Board approval, as required by the PFIA.

NOW THEREFORE BE IT RESOLVED that the Board hereby approves and adopts the Nuclear Decommissioning Trust Investment Manager Agreements as discussed herein.

Employee Benefit Trust Statement of Governance

The attached Employee Benefit Plans Statement of Governance was approved.

COMMITTEE REPORTS

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

Nominations Committee (NC) Meeting held on September 15, 2021

A report of the NC meeting, which took place on September 15, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "A") to the meeting minutes.

Draft for review and approval at the
December 13, 2021 meeting

Nominations Committee (NC) Meeting held on September 16, 2021

A report of the NC meeting, which took place on September 16, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “B”) to the meeting minutes.

Master Planning Oversight Committee Meeting (MPOC) held on September 27, 2021

A report of the MPOC meeting, which took place on September 27, 2021, was posted with the public notice of this meeting and will be attached (as Attachment “C”) to the meeting minutes.

IX. APPOINTMENT TO THE CITIZENS ADVISORY COMMITTEE (CAC) FOR DISTRICT 2

Ms. Julia Haynes, Manager, Local Government Relations, informed the Board that District 2 Councilman Jalen McKee-Rodriguez nominated Ms. Lawson Picasso to the CAC. Ms. Picasso is a Communications & Public Involvement Professional.

On a motion duly made by Trustee Steen, seconded by Trustee Kelley, and upon affirmative vote by all members present, the appointment of Ms. Picasso to the CAC was approved.

X. REAL ESTATE: JONES AVENUE PROPERTY UPDATE

Chair Dr. Mackey announced that this item will be considered at the next Board Meeting to be held on November 15, 2021.

XI. FLEXPOWER BUNDLESM UPDATE

Chair Dr. Mackey announced that this item was pulled from the agenda.

XII. EXECUTIVE SEARCH COMMITTEE ASSIGNMENT

Chair Dr. Mackey announced that we will launch a national CEO search.

In addition, on a motion duly made by Trustee Kelley, seconded by Mayor Nirenberg, and upon affirmative vote by all members present, a CEO Search Committee was created with the assignment of the Board Chair and the Chair of the Personnel Committee as members of said Committee.

XIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Chair Dr. Mackey, and seconded by Trustee Kelley, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:34 p.m. by Chair Dr. Mackey.

Shanna M. Ramirez
Secretary of the Board

Attachment "A" to the October 25,2021
Regular Board Meeting Minutes



NOMINATIONS COMMITTEE (NC)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 15, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR ED KELLEY
FOR REPORT AT THE NEXT NOMINATIONS COMMITTEE MEETING IN SEPTEMBER 2021.**

The Nominations Committee met on September 15, 2021. As part of the Nominations Committee agenda, the members:

- A. Interviewed applicants;
- B. Discussed next steps in the interview process.

The next meeting of the Nominations Committee is scheduled for September 16, 2021.

Attachment "B" to the October 25, 2021
Regular Board Meeting Minutes



NOMINATIONS COMMITTEE (NC)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 16, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR ED KELLEY
FOR REPORT AT THE NEXT NOMINATIONS COMMITTEE MEETING IN SEPTEMBER 2021.**

The Nominations Committee met on September 16, 2021. As part of the Nominations Committee agenda, the members:

- A. Interviewed applicants;
- B. Discussed next steps in the interview process.

The next meeting of the Nominations Committee is scheduled for September 20, 2021.

Attachment "C" to the October 25,2021
Regular Board Meeting Minutes



MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE SEPTEMBER 27, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR ED KELLEY
FOR REPORT AT THE OCTOBER 25, 2021 BOARD OF TRUSTEES MEETING**

The MPOC met on September 27, 2021. As part of the MPOC agenda, the Committee:

- A. Discussed the operation and activities in and around the McCullough Building.
- B. Reviewed the status, current and potential buyers, marketing strategies and/or contract deadlines for the following properties:
 - 1. Main Office Building;
 - 2. Tower Garage;
 - 3. Villita Assembly Building;
 - 4. Surface Parking Lot #2;
 - 5. Northside Customer Service Center; &
 - 6. Mission Road Power Plant and Gugert Street.
- C. Discussed disposition of Jones North and Jones South and reviewed property features and information.
- D. Discussed strategic property purchase opportunities that support electric and gas system **Reliability, Resiliency** and customer growth, as well as potential property sale opportunities.

The next meeting of the MPOC is October 25, 2021.

CPS Energy Board of Trustees Meeting December 13, 2021

Approval of Payment to the City of San Antonio for November 2021

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 November 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$180,773,903.40, less applicable exclusions. The revenue for the month of November 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$171,606,340.62
Gas revenue	19,962,213.11
Interest and other income	1,593,860.33
Gross revenue per CPS Energy financial statements	<u>193,162,414.06</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,632,521.14)
LVG revenue per City Ordinance 100709	(61,587.84)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(13,607,514.98)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	8,913,113.30
Total excluded revenue	<u>(12,388,510.66)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$180,773,903.40</u>
City payment per Bond Ordinance for November 2021 based upon November 2021 revenue	\$25,308,346.48
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	624,795.59
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	25,920,642.07 A
Utility services provided to the City for November 2021	<u>(2,680,110.67)</u>
Net amount to be paid from November 2021 revenue to the City in December 2021	<u>\$23,240,531.40</u>

CPS Energy Board of Trustees Meeting December 13, 2021

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

(Dollars in thousands)

November 2021	Actual	Budget	Variance	
Current Month* A	\$25,921	\$25,003	\$918	3.7%
Year-to-Date*	\$298,245	\$302,262	(\$4,017)	-1.3%

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

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 \$23,240,531.40 representing 14% of applicable system gross revenues for the month of November 2021, such payment being net of City utility services (\$2,680,110.67), is hereby approved."



FLEX RATE REVOLVING NOTE EXTENSION - FY2023

PRESENTED BY:

Gautam Shringarpure, CFA
Director, Debt Management

December 13, 2021

Approval Requested

OBJECTIVES & TAKEAWAYS



- **SEEK APPROVAL FOR THE FLEXIBLE RATE REVOLVING NOTE (FRRN) EXTENSION**

AGENDA



- **FRRN OVERVIEW**
- **REQUEST FOR APPROVAL**

FLEXIBLE RATE REVOLVING NOTE PROVIDING FINANCIAL STABILITY



- Short-term liquidity tool that we used during Uri.
- Critical to provide financial stability while we work to seek approval for the regulatory asset and the long-term financing related to paid winter storm costs.



REQUEST FOR APPROVAL

LIQUIDITY - FY2023



Proposed Potential Transactions:	Authorization Amount	Reason	Required Approval	
			Board	Council
Supports financing of paid Uri costs				
FRRN Liquidity Extension ⁽¹⁾	\$100M	1 year extension at a similar cost to the existing line of credit	Y	N

The extension of the FRRN will provide continued short-term financing while we seek approval for the ultimate long-term recovery of paid Uri costs.

1) The FRRN extension is an annual approval item that provides additional liquidity. The existing liquidity facility is currently provided by JP Morgan Chase, which expires on 02/25/22. We will communicate the supporting bank providing us liquidity and final terms to the Board upon execution of the new agreement.



Thank You





Appendix



GLOSSARY / DEFINITIONS



Acronym or Word	Definition	Acronym or Word	Definition
Basis Point (bps)	Basis point (BPS) refers to a common unit of measure for interest rates & other percentages in finance. One basis point is equal to 1/100th of 1%, or 0.01%, or 0.0001, and is used to denote the percentage change in a financial instrument. The relationship between percentage changes & basis points can be summarized as follows: 1% change = 100 basis points, and 0.01% = 1 basis point.	Commercial Paper (CP)	An unsecured, short-term debt instrument issued by a corporation, with high quality credit ratings, to meet its funding needs. Maturities typically do not exceed 270 days.
Flexible Rate Revolving Note (FRRN)	A type of credit facility such as a revolving line of credit that is backed by a bank that provides liquidity to an issuer.		

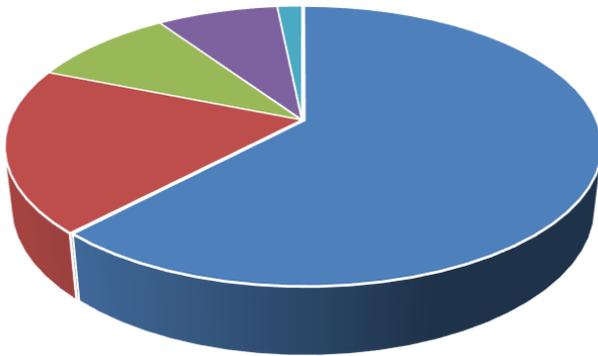


DEBT OVERVIEW



as of 12/01/2021

Portfolio by Debt Type



<u>Debt Type</u>	<u>Par Balance Outstanding ⁽¹⁾</u>	<u>% of Total</u>	
Sr. Lien Fixed	\$3,866,570	62.1%	\$5.05B, 81.2% Fixed
Jr. Lien Fixed	1,187,490	19.1%	
Jr. Lien Variable Rate	586,035	9.4%	\$1.18B, 18.8% Variable
Commercial Paper	490,000	7.8%	
Flex Rate Revolving Note	100,000	1.6%	
Total Portfolio	\$6,230,095	100%	

Topic of discussion today

¹ \$\$ in thousands

Our strong credit provides us with opportunities to keep a balance of debt instruments in our portfolio, which helps keep borrowing costs low for our customers.

INITIAL PRICING TERMS



Bank	Existing Terms ¹	Indicative Terms ²
Bank	JP Morgan Chase	Wells Fargo
Amount	\$100M	\$100M
Term	1 year	1 year
Upfront fee (due at closing)	0 basis points (bps)	0 bps
Undrawn Fee	30 bps	45 bps
Drawn Fee (Taxable)	Libor ³ + 120 bps	Libor ³ + 110 bps
Drawn Fee (Tax-Exempt)	80% Libor ³ + 100 bps	80% Libor ³ + 90 bps

- 1) Executed before credit rating downgrade in March 2021 which reflects the lower undrawn fee compared to the Indicative term sheet provided by Wells Fargo. The existing terms had a Level 1 drawn fee of Libor + 95 bps in the executed fee agreement. Currently, the drawn fees are Level 2 (shown in the table above) as a result of the credit rating downgrade.
- 2) Same key terms of \$500M line of credit executed after credit rating downgrade in March 2021. The Level 1 drawn fees (shown in the table above) are applicable to our current credit rating.
- 3) LIBOR benchmark changes to Secured Overnight Financing Rate (SOFR) for agreements executed after 01/01/2022. The spread to SOFR added to the above table is ~10 bps.

A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS CONCERNING THE AUTHORIZATION AND EXECUTION OF AN AMENDED AND RESTATED NOTE PURCHASE AGREEMENT AND RELATED DOCUMENTATION UNDER THE EXISTING REVOLVING FINANCE PROGRAM KNOWN AS THE “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS FLEXIBLE RATE REVOLVING NOTE PRIVATE PLACEMENT PROGRAM”; AURTHORIZING CERTAIN CPS ENERGY REPRESENTATIVES TO EXECUTE AN APPROVAL CERTIFICATE MEMORIALIZING THE TERMS OF SUCH AGREEMENT; AND OTHER MATTERS IN CONNECTION WITH THE FOREGOING

WHEREAS, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances (the *New Series Bonds Ordinances*) previously adopted by the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*), authorizing the issuance of the currently outstanding first lien revenue bonds (the *New Series Bonds*), the complete management and control of the electric and gas systems (the *Systems*) of the City is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the *Board*), during the period of time any of the New Series Bonds are outstanding and unpaid; and

WHEREAS, the Board has heretofore determined that, for the purpose of ensuring access to funds necessary to finance its operation of the Systems, the City established, on the Board’s behalf, the “City of San Antonio, Texas Electric and Gas Systems Flexible Rate Revolving Note Private Placement Program” (the *Program*), being a revolving line of credit program permitting periodic sales and repayment of obligations the interest on which is excluded for federal income tax purposes (such obligations styled “City of San Antonio, Texas Electric and Gas Systems Tax Exempt Flexible Rate Revolving Notes, Series A” and referred to herein as the *Tax Exempt Notes*) and obligations the interest on which is not excluded for federal income tax purposes (such obligations styled “City of San Antonio, Texas Electric and Gas Systems Taxable Flexible Rate Revolving Notes, Series A” and referred to herein as the *Taxable Notes* and, together with the Tax Exempt Notes, collectively the *Notes*) in the maximum principal amount at any one time outstanding not to exceed \$100,000,000; and

WHEREAS, the City, upon request of the Board in the form of a Resolution adopted on January 20, 2009, established, by Ordinance No. 2009-02-19-0119 adopted by the City Council on February 19, 2009 (the *Ordinance*), the Program, which has an effective date of April 28, 2009 and a stated termination date of November 1, 2028; and

WHEREAS, the Program and the City proceedings relating to its establishment were reviewed by the Texas Attorney General, and his office issued its approving legal opinion on April 28, 2009; and

WHEREAS, the City, on behalf of the Board, entered into separate “Note Purchase Agreements” (together, the *Initial Note Purchase Agreements*), with one relating to each series of Notes, on the Program’s effective date with JPMorgan Chase Bank, N.A., who was the “Initial Program Note Purchaser” under the Ordinance; and

WHEREAS, the Board thereafter terminated the Initial Note Purchase Agreements under the Program in 2019, but the Program authorization remained active; and

WHEREAS, the Board, as of February 26, 2021, entered into that certain Note Purchase Agreement relating to the Notes (the *Note Purchase Agreement*), which expires by its terms on February 25, 2022; and

WHEREAS, under and pursuant to the terms of the Note Purchase Agreement, the Bank is obligated to purchase Notes from time to time issued by the City, on behalf of the Board, under the Program; and

WHEREAS, the Board now desires to enter into a new “Amended and Restated Note Purchase Agreement” with a qualified financial institution (the *Bank*), which agreement will extend the termination date of the liquidity under the Program to February 24, 2023 and make other changes in pricing under such agreement (which pricing change is favorable to the City); and

WHEREAS, Section 3.03 of the Ordinance requires approval of the Board prior to City’s entering into any supplemental or replacement Note Purchase Agreement (as defined in the Ordinance); now, therefore

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS THAT:

1. Subject to the provisions of Section 2 hereof, the Board hereby (i) delegates to the Interim President and Chief Executive Officer and the Chief Financial Officer and Treasurer of the Board (who are referred to as the “General Manager and CEO” and “CFO and Treasurer” in the designated Authorized Representative provision of the Ordinance) or any designee thereof (each, a *Designated Financial Officer*), the authority to, on the Board’s behalf, identify one or more Banks and negotiate and enter into new Amended and Restated Note Purchase Agreement, which agreement shall be substantially in the form attached hereto as Exhibit A (which form is incorporated herein for all purposes); and (ii) authorizes a Designated Financial Officer to, on the Board’s behalf, negotiate, execute, and/or deliver any notices, consents, certifications, or related documentation required by the Bank as a prerequisite to the effectiveness of such agreement in the form heretofore executed by the City, acting by and through the Board, pursuant to or in accordance with the Program or as hereafter approved by a Designated Financial Officer.

2. The Board hereby grants authority to any Designated Financial Officer to effectuate an Amended and Restated Note Purchase Agreement, subject to the following limitations:

- a. Total liquidity available under the Amended and Restated Note Purchase Agreement at any one time valid and effective shall never exceed the maximum permitted principal amount of Notes authorized at any one time to be outstanding under the Program, being a principal amount of \$100,000,000;
- b. The Amended and Restated Note Purchase Agreement shall have an effective term that expires not later than November 1, 2028;

- c. The interest rate on the Notes shall never exceed the Maximum Interest Rate, as defined in the Ordinance;
- d. To the extent the Amended and Restated Note Purchase Agreement relates to Tax Exempt Notes, a Designated Financial Officer shall deliver the requisite certificates, comply with the continuing covenants, and otherwise take action to maintain, or refrain from any action which would adversely affect the treatment of such Tax Exempt Notes, each as fully described in the Ordinance;
- e. The Amended and Restated Note Purchase Agreement shall maintain compliance with the terms and provisions of the Ordinance; and
- f. The selection of the Bank must comply with applicable State law.

As set forth in Section 2.14 of the Ordinance, each Designated Financial Officer retains the ability to act on behalf of the City and determine, from time to time, in connection with entering into an Amended and Restated Note Purchase Agreement, the terms and provisions set forth therein related to the issuance of Program Notes (as defined in the Ordinance).

3. The Board hereby authorizes its co-financial advisors to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. Bond Counsel. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by the Designated Financial Officer or his or her designee.

4. The Chair of the Board, or any Designated Financial Officer, are authorized to evidence adoption of this Resolution and to do any and all things necessary or convenient to give effect to the intent hereof.

5. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

6. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance.

7. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

* * *

PASSED AND ADOPTED on the 13th day of December, 2021.

CITY PUBLIC SERVICE BOARD
OF SAN ANTONIO, TEXAS

Chair, Board of Trustees

ATTEST

Secretary, Board of Trustees

EXHIBIT A
FORM OF AMENDED AND
RESTATED NOTE PURCHASE AGREEMENT

See Tab No. __



CPS Energy Board of Trustees Meeting
December 13, 2021
APPROVAL of PROCUREMENT ITEMS
Table of Contents

1. Item Description:	Gas Turbine Repair Services for Peaking Units
Purchase Category:	General Services
Supplier:	GE Packaged Power, LLC
Supplier:	TransCanada Turbine, Inc.

Approval: *Lisa D. Lewis*
Lisa Lewis, Chief Administrative Officer

Approval: *Rudy Garza*
Rudy Garza, Interim President & CEO



CPS Energy Board of Trustees Meeting
 December 13, 2021
 Procurement Form 1

Item Description	Gas Turbine Repair Services for Peaking Units
Purchase Order Value	\$25,000,000
Purchase Category	General Services
Department	Power Generation
Senior Vice President	Benjamin Ethridge
Chief Power, Sustainability & Business Development Officer	Frank Almaraz

Detailed Description

CPS Energy recommends award to both GE Packaged Power, LLC and TransCanada Turbine, Inc., both non-local, non-diverse firms which maintain GE authorized repair facilities, as the respondents who will provide the goods or services at the best value for CPS Energy based on the evaluation criteria set forth below.

These contracts are for critical maintenance to maintain **Safe, Reliable** engine operation on gas turbine engines located at Lee East and Lee West Power Stations for the next (3) years through February 1, 2025.

Subcontracting Opportunities

Gas turbine repair services are performed by specially trained certified technicians at GE authorized repair facilities which offer no opportunity for subcontracting.

The solicitation method for this procurement was a Request for Proposals. An evaluation team considered the following weighted evaluation criteria to determine the best value to CPS Energy.

Evaluation Criteria	Points
Experience and qualifications to perform the services	35
The overall cost	20
Safety records and training program	20
Economic Development (local & diverse consideration)	10
The financial soundness of the respondent	10
The ability to meet CPS Energy's requirements	5
TOTAL	100



CPS Energy Board of Trustees Meeting
December 13, 2021
Procurement Form 1

Recommended Respondent(s) & Award					
Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
TransCanada Turbine, Inc.	Non-Local / Non-Diverse	84.7%	\$12,500,000	2199371	
GE Packaged Power, LLC	Non-Local / Non-Diverse	74.8%	\$12,500,000	2199370	
TOTAL			\$25,000,000		

There were no additional respondents to this solicitation.

Annual Funds Budgeted						
Corporate Annual Budget	Funding Method	Projected FY2022 PO Spend	% of FY2022 Annual Corp Budget	Projected FY2023 PO Spend	Projected FY2024 PO Spend	Projected FY2025 PO Spend
\$714,300,000	Capital	\$0.00	0%	\$5,000,000	\$10,000,000	\$10,000,000
\$687,500,000	Non-Fuel O&M	\$0.00	0%	\$0.00	\$0.00	\$0.00

Procurement Item: General Services





Power Generation (PG) Gas Turbine Repair Services Contract Award Recommendation

INTRODUCTION:

Periodic maintenance is required to sustain "**Safe, Reliable**" gas turbine engine operations. Gas turbine manufacturers have established specific maintenance requirements and intervals to minimize the risk of more costly breakdown maintenance. Further, these services must be performed by trained, certified technicians at manufacturer-authorized repair facilities using parts and supplies that meet the turbine manufacturer's standards. These 3-year contracts will provide for the planned maintenance services needed by the Lee East & West gas turbines along with any repair services required, in compliance with the turbine manufacturer's standards through February 1, 2025.

BENEFITS OF GAS TURBINE REPAIR CONTRACT:

Maintaining service contracts with multiple qualified firms assures that maintenance support is always available, while preserving the ability to use activity-specific competitive bidding, through our "mini-bid" process, during the entire contract period.

PROCUREMENT PROCESS:

A competitive Request for Proposals (RFP) process was used to identify qualified vendors for gas turbine repair services. Proposals were received from both GE Packages Power, LLC and TransCanada Turbine, Inc. Based on the following criteria, contract awards are recommended for both firms.

Proposal evaluation criteria:

- Experience and qualifications to perform the services
- The overall cost
- **Safety** records and training program
- Economic Development (local & diverse consideration)
- The financial soundness of the respondent
- Ability to meet CPS Energy's requirements (Master Agreement, Exceptions & Risk)

Both firms are non-local, non-diverse with all work being performed at their remote repair facilities. Subcontracting opportunities are not available at these facilities due to the highly technical and proprietary nature of the work performed.

Local and diverse contractors are routinely employed to support gas turbine overhaul site work including crane operations, general welding and mechanical, scaffold and insulation, logistics, general construction, non-destructive evaluation and other services.

ANTICIPATED SPEND:

Project capital spend is based on anticipated timing for repair services of five (5) gas turbines during the period FY2023-FY2025 and is subject to adjustment.

Fiscal Year	Annual Projected Spend (\$M)
FY2023	\$ 5.0 M
FY2024	\$ 10.0 M
FY2025	\$ 10.0 M
Total	\$ 25.0 M

REQUEST FOR APPROVAL:

We request approval to award both GE Packaged Power, LLC and TransCanada Turbine, Inc. contracts in the amount of \$12.5M each to provide required goods and services in compliance with the turbine manufacturer's standards at best value pricing over a 3-year term established to accommodate planned unit outages.



OPERATIONS OVERSIGHT COMMITTEE (OOC) MEETING

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE AUGUST 17, 2021 MEETING PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY FOR REPORT AT THE NOVEMBER 8, 2021 BOARD OF TRUSTEES MEETING

The Operations Oversight Committee met on November 8, 2021. As part of the agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on August 17, 2021.
- B. Received an update on Winter Preparedness – Gas Solutions that included:
 - a. An overview of efforts to complete customer growth and system improvement projects; and
 - b. An update on inspection and maintenance of infrastructure supporting generation supply.
- C. Received an update on Winter Preparedness – Delivered Fuel Supply that included:
 - a. An overview of our fuel diversity and procurement strategies;
 - b. An update on coal purchase and coal delivery contracts;
 - c. An overview on the importance of fuel oil; and
 - d. An update on natural gas supply and storage.
- D. Received an update on Winter Preparedness – Power Generation:
 - a. A recap of summer performance;
 - b. An overview of our generation fleet and increased unit maintenance;
 - c. An update on 2021/2022 outage schedule; and
 - d. A status update on Power Generation weatherization.
- E. Received an update on Winter Preparedness – Field Operations that included:
 - a. An update of personnel and equipment winter readiness;
 - b. An overview of Winter Storm Uri lessons learned; and
 - c. A discussion about cold load pick-up and supply chain issues.
- F. Received an update Winter Preparedness – Customer Reliability that included:
 - a. An overview of activities related to system and employee readiness;
 - b. An update on load shed improvements;
 - c. An overview of interagency coordination activities; and
 - d. A status update on the load shed independent assessment.

The next meeting of the Operations Oversight Committee meeting is to be determined.



**OPERATIONS OVERSIGHT COMMITTEE (OOC)
ALIGNED RISK SUB-COMMITTEE MEETING**

**EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 8, 2021 MEETING
PREPARED FOR COMMITTEE CHAIR, DR. WILLIS MACKEY
FOR REPORT AT THE DECEMBER 13, 2021 BOARD OF TRUSTEES MEETING**

The OOC Aligned Risk Sub-Committee met on November 8, 2021. As part of the agenda, the Sub-Committee:

- A. Approved meeting minutes from the previous meeting held on August 17, 2021.
- B. Reviewed action items from the previous meeting
- C. Discussed the enterprise risk landscape
- D. Heard from risk owner on managing our Health & Safety Risk and Winter Preparedness

The next meeting of the Sub-Committee is to be determined.



MASTER PLANNING & OVERSIGHT COMMITTEE (MPOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE NOVEMBER 15, 2021 MEETING PREPARED FOR COMMITTEE CHAIR ED KELLEY FOR REPORT AT THE DECEMBER 13, 2021 BOARD OF TRUSTEES MEETING

The MPOC met on November 15, 2021. As part of the MPOC agenda, the Committee:

- A. Discussed the operation and activities in and around the McCullough Building.
- B. Reviewed the status, current and potential buyers, marketing strategies and/or contract deadlines for the following properties:
 - 1. Main Office Building;
 - 2. Tower Garage;
 - 3. Villita Assembly Building;
 - 4. Surface Parking Lot #2;
 - 5. Northside Customer Service Center; &
 - 6. Mission Road Power Plant and Gugert Street.
- C. Discussed disposition of Jones North and Jones South and reviewed property features and information.
- D. Discussed strategic property purchase opportunities that support electric and gas system **Reliability**, **Resiliency** and customer growth, as well as potential property sale opportunities.

The next meeting of the MPOC is December 13, 2021.



SEARCH COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT
PREPARED FOR COMMITTEE CHAIR DR. WILLIS MACKEY
FOR REPORT AT THE DECEMBER 13, 2021 BOARD OF TRUSTEES MEETING**

The Search Committee met for the purposes of selecting an executive recruiting firm to search for a new Chief Executive Officer for CPS Energy:

November 11, 2021

The Committee meeting started at 9:00 a.m. Four executive search firms were interviewed by the Committee members, followed by a discussion of each of the firms. The meeting was adjourned at 2:45 p.m.

The next meeting of the Search Committee is November 29, 2021.



SEARCH COMMITTEE

**EXECUTIVE SUMMARY AND CHAIR REPORT
PREPARED FOR COMMITTEE CHAIR DR. WILLIS MACKEY
FOR REPORT AT THE DECEMBER 13, 2021 BOARD OF TRUSTEES MEETING**

The Search Committee met for the purposes of selecting an executive recruiting firm to search for a new Chief Executive Officer for CPS Energy:

November 29, 2021

The Committee meeting started at 2:30 p.m. The two finalist executive search firms were interviewed by the Committee members, followed by a discussion of each of the firms. The meeting was adjourned at 5:00 p.m.

The next meeting of the Search Committee is to be determined.