

**CPS ENERGY BOARD OF TRUSTEES**

**NOTICE OF REGULAR MEETING**

**BY TELEPHONE CONFERENCE**

2021 MAR 24 PM 12:55  
CITY CLERK

To protect the health of the public and limit the potential spread of COVID-19, the CPS Energy Board of Trustees will hold this meeting via telephone conference. These meeting standards are based upon the provisions of the Open Meetings Act, as modified by the Governor of Texas in response to the COVID-19 crisis. These modified standards shall remain in place until further notice or until the state disaster declaration expires or is otherwise terminated by the Texas Governor.

Notice is hereby given that the CPS Energy Board of Trustees will hold its Regular Monthly Meeting **on Monday, March 29, 2021 at 1:00 p.m., by telephone conference.**

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.

**There will be no in-person public access to the meeting.**

**The meeting will be audio-streamed on cpsenergy.com.**

**The meeting is also available by calling toll-free 1 (888) 886-6602.**

Those wishing to speak on an agenda item during the Public Comment portion of the meeting must register on Friday, March 26, 2021, from 7:00 a.m. CT to 1:00 p.m. CT. Registration may be made by email at [publiccommentregistration@cpsenergy.com](mailto: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
- Group for which the individual is speaking, if applicable
- Agenda item # about which they are speaking
- Any required translation services

Speakers will be called to speak in the order that they register.

Written comments may be sent to [publiccommentregistration@cpsenergy.com](mailto: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 telephonic 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.*

**Shellman,  
Carolyn E.**

Digitally signed by  
Shellman, Carolyn E.  
Date: 2021.03.23  
16:40:04 -05'00'

Carolyn E. Shellman  
Secretary of the Board  
March 24, 2021



**CPS ENERGY BOARD OF TRUSTEES MEETING  
TO BE HELD ON MARCH 29, 2021 AT 1:00 PM  
BY TELEPHONE CONFERENCE  
1 (888) 886-6602**

RECEIVED  
CITY OF SAN ANTONIO  
CITY CLERK  
2021 MAR 24 PM 12:55

To protect the health of the public and limit the potential spread of COVID-19, the CPS Energy Board of Trustees will hold this meeting via telephone conference. These meeting standards are based upon the provisions of the Open Meetings Act, as modified by the Governor of Texas in response to the COVID-19 crisis. These modified standards shall remain in place until further notice or until the state disaster declaration expires or is otherwise terminated by the Texas Governor. **There will be no in-person public access to the meeting.**

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.

ITEM	TOPIC	ACTION	PRESENTER/ SPONSOR
1	CALL TO ORDER	Execute	Dr. Willis Mackey
2	SAFETY MESSAGE	Execute	Mayor Ron Nirenberg & Ms. Paula Gold-Williams
3	INVOCATION	Execute	Ms. Amelia Badders
4	PUBLIC COMMENT Pre-Registration on Friday, March 26, 2021 from 7:00 AM – 1:00 PM @ (210) 353-4662 or PublicCommentRegistration@CPSEnergy.com A. Chair's Announcements B. Comments	Discuss	Dr. Willis Mackey
UPDATE ON CHAIR'S PRIORITIES			
5	CEO'S REPORT	Discuss	Ms. Paula Gold-Williams
6	BOARD OPERATING PROCEDURES	Vote	Dr. Willis Mackey
CONSENT AGENDA			
7	APPROVAL OF CONSENT ITEMS: A. Minutes of the Special Board Meeting held on 02/05/2021 B. Minutes of the Regular Board Meeting held on 02/22/2021 C. Payment to the City of San Antonio for February 2021 D. Employee Benefits Oversight Committee (EBOC) Statement of Governance Update (Mr. Paul Barham)	Vote	Dr. Willis Mackey
REGULAR AGENDA			
8	SMARTSA DATA SHARING PROCESSES & PRINCIPLES (Ms. Amelia Badders & Ms. Melissa Sorola)	Vote	Dr. Willis Mackey
9	RATE ADVISORY COMMITTEE (RAC) UPDATE	Discuss	Mr. Rudy Garza
10	FLEXPOWER BUNDLE <sup>SM</sup> RFP	Discuss	Mr. Kevin Pollo
CONVENE TO EXECUTIVE SESSION			
11	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			
12	ADJOURNMENT	Execute	Dr. Willis Mackey
If the Board meeting has not adjourned by 4:20 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.			
<b>THE REGULAR MEETING OF THE CPS ENERGY BOARD OF TRUSTEES WILL BE FOLLOWED BY A 15 MINUTE BREAK, THEN BY A MEETING OF THE SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION, WITH AN APPROXIMATE DURATION OF 40 MINUTES.</b>			



## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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### **ARTICLE 1 - Governing Laws & Rules:**

Meetings of the CPS Energy Board of Trustees ("Board") shall be held in accordance with the Texas Open Meetings Act and with the applicable requirements of the Texas Constitution, the Texas Government Code, Public Information Act, CPS Energy Bond Ordinances, and general laws of Texas (together "Governing Laws"). To the extent that any provision of these Rules of Order (or Rules) is inconsistent with any of the Governing Laws, the Governing Laws shall prevail. To the greatest extent possible, these Rules shall be interpreted in a manner consistent with the Governing Laws.

### **ARTICLE 2 – Timing of Meetings and the Official Use of Technology:**

Regular Board Meetings shall generally be held once per month to conduct the business of the Board. The Chair may call special meetings as necessary to conduct business of the Board. The Chair may also call meetings to deliberate an emergency or urgent public matter, as permitted under and defined by the Open Meetings Act.

While most meetings are held in person, when allowable under Texas Law and / or through special orders from the Governor, the Board of Trustees may convene telephonically, by video conference, internet broadcasts, or other technologies. Except for the Executive Session segments of the meeting, the public will be able to listen in, observe, and /or make comments in accordance with the Governing Laws and the company's established guidelines.

### **ARTICLE 3 – Meeting Locations:**

Board Meetings shall be held at any appropriate time and place that is publicly noticed, consistent with the Open Meetings Act.



## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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### **ARTICLE 4 – The Board Meeting, Including Topic Recommendations from Trustees:**

The Board Chair ("Chair") shall approve the Agenda in consultation with the Chief Executive Officer (CEO), Chief Legal Officer (CLO) & Board Secretary (or Secretary), or a representative from Board Relations, not later than four (4) business days prior to the scheduled meeting.

- A. At least twenty (20) days prior to the Board Meeting, any two (2) Trustees may jointly request that an item be included on the Agenda for an upcoming meeting by submitting a written request or discussing with the Board Chair.
- B. At their discretion, the two (2) Trustees can obtain the assistance of a Senior Chief or a member of the Board Relations team to help prepare the relevant background documentation that will be needed for the item.
- C. Such requests for inclusion of an item on the Agenda should include the following information:
  - 1. A clear statement of the issue to be addressed.
  - 2. Relevant background regarding the issue and any information necessary for the Board to render a decision.
  - 3. A statement of the impact of the requested action on:
    - (a) The customers of CPS Energy;
    - (b) The budget and finances of CPS Energy;
    - (c) The staff of CPS Energy (i.e. whether it will require a time commitment from Staff to implement, whether it will affect employment of staff); and
    - (d) Its owner, the City of San Antonio.
  - 4. The timeframe in which the issue needs to be addressed.
  - 5. With assistance from CPS Energy's Legal Services team, when applicable, a draft of a motion to be considered by the Board must also be included in the package.





## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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Prior to actual inclusion, the proposed item and its support must be reviewed by the Chair for his or her consideration and approval before being put on the Agenda and inserted in the Board Package.

- D. The Agenda must be finalized with the Chair no later than four (4) business days before the Board Meeting.
- E. No later than three (3) business days prior to a Board Meeting, the Agenda package shall be posted and then circulated to the Board by the Secretary, member of the Board Relations team, or other designee.
- F. In the case of an emergency or urgent public matter, as are defined and allowable under the Open Meetings Act, the posting requirements above will be necessarily waived. In such an instance, the Agenda and Board Packet shall be transmitted to the Board members at least 30 minutes before the emergency meeting begins.

In the case of an emergency or urgent public matter, the Agenda, if applicable, and the Notice of the Meeting shall be posted publicly by the Secretary in accordance with the requirements of the Open Meetings Act. The package must provide the date, hour, place, and subject of each meeting in sufficient detail to satisfy the requirements of the Open Meetings Act.

- G. Additions to the Agenda may not be made after it has been publicly posted, except as permitted by the Open Meetings Act for matters of emergency or urgent public necessity.
- H. If before or during the meeting, the Trustees consider the meeting materials for a specific item –as previously shared with the public– to be insufficient, the Board may delay the consideration of that item until a future meeting.



## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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### **ARTICLE 5 – Subject Matters of Board Meetings:**

All matters to be discussed should be included on the Agenda, as required by the Open Meetings Act. To the extent a member of the public or a Trustee questions or asks about a subject for which notice has not been given, as required by the Open Meetings Act, the response to such inquiry must be limited to:

- (a) An informational statement of factual explanation, given in response to the inquiry; or
- (b) A recitation of existing policy in response to the inquiry.

*NOTE: Any deliberation or decision about the subject of such inquiry shall be limited to a proposal to place the subject on the agenda for a subsequent meeting.*

Properly noticed matters for discussion at a meeting may include, but are not limited to:

#### **A. Report items:**

- 1. The meeting minutes of a preceding meeting;
- 2. Material business and financial reports;
- 3. Internal audit matters reports;
- 4. Governance, risk, and compliance reports; and
- 5. Other important matters reports, including those on implementation status of previous resolutions.

#### **B. Discussion items:**

- 1. Discussion items reserved by the preceding meeting; and
- 2. Discussion items of the current meeting.



## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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### **C. Action items:**

1. Items set for a Board vote.

### **ARTICLE 6 - Executive Sessions:**

Once a quorum has been assembled and the Board Meeting has convened pursuant to the Open Meetings Act, the Chair may call for an Executive Session, as permitted under the Open Meetings Act.

- A. The Chair must announce the Executive Session and the Board Secretary, or a member of the Legal Team, will identify the section of the Open Meetings Act authorizing a closed session pursuant to which it is being held.
- B. The Executive session may be attended by the members of the Board, and, at the Board's discretion, the CEO and such officers and employees whose participation is necessary to the matter under consideration in the closed session. The Board's attorney must attend when required under the Open Meetings Act (when seeking legal advice). No person whose presence is contrary to the governmental interest being protected in the closed session may be admitted to it, and no persons otherwise prohibited from attending such sessions under the Open Meetings Act shall be permitted to attend.
- C. A final action, decision, or vote on a matter deliberated in a closed meeting may only be made in an open meeting, with the exception of Competitive Matters as defined by the Open Meetings Act.

### **ARTICLE 7 – Motions:**

- A. Motions may be made by any voting member of the Board.
- B. Motions must be seconded by any voting member of the Board.
- C. Once the motion has been made and seconded, the Chair shall call for discussion, questions, and comments on the motion.



## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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- D. Amendments: Board members may propose amendments to the motions. If, the original movant accepts the motion to amend as a "friendly amendment," the Secretary shall so alter the motion under consideration. If, however, the motion is not accepted as a friendly amendment by the movant, and it is seconded by a voting Board member, the amendment shall be discussed and voted upon before consideration of the original motion proceeds.
- E. The Chair shall determine when discussion of the issue has concluded and shall call for a vote on the motion. The Chair may limit time for debate of a motion, provided that all members of the Board shall have adequate time for debate.

### **ARTICLE 8 – Minutes and Recordings of Meetings:**

- A. In accordance with the Opens Meeting Act and all applicable record retention laws, minutes of the meeting shall be kept by the Secretary and shall:
  - (a) State the subject of each deliberation and
  - (b) Indicate each vote, order, decision, or other action taken.
- B. As overseen by the Board Secretary, CPS Energy will ensure that all minutes are posted on its website.
- C. In addition to the minutes of the meetings, CPS Energy's practice will be to record each meeting and post such recording on its website. While not required, the company may at its discretion create and /or post transcripts of a meeting.
- D. With respect to Executive Session closed meetings, the Secretary shall ensure that a Certified Agenda or recording of each such session is made and kept in compliance with the Open Meetings Act, including all confidentiality requirements thereof.



## **RULES OF ORDER FOR THE CPS ENERGY BOARD OF TRUSTEES**

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### **ARTICLE 9 – Chair and Vice Chair Roles:**

To the extent that the Chair is unable to exercise his or her powers for any cause, the Vice Chair of the Board of Trustees shall exercise such powers on behalf of the Board.

### **ARTICLE 10 – Effective Date:**

These Rules shall be effective on: \_\_\_\_\_, 2021.

Any amendment to or repeal of these Rules shall require the approval of the Board of Trustees.

Attested by The Board Secretary:

Printed Name:

\_\_\_\_\_

Signature:

\_\_\_\_\_

Draft for review and approval  
at the March 26, 2021 meeting

**CPS ENERGY**  
**MINUTES OF SPECIAL MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON FEBRUARY 5, 2021**

A Special Meeting of the CPS Energy Board of Trustees was held on Friday, February 5, 2021 by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). There was no in-person public access to the meeting. Chair Dr. Willis Mackey called the meeting to order at 10:00 a.m.

Present via phone were Board members:

Dr. Willis Mackey, Chair  
Ms. Janie Gonzalez, Vice Chair  
Mr. Ed Kelley  
Mr. John Steen  
Mayor Ron Nirenberg

Also present via phone were:

Ms. Paula Gold-Williams, President & CEO  
Dr. Cris Eugster, Chief Operating Officer  
Ms. Carolyn E. Shellman, Chief Legal Officer & General Counsel and Board Secretary  
Ms. Vivian Bouet, Chief Information Officer  
Mr. Frank Almaraz, Chief Administrative & Business Development Officer  
Mr. Rudy Garza, Chief Customer Engagement Officer  
Mr. Gary Gold, Chief Financial Officer & Treasurer  
CPS Energy Staff Members  
City of San Antonio officials  
Interested Citizens

**I. ROLL CALL OF BOARD MEMBERS**

Ms. Shellman called the roll. A quorum was present.

**II. SAFETY MESSAGE**

Ms. Loretta Kerner, Director Board Relations & Chief of Staff, provided a safety message.

**III. INVOCATION**

Ms. Denae Myers, Board Relations Manager, delivered an invocation.

**IV. PUBLIC COMMENT**

Chair Dr. Mackey announced that public comments would be taken and outlined the guidelines for doing so. The following people made comments:



Draft for review and approval  
at the March 26, 2021 meeting

1. Dr. Meredith McGuire, Sierra Club, urged CPS Energy to incent lower energy usage and increased conservation, to protect low-income users and provide more funding to the Save for Tomorrow Energy Plan (**STEP**). She referred to handouts she submitted depicting a more reliable and resilient grid.
2. Ms. Isabella Briseño, Texas Rising, urged closing the Spruce coal plant by 2030 and replacing it with clean energy. She also commented on environmental justice.
3. Ms. Catherine Fraser, Environment Texas, advocated for a transition to clean energy by closing the Spruce coal plant by 2030 and moving away from fossil fuels.
4. Mr. Alan Montemayor, Sierra Club, asked for the release of the January 2021 **Flexible Path**<sup>SM</sup> Resource Plan, adding that the plan is long overdue. He blamed “ultra conservative” voices on the Board and asked that Trustee Kelley step down or be removed from the Board.
5. Mr. Antonio Diaz expressed disappointment with the lack of a constructive relationship between CPS Energy and environmental groups. He urged CPS Energy to take the climate crisis seriously and act in a meaningful way to move away from coal.
6. Mr. Russell Seal stated that progress has been made to reduce carbon emissions, but that CPS Energy is now behind the curve relative to complying with new clean energy regulations. He urged closing the Spruce coal plant and responsibly replacing it.
7. Mr. Gregory Harman, Sierra Club, spoke about the global climate crisis and questioned whether CPS Energy appropriately understands it. He criticized CPS Energy’s transparency regarding the costs of transitioning away from coal.

## V. EXECUTIVE SESSION

At approximately 10:22 a.m., Chair Dr. Mackey 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 the following posted item.

- Competitive Matters (§551.086)

The Board reconvened in open session at 11:05 a.m. and the quorum was re-established. Ms. Shellman reported that only the matter cited above, and no others, was discussed in Executive Session. A vote on a competitive matter was taken during the Executive Session, as permitted by Texas Government Code §551.086.

## VI. FLEXIBLE PATH<sup>SM</sup> RESOURCE PLAN UPDATE

Chair Dr. Mackey called for comments about the Resource Plan which is being made available to the public.

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Mayor Nirenberg stated that, despite clear differences of opinion on some issues, the Board remains unified in its efforts to make CPS Energy the best municipally-owned utility in the country and to ensure its operation according to the values of reliability, affordability, sustainability, environmental responsibility and customer response. He noted that transparency is essential in maintaining public trust and accountability; it is the prudent way to deal with issues that have long-lasting impacts on the public. As a public entity, CPS Energy is owned by its customers and residents and therefore must remain accountable to them. In order for the public to embrace our plans, we must be open about those plans. The Resource Plan is a public document concerning a very important topic, and now that the Board has had an opportunity to review it, its release is appropriate.

Mayor Nirenberg noted that the path toward reasonably-priced power while protecting the public's health is complicated and best conducted in the public, so our owners are not kept on the outside. He reminded the Board to remain united on its values and abide by the public's expectations for transparency. The Mayor expressed appreciation for the Resource Plan and noted its importance in informing the process moving forward.

No other comments were made.

## **VII. ADJOURNMENT**

There being no further business to come before the Board, and upon motion duly made by Mayor Nirenberg, seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 11:09 a.m. by Chair Dr. Mackey.

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Carolyn E. Shellman  
Secretary of the Board

Draft for review and approval  
at the March 26, 2021 meeting

**CPS ENERGY**  
**MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON FEBRUARY 22, 2021**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of February was held on Monday, February 22, 2021 by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). There was no in-person public access to the meeting. Chair Dr. Mackey called the meeting to order at 1:00 p.m.

Present via phone were Board members:

Dr. Willis Mackey, Chair  
Ms. Janie Gonzalez, Vice Chair  
Mr. Ed Kelley  
Mr. John Steen  
Mayor Ron Nirenberg

Also present via phone were:

Ms. Paula Gold-Williams, President & CEO  
Dr. Cris Eugster, Chief Operating Officer  
Ms. Carolyn E. Shellman, Chief Legal Officer & General Counsel and Board Secretary  
Mr. Fred Bonewell, Chief Security, Safety & Gas Solutions Officer  
Ms. Vivian Bouet, Chief Information Officer  
Mr. Frank Almaraz, Chief Administrative & Business Development Officer  
Mr. Rudy Garza, Chief Customer Engagement Officer  
Mr. Gary Gold, Chief Financial Officer & Treasurer  
CPS Energy Staff Members  
City of San Antonio officials  
Interested Citizens

**I. ROLL CALL OF BOARD MEMBERS**

Ms. Shellman called the roll. A quorum was present.

**II. SAFETY MESSAGE**

The Board meeting began with safety messages delivered by Mayor Nirenberg and Ms. Gold-Williams.

Mayor Nirenberg provided an update on the COVID-19 numbers and our vaccination efforts. San Antonio has had more than 190,000 confirmed cases. The infection numbers have been lower in the recent weeks and hospitalization numbers are also improving. The community has distributed available vaccine supplies in a timely manner. The Mayor expressed disappointment in the supplies San Antonio has been provided and he has been looking to our state and federal authorities to increase that availability. He noted that we are in a blood shortage and listed sites where people could schedule appointments to donate blood to help improve this situation. He closed by announcing that there have been several community efforts to raise funds for people that were experiencing hardship due to the recent weather event.

Draft for review and approval  
at the March 26, 2021 meeting

Ms. Gold-Williams pointed out that CPS Energy has been dealing with COVID-19 related issues for almost a year and has continued to follow recommended protocols. Our numbers have improved with fewer infections and fewer employees in quarantine. She provided a brief report on the CPS Energy efforts to restore power to the service territory. She also outlined the effort and challenges the teams experienced and pointed out that COVID-19 protocols compounded these problems—for example, making it impossible to set up a main command center. The restoration effort did not make any real headway until the load shedding event ended. She went on to say we will be studying our lessons learned. The cost of the storm was significant, and we are looking at all avenues to help smooth out the costs to our customers. Ms. Gold-Williams understands that customers are angry, and we are listening and are working to learn from the event to do better in the future.

Trustee Steen asked about an employee who was involved in an accident while out restoring power in the community. Ms. Gold-Williams reported that the accident involved one of our bucket trucks that encountered black ice, causing the vehicle to slide off the road and roll over. She also let Trustee Steen know that the employee was recovering and doing well and concluded by summarizing some additional challenges CPS Energy employees and contractors encountered during the weather event and power restoration effort.

### III. INVOCATION

An invocation was delivered by Ms. Denae Myers, Board Relations Manager.

### IV. PUBLIC COMMENT

Chair Dr. Mackey announced that public comments would be taken and outlined the guidelines for doing so.

One hundred and eight individuals signed up to speak but less than half actually spoke. The speakers commented on a variety of issues, including general experiences during the outage, recommendations on energy sources and energy efficiency efforts, bill impact and ways to cover the additional expenses associated with the event, level of service, management decisions, the need for better winter preparedness, more transparency, better communication, and alternate advisory committees and governance recommendations. (A list of the registered speakers is attached as Attachment “A”. Individuals who commented during the meeting are highlighted on the attachment.)

### V. CEO’S REPORT

Ms. Gold-Williams expressed appreciation for the public comments that were provided. She mentioned the possibility of a special Board meeting prior to the March 29, 2021 Regular Board Meeting to discuss the topics and issues raised surrounding this event.

Ms. Gold-Williams provided a report on the recent unprecedented weather and energy market events in Texas, noting that the utility will look at how to best improve performance. She emphasized that all generation types experienced problems throughout the event. Our **Guiding Pillars** are driving a balanced approach to our sources of generation. During the event, CPS Energy maintained both physical and cyber security. We will focus on **Safety** and **Resiliency**. **Reliability** and **Affordability** are still key.

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at the March 26, 2021 meeting

The management team at CPS Energy will look at all avenues of cost recovery to help reduce bill impact due to the storm. This most recent event was nontypical in that it produced extreme cold temperatures for an extended amount of time. Unlike most weather events, this extreme weather affected the entire state and prevented assistance for additional power from other portions of the state-wide grid, making the reduction in use mandatory. The long-term extreme cold, without the rolling outages, would have exceeded our typical summer peak usage. CPS Energy's power supply was affected by a plant in our portfolio that was in a scheduled outage to prepare for summer usage and gas constraints that limited the output of our available gas plants. The ERCOT grid is designed to have more capacity than demand. Demand for electricity exceeding the supply during the event created the need for rolling outages to prevent the overall ERCOT grid from crashing, resulting in a much longer outage than what occurred.

Ms. Gold-Williams commented on communication efforts during the event. She stated that the message that we need to improve our communication with the community was heard and appreciated. This event also highlighted that the need to conserve energy in the winter can be just as important as in the summer. Ms. Gold-Williams thanked the many customers that limited their activities to conserve power.

Ms. Gold-Williams provided other insights into the event. We received notices from ERCOT to shed load late in the night through early morning. These notices came in more rapidly than ever before and required 5 times more load shed than had been required of the state in past events. This significant amount of load shed created problems for our system and made it impossible to limit rolling outages to 15-minute intervals, as had been initially communicated, because the amount of the mandated load shed created the inability to turn circuits back on while protecting circuits with critical facilities such as hospitals. Residences on critical circuits remained on while those on other circuits remained off.

Ms. Gold-Williams explained that characteristics of our downtown network make it difficult to easily adjust without creating additional problems throughout the remainder of the distribution system. This constraint explains why many downtown facilities did not lose power.

Ms. Gold-Williams noted that gas supply during the event was strained causing price surges. At one point, gas prices went up as much as 16,000 percent. The cold weather affected production from wells and caused pipelines to freeze. In fact, some of the gas we purchased during the event was not delivered. She stressed that CPS Energy will not pay for gas that was not delivered.

Ms. Gold-Williams stated that while we did conduct winterizing activities prior to this event, the extremely low and sustained temperatures created severe challenges not seen before and that our systems are not designed for. Our gas units performed most efficiently, but limited gas supply and surging prices caused challenges. One coal plant had some technical difficulties, as did one of our nuclear units. She commented on challenges faced by batteries that are not permitted to charge during emergency conditions. Generally, solar has limitations in the winter. Wind turbines experienced icing issues that limited their operation, as well. All these generation resources are complicated systems with both benefits, as well as individual challenges. We will continue to look at lessons learned. Additionally, our state market system will be under review to see how its design could make us better prepared for these types of events in the future.

Dr. Cris Eugster provided information about the impacts to the water system. He highlighted how coordination with SAWS prevented a CPS Energy power plant from experiencing a loss of capacity from low water pressure. He commented that we need to rethink resiliency and explore ways to leverage AMI to isolate

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at the March 26, 2021 meeting

critical load while enabling non-critical load to be shed. Ms. Gold-Williams noted the need for more coordination between CPS Energy and SAWS and observed that this event highlighted the nexus between energy and water.

Before proceeding to the next subject of her report, Ms. Gold-Williams paused at Chair Dr. Mackey's request.

Trustee Steen acknowledged the customers' trials and tribulations expressed during public comment, adding that he also did not have power and water and he felt that the utility must do better to avoid this in the future. He thanked the CPS Energy team for rising to the occasion and the employees for working in undesirable conditions to get the power restored. Trustee Steen listed several unprecedented facts about this type of storm and mentioned that by enduring these outages, the community helped prevent the entire grid from failing. Trustee Steen suggested a complete review of the decisions made during the event to help prevent future similar incidents. He noted the need to determine the full financial impact of the event on CPS Energy and to create a plan to release that information to the public, along with a proposal to address the financial impact. He requested that the review be included on the agenda of an upcoming meeting.

Chair Dr. Mackey apologized for our non-preparedness and commented that we endured an unprecedented event. He supports a review of the event and is also interested in the 2011 North American Electric Reliability Corporation (NERC) report.

Trustee Kelley expressed empathy and apologized to customers for the experiences they endured. He indicated he dealt with similar issues during the storm event. Trustee Kelley emphasized the state-wide nature of the winter weather and outage event, noting that for this event to have been prevented, utilities across the state would have needed to be fully prepared and they were not. Acknowledging that we could have done better, he cautioned against wrongly singling out who is to blame for this event.

Mayor Nirenberg also provided a statement. He indicated the impact of the recent severe winter weather has created frustration, calls for answers, and the need for accountability. The Mayor stated his intent to call for a full independent review of preparations, communications, response, and the events leading up to the outages. Such a review will provide answers to the community to ensure we are better prepared to prevent our community from being in a similar situation again.

Trustee Gonzalez noted that she has similar concerns as those noted by her fellow Trustees and she welcomes the review as well. She encouraged alternate future meeting times and continued public access and engagement. She expressed interest in better understanding the decision-making process during the crisis. She, too, wants to ensure that our community does not face these types of issues again.

## **VI. ADDITIONAL UPDATES**

In the interest of time, Agenda item VI, consisting of the two items below, was not taken up.

- FY2021 COVID-19 Financial Impacts as of January 31, 2021
- Cost Savings: A Year in Review



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## **VII. OPERATIONAL PROCUREMENT ITEMS**

In the interest of time, Agenda item VII, consisting of the items below, was not taken up. However, portions were incorporated into Agenda item VIII and covered by Mr. Frank Almaraz.

- Overhead Electric Distribution Services
- Cold Weather Natural Gas Impacts

## **VIII. PROCUREMENT PREVIEW**

Mr. Almaraz provided a preview of procurement items on the Consent Agenda. He noted that all of our procurements are governed by the Procurement Policy previously adopted by the Board. Mr. Almaraz noted our efforts under Ms. Gold-William's leadership to recruit small, minority, women, and/or veteran owned businesses.

Mr. Almaraz next provided a high-level view of each of the procurement items' value; type of service, percentage of small, minority, women, and/or veteran owned business participation, and percentage of locally-owned business participation. The seven procurements reviewed were: (1) Engineering and Construction Services for Electronic Recloser Deployment; (2) Electronic Reclosers; (3) Overhead Electric Distribution Services; (4) Exposing and Excavating Underground Utilities; (5) Land Surveying; (6) Spruce Plant Drains Pond Owner's Engineer Services; and (6) Utility Locating and Marking Services. Mr. Almaraz closed by requesting that the Board approve the reviewed procurements as part of the Consent Agenda.

Trustee Gonzalez thanked Mr. Almaraz and his team for their efforts in increasing diversity participation but questioned the level of commitment to diverse subcontracting on Consent Agenda Procurement Item 6, Spruce Plant Drains Pond Owner's Engineer Services, and Item 7, Utility Locating and Marking Services. After much discussion on these issues, both items were pulled from the Consent Agenda and deferred to a later meeting.

## **IX. APPROVAL OF CONSENT ITEMS:**

Trustee Gonzalez moved that the Consent Agenda, except Procurement Items 6 and 7, be approved, and Trustee Steen seconded. Upon affirmative vote by all members present, the motion was unanimously approved.

### **Approval of Minutes**

Minutes of the Special Board Meeting held on January 22, 2021, and the Regular Board Meeting held on January 25, 2021, were approved as submitted.

### **Approval of Payment to the City of San Antonio for January 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%

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limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of January 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$178,668,660.93, less applicable exclusions. The revenue for the month of January 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$165,590,215.71
Gas revenue	19,630,429.46
Interest and other income	(219,389.79)
Gross revenue per CPS Energy financial statements	<u>185,001,255.38</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,520,538.20)
LVG revenue per City Ordinance 100709	0.00
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(12,990,163.52)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>12,178,107.27</u>
Total excluded revenue	<u>(6,332,594.45)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$178,668,660.93</u>
City payment per Bond Ordinance for January 2021 based upon January 2021 revenue	\$25,013,612.53
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	460,708.84
Wholesale Special Contract Annual True Up	0.00
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
Annual True Up/(Down) per gas customer MOU	<u>(4,320.25)</u>
City payment per Bond Ordinance plus adjustments for memorandums of understanding	25,457,501.12 <b>A</b>
Utility services provided to the City for January 2021	<u>(2,540,189.64)</u>
Net amount to be paid from January 2021 revenue to the City	<u>\$22,917,311.48</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)

January 2021	Actual	Budget	Variance	
Current Month* <b>A</b>	\$25,458	\$34,701	(\$9,243)	-26.6%
Year-to-Date*	\$330,564	\$365,300	(\$34,736)	-9.5%

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

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### **ADDITIONAL FUNDING AND TRANSFERS**

Accrued January 2021 – Additional Transfer per Bond Ordinance		
Total	<u>\$12,018,202.72</u>	<b>B</b>

Approval of the following resolution is requested:

- A** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$22,917,311.48, representing 14% of applicable system gross revenues for the month of January 2021, such payment being net of City utility services (\$2,540,189.64), is hereby approved."
- B** "BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$12,018,202.72, representing an additional transfer within the allowed 14% of applicable system gross revenues, is hereby approved."

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

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

### **Approval of Procurement Items – February**

*Five (5) Non-Competitive Sensitive Items*

<b>Item Description:</b>	Engineering & Construction Services for Electronic Recloser Deployment
<b>Purchase Category:</b>	General Services
<b>Supplier:</b>	Burns & McDonnell Engineering Company, Inc.
<b>Item Description:</b>	Electronic Reclosers
<b>Purchase Category:</b>	Commodity & Material Goods
<b>Supplier:</b>	Digilog Instruments, Inc.
<b>Supplier:</b>	KBS Electrical Distributors, Inc.
<b>Item Description:</b>	Overhead Electric Distribution Services
<b>Purchase Category:</b>	General Services
<b>Supplier:</b>	Chain Electric Company
<b>Supplier:</b>	Greenstone Electrical Services LLC
<b>Supplier:</b>	Pike Electric LLC
<b>Item Description:</b>	Exposing and Excavating Underground Utilities
<b>Purchase Category:</b>	General Services
<b>Supplier:</b>	Bexar Pipeline & Utilities, Inc.
<b>Supplier:</b>	Engineered Solutions, Inc.

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<b>Supplier:</b>	Pipeline Video Inspection, LLC OBA AIMS Companies
<b>Supplier:</b>	Texas ReExcavation LC dba T-Rex Services
<b>Item Description:</b>	Land Surveying
<b>Purchase Category:</b>	Professional Services
<b>Supplier:</b>	Atwell, LLC
<b>Supplier:</b>	LW Survey Co.
<b>Supplier:</b>	Moy Tarin Ramirez Engineers, LLC
<b>Supplier:</b>	Vickrey & Associates, Inc.

\*The listed Procurement Items to be attached as Attachment "B".

## **X. COMMITTEE REPORTS**

### Audit & Finance (A&F) Meeting held on 01/19/2021

Trustee Steen stated that a report on the A&F meeting, which took place on January 19, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

### Employee Benefits Oversight Committee (EBOC) Meeting held on 01/19/2021

Trustee Steen stated that a report on the EBOC meeting, which took place on January 19, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

### A&F & EBOC Aligned Risk Sub-Committee Meeting held on 01/19/2021

Trustee Steen stated that a report on the A&F & EBOC Aligned Risk Sub-Committee meeting, which took place on January 19, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "E") to the meeting minutes.

### Personnel Committee Meeting held on 1/27/2021

Trustee Kelley stated that a report on the Personnel Committee meeting, which took place on January 27, 2021, was posted with the public notice of this meeting and will be attached (as Attachment "F") to the meeting minutes.

## **XI. BOARD COMMITTEE ASSIGNMENTS**

Upon motion duly made by Mayor Nirenberg and seconded by Trustee Kelley, and upon affirmative vote by all members present, the current Board Committee Assignments were approved with no changes.

### **1. Audit & Finance Committee (A&F)**

John Steen, Chair  
Dr. Willis Mackey

### **2. CEO Search Committee (CEO SC)**

John Steen, Chair  
Janie Gonzalez

Draft for review and approval  
at the March 26, 2021 meeting

**3. Employee Benefits Oversight Committee (EBOC)**

John Steen, Chair  
Dr. Willis Mackey

**4. Master Planning Oversight Committee (MPOC)**

Ed Kelley, Chair  
John Steen

**5. Nominations Committee (NC)**

Ed Kelley, Chair  
John Steen

**6. Operations Oversight Committee (OOC)**

Dr. Willis Mackey, Chair  
Janie Gonzalez

**7. Personnel Committee (PC)**

Ed Kelley, Chair  
Janie Gonzalez

**8. Risk Management & Aligned Subcommittees (RMC)**

Dr. Willis Mackey, Chair  
All trustees are members

**9. Technology & Innovation Committee (T&I)**

Janie Gonzalez, Chair  
Dr. Willis Mackey

**XII. EXECUTIVE SESSION**

Although posted to occur, an executive session was not held.

**XIII. ADJOURNMENT**

There being no further business to come before the Board, upon a motion duly made by Trustee Steen, and seconded by Trustee Kelley, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:32 p.m. by Chair Dr. Mackey.

---

Carolyn E. Shellman  
Secretary of the Board

## CPS Energy Board of Trustees Meeting March 29, 2021

### Approval of Payment to the City of San Antonio for February 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 February 2021 is based on actual gross revenue per the New Series Bond Ordinance of \$152,140,022.90, less applicable exclusions. In accordance with the New Series Bond Ordinance, current month revenue was insufficient to meet the full Debt Service requirements, the total 6% requirement to the Repair and Replacement account, and the City Payment by \$62,467,612.99. Due to the temporary suspension of billing after the February winter weather event to ensure bill accuracy for customers, a portion of February 2021 revenue was delayed and will be recorded in March 2021. The high fuel costs from the February winter weather event have been excluded from the Flow of Funds, however, the impact of higher gas volumes during the month multiplied by non-weather event fuel prices are also partially contributing to the February deficit. CPS Energy initiated activities to protect customers from bill shock due to the extreme pricing of purchased power and natural gas during the winter weather event. Prior revenues from the Repair and Replacement account are being used to satisfy the Debt Service obligations until future months' revenues offset the deficit. As revenues increase in the next few months, this deficit will reverse itself in the Flow of Funds. Under the previously approved agreement with the City, CPS Energy will advance to the City \$21,688,899.60 against future months' revenues for fiscal year 2022. The revenue for the month of February 2021 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$192,809,560.81
Gas revenue	32,561,184.18
Interest and other income	2,523,540.29
Gross revenue per CPS Energy financial statements	<u>227,894,285.28</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(5,365,203.95)
LVG revenue per City Ordinance 100709	0.00
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(9,701,039.45)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(60,688,018.98)</u>
Total excluded revenue	<u>(75,754,262.38)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u><u>\$152,140,022.90</u></u>



## CPS Energy Board of Trustees Meeting March 29, 2021

City payment per Bond Ordinance for February 2021 based upon February 2021 revenue	\$21,299,603.21	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	401,796.39	
Wholesale Special Contract Annual True Up	0.00	
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	21,688,899.60	<b>A</b>
Utility services provided to the City for February 2021	<u>(2,192,863.83)</u>	
Net amount to be paid from February 2021 revenue to the City	<u><u>\$19,496,035.77</u></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)

February 2021	Actual	Budget	Variance	
Current Month* <b>A</b>	\$21,689	\$24,098	(\$2,409)	-10.0%
Year-to-Date*	\$21,689	\$24,098	(\$2,409)	-10.0%

\* 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 \$19,496,035.77 representing 14% of applicable system gross revenues for the month of February 2021, such payment being net of City utility services (\$2,192,863.83), and including the current month deficiency, is hereby approved." The total amount to be recovered from future months' revenues for fiscal year 2022 is \$62,467,612.99, inclusive of \$40,778,713.39 necessary to satisfy the full Debt Service requirements, the 6% Repair and Replacement requirement year-to-date, and the \$21,688,899.60 to be advanced to the City.



## Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance March 29, 2021 Board Consent Agenda Item

### **PURPOSE:**

- Request Board approval of the proposed changes to the CPS Energy Employee Benefit Plans Statement of Governance (SoG).
- Should you have any questions or need any additional information, please contact
  - Paul Barham, Administrative Committee Chair, at 210-353-3892 (office) / 210-218-6030 (cell) or
  - Shannon Albert, Administrative Committee Vice Chair, at 210-353-3818 (office) / 210-319-0250 (cell).

### **BACKGROUND:**

The following is a high-level summary of the extent of the changes that are being proposed herein:

Administrative	Organizational	Procedural	Substantive
✓	✓	✓	✓

The SoG document primarily:

- Ensures that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated.
- Delegates certain activities and responsibilities regarding the Plans.
- The SoG is reviewed annually by the AC who recommends any changes to the EBOC. The EBOC reviews and concurs proposed changes which are taken to the full Board of Trustee for final approval.

**SUMMARY OF CHANGES:** Most of the updates to this document are to clarify a) roles and b) language. The Administrative Committee (AC) will continue to manage investments with a primary focus on safety and preservation of principal. These changes have been recommended by the AC and EBOC. Approval of these changes will be requested at the March 29, 2021 Board meeting.

	<u>Type of Change</u>	<u>Proposed Change</u>	<u>Reason for Proposed Change</u>
1	S / P	Incorporate directives from the Pension Review Board	Document current practice & State law requirements



## Summary of Changes to the CPS Energy Employee Benefit Plans Statement of Governance March 29, 2021 Board Consent Agenda Item

	<u>Type of Change</u>	<u>Proposed Change</u>	<u>Reason for Proposed Change</u>
<b>2</b>	<b>O / A</b>	Expand & clarify AC subcommittee participation	To strengthen AC succession plan & encourage active participation
<b>3</b>	<b>O / A</b>	Allow flexibility to expand AC membership & clarify ex-officio, non-voting membership	To align roles & expertise with AC composition

### **CONTENTS:**

- SoG Update (w/ Appendices): Employee Benefit Plans Statement of Governance Update
  - Updated SoG (Redlined): CPS Energy's Employee Benefit Plans Statement of Governance
  - Updated SoG (Clean): CPS Energy's Employee Benefit Plans Statement of Governance



# ***EMPLOYEE BENEFIT PLANS STATEMENT OF GOVERNANCE (SoG) UPDATE***

***PRESENTED BY:***

**Paul S. Barham, P.E.**

Chief Grid Optimization & Resiliency Officer (CGORO)  
Chair, Administrative Committee

March 29, 2021

*Approval Requested on Consent Agenda*



## OBJECTIVES & TAKEAWAYS



- **BRIEF THE BOARD ON RECOMMENDED REVISIONS TO THE SoG & SEEK BOARD APPROVAL**



# AGENDA

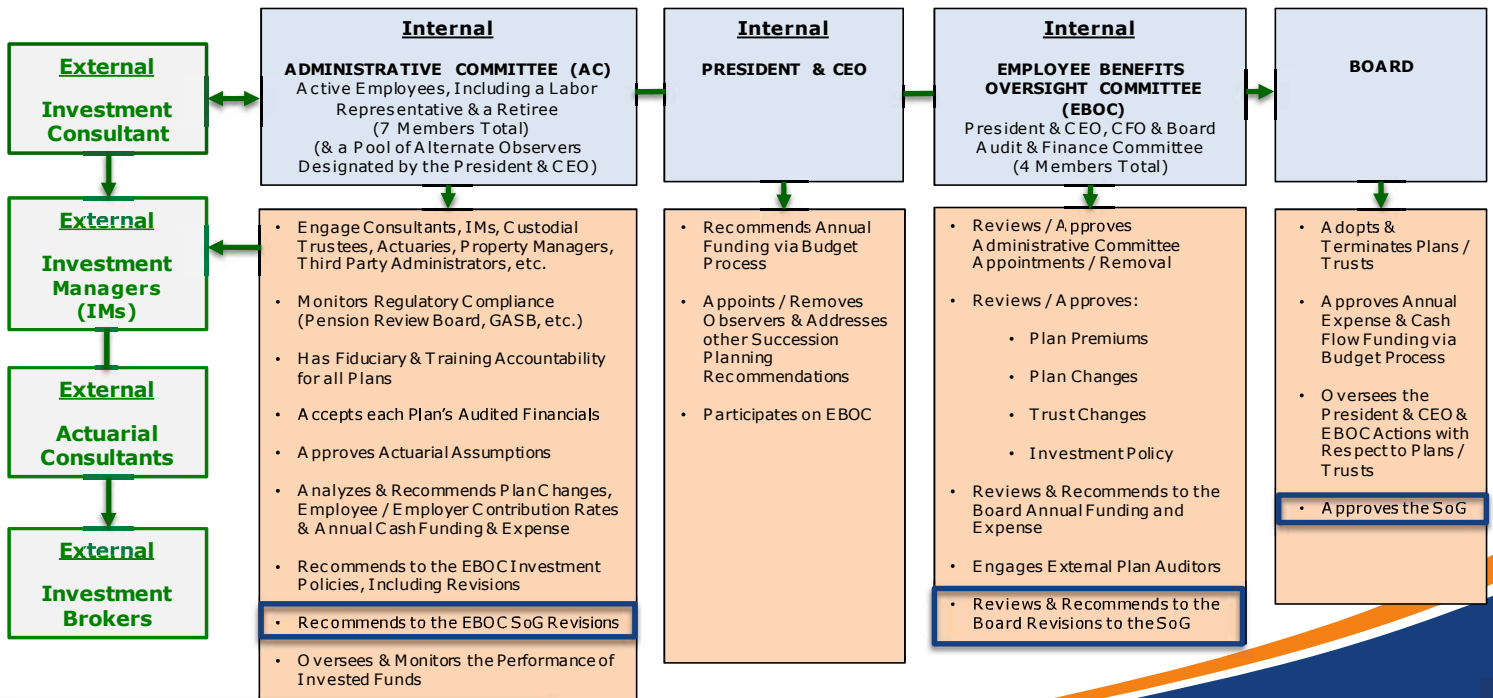


- **GOVERNANCE OVERVIEW**
- **SoG PROPOSED REVISIONS**





# GOVERNANCE OVERVIEW



These items will be discussed during today's presentation.

# SoG PROPOSED REVISIONS



Administrative (A)	Organizational (O)	Procedural (P)	Substantive (S)
✓	✓	✓	✓
Reviewed by the EBOC on 01/19/21			

- The SoG is reviewed annually
- The AC supports the proposed revisions
- The EBOC recommends SoG revisions for full Board approval



March 2021 Board Meeting - CONSENT AGENDA



***Thank You***





## ***Appendix***



## **Statement of Governance – Redlined**

## CPS Energy Employee Benefit Plans Statement of Governance

### Contents

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To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”) (formerly known as the Oversight Committee), the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, employees of the Plans and / or Trusts, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health, Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, ~~this Statement of Governance~~ the Plan or Trust document shall control.

### I. Overall Philosophy of Governance

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.

The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the

Administrative Committee to live by the policies articulated herein and to govern with excellence.

## **II. Authority**

### **A. Source of Authority**

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

### **B. Duties of the Board Regarding the Plans and Trusts**

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

### **C. Delegation of Authority**

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, employees of the Plans and / or Trusts, CPS Energy staff, and / or contractors. This legal and fiduciary responsibility, thus, requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. Standard of Care: The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Clarity and Specificity: The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. Formality: The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes delegation of authority to another must be memorialized in writing (e.g., through minutes, resolution, etc.).

### **D. Committee Relationship**

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the  
 Page 2 of 13 *Employee Benefit Plans Statement of Governance*

actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

### III. Governance, Roles and Responsibilities

#### A. The Board

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopting and terminating Plans and / or Trusts;
- approving ~~annual—Plan~~ expense ~~and cash flow funding~~ ~~(employer +/ employee contributions)~~ related to the Plans through the budget process;
- providing ~~input, as determined necessary, to the~~ EBOC ~~on changes and +/ or~~ amendments to the Plans and / or the Trusts;
- approving this Statement of Governance and revisions made thereto;
- overseeing the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

Board members may request any information they need to make informed decisions related to the Benefit Plans.

#### B. The Employee Benefits Oversight Committee (formerly known as the Oversight Committee)

##### 1. Membership

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer (“CFO”) and the two Board Audit & Finance Committee members.<sup>1</sup> EBOC members shall include persons duly authorized to hold the named role (*i.e.*, “Interim President / CEO” or “Acting CFO”). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans’ participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

<sup>1</sup> The CPS Energy Board Audit & Finance Committee’s membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.



Created: 09/27/04  
Last Revised: 07/29/19

- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. –All members of the EBOC shall be provided general training and continuing education related to the Committee members’ general fiduciary role and standard of care for the Plans and Trusts.

## 2. Standard of Care

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

## 3. Reporting

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
  - i. Review / Approval of Plan Changes / Amendments, and / or
  - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

#### 4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) ~~timertimes~~ per calendar year.- Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent ~~in writing~~, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee; or may give his / her proxy to another member to vote on his / her behalf.

## 5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve ~~or reject the appointment and +/ or removal of members to the~~ Administrative Committee (other than the Labor Representative<sup>2</sup>) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- ~~review Plan~~ expense and cash flow funding (employer / employee contributions) related to the Plans after review
- of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and ~~recommended Plan projected~~ expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

<sup>2</sup> Defined as the President or his/her designee of the labor organization recognized by CPS Energy that

comprises the largest membership (Labor Organization).

- on at least an annual- basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

### C. The President / CEO

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act -as -the -liaison -for -communication -and -information -flow -between -the -Board -and- a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input -to the -Administrative Committee and -EBOC -on -CPS -Energy's- budgetary constraints related to cash flow funding (employer / employee contributions) and Plan expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

### D. The Administrative Committee

#### 1. Membership

- a. Number. The Administrative Committee shall consist of up to sevennine (79) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of five (5) current employees (excluding the President / CEO, and the the CFOEx Officio members noted below), to maintain the right balance of skills and experience, including financial expertise, one (1) retired employee, and one (1) Labor Representative.
- b. Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- c. Ex Officio, Non-Voting Members. The CPS Energy Director of Compensation & BenefitsSenior Vice President of People & Culture (or equivalent role or title) or such individual's designee), the CFO, and the CFOSenior Director of Treasury & Finance shall be *ex officio*, non-voting members of the Administrative Committee.

- d. Diversification of Members. It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. Chair and Vice Chair. The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. Secretary. -The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. Length of Service. Nothing in this Statement of Governance prohibits the same individual(s) from serving unlimited consecutive terms.
  - i. Recognizing and balancing the value of membership continuity and the long-term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed a period of six (6) years, with the intent that the terms of the members shall generally be staggered. ~~The Administrative Committee shall recommend to the EBOC for its approval an appropriate strategy for staggering terms.~~
  - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of six (6) years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee.
- h. Attendance and Participation. Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor Organization leadership and the President / CEO, with input from other Administrative Committee members.
- i. Compensation. The Administrative Committee members shall perform their duties without compensation from the Trusts.
- j. Training. Members of the Administrative Committee shall receive all applicable and timely minimum training and continuing education consistent with the Administrative Committee members’ role and standard of care, including, but not

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limited to, Tex. Local Gov't Code section 172.007 risk pool training and Texas Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.

- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

## 2. Standard of Care

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.<sup>3</sup>

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

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<sup>3</sup> The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).



### 3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. —Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent ~~in writing~~, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute ‘presence in person’ at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee; or may give his / her proxy to another member to vote on his / her behalf.

**4. Responsibilities & Duties**

The Administrative Committee shall be responsible for the following:

**Plan Design and Funding Related Roles:**

- review and provide input to the President / CEO on ~~Plan expense~~expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and ~~Plan expense~~expenses related to the Plans;
- ~~• order, receive, and review an actuarial valuation at least every year for each Plan;~~
- ~~• analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;~~
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- ~~• order, receive, and review an actuarial valuation at least every year for each Plan;~~
- ~~• analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;~~
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- select, ~~monitor, and terminate~~ the ~~Plans' and~~ ~~or~~ ~~Trusts' investment~~ consultants, investment managers, custodial trustee(s), and other service providers;
- appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;

**Financial Responsibilities and Reporting Roles:**

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and ~~review~~ reports of the financial condition and ~~of the receipts and disbursements of the Trusts from the Trustee;~~
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;



### Investment-Related Roles:

- recommend an investment policy;
- review the investment policy at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

### Administrative Roles:

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the Plans and Trusts;
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- ~~—~~ administer and interpret the Plans' and the Trusts' provisions
- establish administrative procedures;
- monitor employees of the Plans and / or Trusts, and CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- adopt procedures participant(s) must follow to obtain benefits;
- decide all questions of eligibility, and determine the amount, manner, and time of payment of any benefits hereunder;
- make a determination as to the right of any person to a benefit and to afford any person dissatisfied with such determination the right to a hearing thereon;
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, ~~—~~ make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and Employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the Employee's Contribution Accumulation, Benefit Service, and in the case of retired Employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and
- any other responsibility that may arise as a result of applicable state or federal law.

## Demonstrative Chart of Responsibilities

Responsibilities	Board	EBOC	CEO	Administrative Committee
Adopt or reject Plans / Trust	X			
Approve changes to Plans / Trusts		X		
Approve benefit <del>plan expense</del> <u>expenses related to the Plans</u> via Budget	X			
Approve cash flow funding (Employer / Employee contributions) via Budget Process	X			
Approve Plan premiums		X		
Approve or reject Investment Policies		X		
<u>Approve or reject Funding Policies</u>		<u>X</u>		
Liaison to provide information re Plans / Trusts		X (Board)	X (external)	X (all others)
Appoint and remove Administrative Committee Members (other than the Labor Representative)		X		
Appoint Administrative Committee Observers			X	
Select Plan Administrator				X
Administer Plan				X
Engage auditor(s)		X		
Engage actuary(s)				X
<u>Engage a qualified firm to evaluate Plan investment practices &amp; performance</u>				<u>X</u>
Engage consultant(s) (investment managers, trustees, Agents, attorneys)				X

## **Statement of Governance – Updated Copy**

## CPS Energy Employee Benefit Plans Statement of Governance

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To ensure that the accountability and authority for governance and management of the CPS Energy Benefit Plans are clearly stated, the CPS Energy Board of Trustees (“Board”) sets forth herein governing principles to identify and distinguish between the roles of the Board, the Employee Benefits Oversight Committee (“EBOC”) (formerly known as the Oversight Committee), the CPS Energy President and Chief Executive Officer (President / CEO), the Administrative Committee, employees of the Plans and / or Trusts, and CPS Energy staff. The CPS Energy Employee Benefit Plans are the CPS Energy Pension, Group Health, Group Life Insurance, and Disability Income plans (collectively, “Plans”) and the associated Trusts (“Trusts”). In the event that any Plan or Trust provisions conflict or are inconsistent with the specified provisions of this Statement of Governance, the Plan or Trust document shall control.

### **I. Overall Philosophy of Governance**

The Board, the EBOC, the President / CEO, and the Administrative Committee are responsible for creating and maintaining an atmosphere that encourages prudent governance at all levels. The Board strives to achieve a governing style that emphasizes:

1. strategic leadership, outward vision, focus on the future, and proactivity;
2. encouragement of collegiality, including the creation of an environment that supports CPS Energy’s values;
3. civility and courtesy, to all parties involved in the Plans’ and / or the Trusts’ governance;
4. respect for diversity in viewpoints, recognizing value in all input;
5. governance by consensus;
6. a “partnership” with CPS Energy management; and
7. ethical conduct of the Plans’ and / or the Trusts’ business.

The Board establishes and communicates Board policies and priorities and then monitors performance in light of its established policies and priorities. The Board recognizes that the achievement of its goals requires self-discipline by the Board as a whole, by the EBOC, by the President / CEO, and by the Administrative Committee to live by the policies articulated herein and to govern with excellence.

## **II. Authority**

### **A. Source of Authority**

The authority of the Board, the EBOC, the President / CEO, and the Administrative Committee in relation to the Plans and / or the Trusts is found in the Plan documents for each of the Plans and / or the Trusts and is reflected in this document.

### **B. Duties of the Board Regarding the Plans and Trusts**

The Board has the legal and fiduciary responsibility for the Plans and / or Trusts, except as provided by law.

### **C. Delegation of Authority**

The Board is authorized to delegate certain activities and responsibilities regarding the Plans and / or the Trusts to the EBOC, the President / CEO, the Administrative Committee, employees of the Plans and / or Trusts, CPS Energy staff, and / or contractors. This legal and fiduciary responsibility, thus, requires that the Board: (a) select delegates with care, (b) define delegated responsibilities clearly, (c) monitor delegate performance, and (d) take corrective action when appropriate.

The Board may delegate certain activities and responsibilities regarding the Plans and / or the Trusts pursuant to the following principles:

1. Standard of Care: The Board shall make all delegation decisions related to Plan and Trust administration or other fiduciary functions with respect to the Plans and /or Trusts solely in the interest of, and for the exclusive purposes of providing benefits to, Plan participants and their beneficiaries, monitoring employer contributions to the Plans and / or the Trusts, and defraying reasonable expenses of administering the Plans and / or the Trusts, with the duty to participants and their beneficiaries taking precedence over all other duties. The Board shall delegate decisions regarding the Plans and / or Trusts as described above exercising the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims.
2. Clarity and Specificity: The Board will clearly and specifically identify each action that includes, in whole or in part, a delegation of responsibility from the Board to another person or entity. The Board will also clearly and specifically describe in writing the scope of the responsibility that is being delegated, to whom responsibility is being delegated, and the extent to which the Board responsibility continues (including monitoring).
3. Formality: The Board specifically finds that, although clarity and specificity are essential to all parties understanding the scope of delegated authority, the Board need not in all cases execute a formal delegation resolution. The form in which the Board takes a delegation action may vary depending upon the circumstances. However, all Board action that includes delegation of authority to another must be memorialized in writing (*e.g.*, through minutes, resolution, etc.).

### **D. Committee Relationship**

The Board has delegated to the EBOC and President / CEO the responsibility for oversight of the actions of the Administrative Committee of the Plans and / or the Trusts.

Policy and direction set by the Board is implemented through the EBOC to ensure a strong relationship between the Board and EBOC is established and because a clear delineation of authority is critical to the accomplishment of the Board's objectives.

### **III. Governance, Roles and Responsibilities**

#### **A. The Board**

The Board shall be responsible for the following regarding the Plans and / or Trusts:

- adopting and terminating Plans and / or Trusts;
- approving annual expense and cash flow funding (employer / employee contributions) related to the Plans through the budget process;
- providing input, as determined necessary, to the EBOC on changes and / or amendments to the Plans and / or the Trusts;
- approving this Statement of Governance and revisions made thereto;
- overseeing the actions of the President / CEO and EBOC with respect to the Plans and / or the Trusts; and
- any other responsibility that may arise as a result of state or federal law.

Board members may request any information they need to make informed decisions related to the Benefit Plans.

#### **B. The Employee Benefits Oversight Committee (formerly known as the Oversight Committee)**

##### **1. Membership**

- a. Number. The EBOC shall consist of no fewer than three (3) members and no more than four (4) members to include the President / CEO, the Chief Financial Officer ("CFO") and the two Board Audit & Finance Committee members.<sup>1</sup> EBOC members shall include persons duly authorized to hold the named role (*i.e.*, "Interim President / CEO" or "Acting CFO"). CPS Energy employees serving as members of the EBOC shall do so exercising fiduciary standards with respect to the Plans' participants and their beneficiaries, to the extent such employees are acting in a fiduciary capacity.
- b. Chair. The Chair of the Board Audit & Finance Committee shall be the Chair of the EBOC. The remaining Board member of the Board Audit & Finance Committee shall be the Vice Chair of the EBOC. Each person shall serve in the role as Chair or Vice Chair for a one (1) year term.

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<sup>1</sup> The CPS Energy Board Audit & Finance Committee's membership is determined by the CPS Energy Board of Trustees Audit & Finance Committee Charter.

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- c. Secretary. The President / CEO shall appoint a Secretary on an annual basis. The Secretary shall keep accurate minutes of all meetings of the EBOC. The Secretary shall perform such other duties and have such other powers as the Committee Chair may designate from time to time. The CPS Energy Chief Audit Officer shall have unrestricted access to EBOC meetings and documents.
- d. Training. All members of the EBOC shall be provided general training and continuing education related to the Committee members' general fiduciary role and standard of care for the Plans and Trusts.

## **2. Standard of Care**

Members of the EBOC shall exercise a fiduciary standard of care as they exercise control or authority over administration and oversight of the Plans and Trusts.

## **3. Reporting**

- a. The Audit & Finance Committee of the Board, as members of the EBOC, will be responsible for keeping the rest of the Board informed as to actions and proposed actions regarding material matters of the EBOC, so that the Board may, if it deems it to be appropriate, meet and give formal recommendations on the proposed actions.
- b. In particular, the Audit & Finance Committee will provide the Board members notice, either by mail, telephone call, e-mail, or in-person, in advance of any final decisions on the following matters:
  - i. Review / Approval of Plan Changes / Amendments, and / or
  - ii. Review of Annual Funding recommendations, which are ultimately approved by the Board through the budget process.
- c. Any input from the Board will need to be provided in a sufficiently timely manner as to meet time schedules of the members of the Administrative Committee. In the event the Board has not responded within the deadlines provided, the Audit & Finance Committee will represent the interests of the Board and provide response to the Administrative Committee. To assist with this responsibility, the Secretary of the EBOC will ensure that approved minutes from all EBOC meetings are made available to all Board members.
- d. In addition, the Audit & Finance Committee will inform the Board of any decisions regarding the following: (i) Engagement of External Trust Plan Auditors, (ii) Review / Approval of Investment Policies and any legally required funding policies, and (iii) any other material matters which may be brought to the attention of the EBOC outside of formal meetings.

#### 4. Meetings

- a. Number, Date and Place. The EBOC shall meet at least two (2) times per calendar year. Additional meetings shall be scheduled as considered necessary by the Committee or the Committee Chair.
- b. Notice. Notice of all meetings of the EBOC, stating the time and place of such meeting, shall be given by the Committee Chair or his / her designee to the EBOC members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as provided herein, all action of the EBOC shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the EBOC shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the EBOC may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the EBOC. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the EBOC may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other; (2) another suitable electronic communication system, including videoconferencing technology or the Internet, but only if each member entitled to participate in the meeting consents to the meeting being held by the electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the EBOC may send a proxy to satisfy a quorum and with the power to vote on his / her behalf at the meetings of the Committee or may give his / her proxy to another member to vote on his / her behalf.



## 5. Responsibilities and Duties

The EBOC shall be responsible and accountable to Plan members, beneficiaries, their representative organizations, and others with oversight interests in the Plans and / or the Trusts. This includes the following:

- provide input to and solicit information from the Board and the Administrative Committee on material matters;
- approve or reject the appointment and / or removal of members to the Administrative Committee (other than the Labor Representative<sup>2</sup>) with President / CEO input and Administrative Committee input;
- monitor, review, reject and / or approve changes and / or amendments to the Plans and / or the Trusts with Administrative Committee input;
- recommend revisions to this Statement of Governance with Administrative Committee input;
- review expense and cash flow funding (employer / employee contributions) related to the Plans after review of the Administrative Committee's recommendations and input from the President / CEO;
- approve Plan premiums, with Administrative Committee input;
- inform the Board of the recommended cash flow funding and projected expense related to the Plans;
- monitor and review Administrative Committee functions, as needed;
- engage external auditors to the Plans and / or the Trusts;
- approve / reject investment policies and funding policies with Administrative Committee input;
- provide an annual communication to the Board regarding the state of affairs of all Plans under the direction of the EBOC;
- ensure policies and guidelines are in place regarding proposed legislation (state and federal), corporate governance, and the adoption and / or amendment of administrative code rules and regulations regarding the Plans and / or the Trusts;
- set the Board agendas, by identifying, articulating, prioritizing and scheduling material matters the Board may need to address regarding the Plans and / or the Trusts and identifying information needs regarding the Plans and / or the Trusts and determining how, when and in what format information is to be delivered to the Board members so as to enable the Board to meet its responsibilities;
- ensure that operations of the Plans and / or the Trusts are consistent with CPS Energy policies and applicable laws;
- ensure Plan activities fall within the Board's policies regarding governance, prudence and ethics;
- with input from the Administrative Committee, determine the frequency, subjects and format of information to be provided to Board members and Board Committees;
- assess the Plans' and / or the Trusts' performance, process and organization, recognizing that continuing improvement will require periodic change to meet future needs and conditions;
- on at least an annual basis, monitor, review and compare the Plans' and / or the Trusts' performance and results to benchmark performance measures that include external and internal measures;
- on at least an annual basis, monitor and review financial statements and asset allocation to ensure timeliness of reporting;

<sup>2</sup> Defined as the President or his/her designee of the labor organization recognized by CPS Energy that comprises the largest membership (Labor Organization).

- on at least an annual basis, provide oversight of investment decisions and ensure conformance to Investment Policies; and
- any other responsibility that may arise as a result of applicable state or federal law.

### **C. The President / CEO**

The President / CEO shall be responsible for the following regarding the Plans and / or Trusts:

- appoint and / or remove observers for Administrative Committee member succession planning;
- represent the Plans and / or the Trusts, or designate other CPS Energy staff representatives, to outside parties and organizations;
- contribute to the Board's agenda in conjunction with the EBOC, articulating, prioritizing and scheduling agenda items regarding the Plans and / or the Trusts as appropriate;
- act as liaison between any person and / or entity seeking to provide information regarding the Plans and / or the Trusts to the Board;
- act as the liaison for communication and information flow between the Board and a representative of the Plans and / or the Trusts;
- ensure the information flow to the Board regarding the Plans and / or the Trusts is sufficient, comprehensive and timely;
- provide input to the Administrative Committee and EBOC on CPS Energy's budgetary constraints related to cash flow funding (employer / employee contributions) and expense related to the Plans; and
- any other responsibility that may arise as a result of applicable state or federal law.

### **D. The Administrative Committee**

#### **1. Membership**

- Number. The Administrative Committee shall consist of up to nine (9) members to include a minimum of one (1) retired employee and a minimum of one (1) Labor Representative. The remaining membership shall consist of current employees (excluding the President / CEO and the Ex Officio members noted below) to maintain the right balance of skills and experience, including financial expertise.
- Eligibility. Members of the Administrative Committee must (a) be participants in the Plans, and (b) have a minimum of ten (10) years either: (i) in participation of the Pension Plan or (ii) recent experience in finance or investments. A minimum of two (2) Administrative Committee members must have a minimum of ten (10) years of recent experience in finance or investments.
- Ex Officio, Non-Voting Members. The CPS Energy Senior Vice President of People & Culture (or equivalent role or title or such individual's designee), the CFO, and the Senior Director of Treasury & Finance shall be *ex officio*, non-voting members of the Administrative Committee.

- d. Diversification of Members. It is important that the Administrative Committee members be adequately diversified so that the concerns of a diversified workforce are considered and represented, and also recognize the importance of financial / investment knowledge. The Administrative Committee structure and the establishment of eligibility requirements will provide diversification, appropriate skills, and will maintain the “vested interest” of Administrative Committee members that is currently valued by the workforce, to the greatest extent possible.
- e. Chair and Vice Chair. The Chair and Vice Chair of the Administrative Committee shall hold office for one (1) year and until their successors have qualified. Nothing in this Statement of Governance prohibits serving consecutive terms.
- f. Secretary. The Administrative Committee Chair shall appoint a Secretary on an annual basis. The Secretary is not required to be a member of the Administrative Committee. The Secretary shall keep accurate minutes of all meetings of the Administrative Committee. The Secretary shall perform such other duties and have such other powers as the Administrative Committee Chair may designate from time to time. Nothing in this Statement of Governance prohibits the same individual from serving consecutive terms as Secretary.
- g. Length of Service. Nothing in this Statement of Governance prohibits the same individual(s) from serving unlimited consecutive terms.
  - i. Recognizing and balancing the value of membership continuity and the long-term nature of benefit-related matters with new perspectives and active awareness of committee membership, with the exception of the Labor Representative, each Administrative Committee member shall be appointed a period of six (6) years, with the intent that the terms of the members shall generally be staggered.
  - ii. The Labor Representative serves at the pleasure of the Labor Organization President and shall be appointed for a period of six (6) years, or until the election of a new Labor Organization President or the Labor Organization President appoints a new designee, whichever is shorter. Labor organization membership will be assessed at that time and the Labor Organization President shall serve or appoint a new or the same designee.
- h. Attendance and Participation. Attendance of the Administrative Committee members shall be recorded by the Secretary. Failure to attend and participate in meetings may result in a recommendation to the EBOC for removal of non-attending / non-participating Administrative Committee member(s). Attendance and / or participation concerns regarding the Labor Representative shall be addressed by Labor Organization leadership and the President / CEO, with input from other Administrative Committee members.
- i. Compensation. The Administrative Committee members shall perform their duties without compensation from the Trusts.
- j. Training. Members of the Administrative Committee shall receive all applicable and timely minimum training and continuing education consistent with the Administrative Committee members’ role and standard of care, including, but not limited to, Tex. Local Gov’t Code section 172.007 risk pool training and Texas

Created: 09/27/04

Last Revised: 07/29/19

Pension Review Board fiduciary duty training, or as otherwise required by law or CPS Energy policy.

- k. Members Serve without Bonds. Members of the Administrative Committee shall serve without bond or security for the performance of their duties hereunder, unless applicable law requires the furnishing of such bond or security.
- l. Expenses. All usual and reasonable expenses of the Administrative Committee may be paid in whole or in part by CPS Energy, and any expenses not paid by CPS Energy shall be paid by the Trusts out of principal or income of any of the Trusts.
- m. Subcommittees. The Administrative Committee may have Subcommittees as may be required for the effective conduct of the business of the Administrative Committee, *provided however*, that Subcommittees shall be created only in response to need and to serve a specific purpose. Members of each Subcommittee, which may include observers and CPS Energy staff, shall be appointed by the Administrative Committee Chair and each Subcommittee shall serve for no more than one (1) year from the date of its appointment and shall be considered discharged upon the expiration of said year, unless specifically authorized by the Administrative Committee at the time of its appointment.

## **2. Standard of Care**

The Administrative Committee members shall exercise a fiduciary standard of care as they (a) exercise control over the investment of Plan assets, (b) perform discretionary functions with respect to the administration of Plan benefits, and (c) are responsible for analyzing and making recommendations related to the funding of the Trusts.<sup>3</sup>

With respect to all other obligations (including non-discretionary, routine administrative functions) under this Statement of Governance, the Administrative Committee members shall exercise no less than a reasonable standard of care.

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<sup>3</sup> The members of the Administrative Committee are Trustees of the Plans that are designated Risk Pools under Texas statute (Group Health, Group Life and Disability Plans).

### 3. Meetings

- a. Number, Date and Place. The Administrative Committee will meet at least quarterly. All meetings of the Administrative Committee shall be held in San Antonio, Texas, at a place and time designated by the Administrative Committee Chair.
- b. Notice. Notice of all meetings of the Administrative Committee, stating the time and place of such meeting, shall be given by the Administrative Committee Chair or his / her designee to the Administrative Committee members by mail or electronic mail. Notice of meetings shall be given at least two (2) calendar days prior to the date of the meeting, except that notice of a meeting to be held as a telephone meeting shall be given at least twenty-four (24) hours prior to the meeting.
- c. Action; Quorum. Except as otherwise provided herein, all action of the Administrative Committee shall be taken (a) at a meeting at which a quorum of the members is present in person; and (b) by a simple majority (50.1%) of the members present at the meeting in person or by proxy. In the event of a tie vote, the Administrative Committee Chair shall be entitled to cast an additional vote to break the tie. A quorum of the Administrative Committee shall be a simple majority (50.1%) of the committee members.
- d. Action without a Meeting. Any action which may or must be taken at a meeting of the Administrative Committee may be taken without a meeting if a written consent, setting forth the action to be taken, is signed by all of the members of the Administrative Committee. Such unanimous written consent shall have the same force and effect as a unanimous vote and may be stated as such in any articles or document.
- e. Telephone or Electronic Meeting. Members of the Administrative Committee may participate in and hold a meeting of the members by means of one or more of the following: (1) conference telephone or similar communications equipment; or (2) another suitable electronic communication system, including videoconferencing technology or the Internet, provided that each member entitled to participate in the meeting consents to the meeting being held by the telephonic or electronic communication system and the system provides access to the meeting in a manner or method by which each member participating in the meeting can communicate concurrently with each other participant. Participation in a meeting pursuant to this section shall constitute 'presence in person' at such meeting, except for a person who participates in the meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.
- f. Proxy. A member of the Administrative Committee may send a proxy with the power to vote on his / her behalf at the meetings of the Administrative Committee or may give his / her proxy to another member to vote on his / her behalf.

#### **4. Responsibilities & Duties**

The Administrative Committee shall be responsible for the following:

##### **Plan Design and Funding Related Roles:**

- review and provide input to the President / CEO on expenses related to the Plans;
- obtain input from the President / CEO, or his / her designee, on CPS Energy's budgetary constraints relative to the impact on Plan design considerations;
- analyze and recommend amendments to the Plans and / or the Trusts;
- analyze and recommend to the EBOC, Plan design changes necessary to control costs and keep benefits competitive;
- analyze and recommend to the Board, through the budget process, the amount of the cash flow funding (employer / employee contributions) and expenses related to the Plans;
- ensure the engagement of a Pension actuary who meets the professional requirements set forth in Section 802.101(d) of the Texas Government Code and who shall be responsible for the preparation of the valuation described in Section 802.101(a), together with his or her recommendations to ensure the actuarial soundness of the Plans and Trusts;
- order, receive, and review an actuarial valuation at least every year for each Plan;
- analyze and approve / reject actuarial assumptions and report actuarial assumptions to the EBOC;
- ensure the Pension actuarial valuations, studies and reports are audited at least every 5 years by an independent actuarial firm in accordance with Section 802.1012 of the Texas Government Code;
- select, monitor, and terminate the Plans' and / or Trusts' investment consultants, investment managers, custodial trustee(s), and other service providers;
- appoint or employ and manage, for the Plans, any agents it deems advisable, including, but not limited to, legal counsel, property management firms and Trust staff;

##### **Financial Responsibilities and Reporting Roles:**

- oversee all audits of the Plans and / or the Trusts;
- review and approve annual audited financial statements for the Plans and Trusts;
- ensure daily operation of funds (monitoring cash flow needs, cash transfers, etc.);
- prepare monthly, quarterly and annual reports;
- order, receive and review reports of the financial condition and of the receipts and disbursements of the Trusts from the Trustee;
- prepare communications to the EBOC, at least twice per year or as needed, in conjunction with meetings of the EBOC.
- select an administrator of the Plans and / or the Trusts;
- analyze and recommend to the EBOC any funding policy required by law;
- prepare annual reports to the EBOC and all Plan participants on changes in financial condition and investment performance;

**Investment-Related Roles:**

- recommend an investment policy;
- review the investment policy at least annually and recommend revisions as needed;
- invest assets in compliance with the investment policy;
- in accordance with Texas Government Code § 802.109, engage a qualified independent firm to evaluate Plan investment practices and performance and make recommendations for improvement;

**Administrative Roles:**

- elect Administrative Committee Chair and Vice Chair;
- appoint Administrative Committee Secretary;
- delegate to one or more of the members of the Administrative Committee the right to act in its behalf in all matters connected with the administration of the Plans and Trusts;
- monitor the Plans and / or the Trusts for legal compliance;
- monitor changes in state and federal law and make recommendations to the appropriate parties concerning compliance with changes;
- recommend revisions to this Statement of Governance to the EBOC;
- administer and interpret the Plans' and the Trusts' provisions
- establish administrative procedures;
- monitor employees of the Plans and / or Trusts, and CPS Energy staff to ensure the Administrative Committee policies and procedures are implemented appropriately;
- adopt procedures participant(s) must follow to obtain benefits;
- decide all questions of eligibility, and determine the amount, manner, and time of payment of any benefits hereunder;
- make a determination as to the right of any person to a benefit and to afford any person dissatisfied with such determination the right to a hearing thereon;
- ensure that summary descriptions for the Plans and / or the Trusts are prepared;
- timely file with the State Pension Review Board any information and documents required by law, including, but not limited to annual reports, the actuary's valuation and recommendations, and plan registrations;
- maintain for public review on a publicly available Internet website, at the Employer's main office and at such other locations as the Administrative Committee considers appropriate, copies of the most recent edition of each report required by law to be submitted to the State Pension Review Board;
- for the Pension Plan, make available to member or annuitant (i) a general summary of Plan benefits; (ii) a summary of procedures for claiming or electing benefits under the Plan; (iii) a summary of principal Plan provisions, including provisions relating to Employer and Employee contributions, withdrawal of the Contribution Accumulation, and eligibility for benefits (including any right to terminate employment and retain eligibility); (iv) summaries of significant changes to the Plan affecting contributions, benefits, or eligibility; (v) an annual statement of the Employee's Contribution Accumulation, Benefit Service, and in the case of retired Employees, the amount of Pension payments received during the preceding year; (vi) and such other information as may be required from time to time by Section 802.106 of the Texas Government Code; and
- any other responsibility that may arise as a result of applicable state or federal law.

## Demonstrative Chart of Responsibilities

<b>Responsibilities</b>	<b>Board</b>	<b>EBOC</b>	<b>CEO</b>	<b>Administrative Committee</b>
Adopt or reject Plans / Trust	X			
Approve changes to Plans / Trusts		X		
Approve benefit expenses related to the Plans via Budget Process	X			
Approve cash flow funding (Employer / Employee contributions) via Budget Process	X			
Approve Plan premiums		X		
Approve or reject Investment Policies		X		
Approve or reject Funding Policies		X		
Liaison to provide information re Plans / Trusts		X (Board)	X (external)	X (all others)
Appoint and remove Administrative Committee Members (other than the Labor Representative)		X		
Appoint Administrative Committee Observers			X	
Select Plan Administrator				X
Administer Plan				X
Engage auditor(s)		X		
Engage actuary(s)				X
Engage a qualified firm to evaluate Plan investment practices & performance				X
Engage consultant(s) (investment managers, trustees, Agents, attorneys)				X





# ***SMARTSA DATA SHARING PROCESSES & PRINCIPLES***

*PRESENTED BY:*

**Amelia Badders**

Director, Enterprise Advanced Analytics

**Melissa Sorola**

Sr. Director, Corporate Communications & Marketing

March 29, 2021

*Approval Requested*

# OBJECTIVES & TAKEAWAYS



- **SHARE INTENT & CONSTRUCT OF THE SMARTSA INTERLOCAL DATA SHARING AGREEMENT (IDSA)**
- **SHARE GUIDING PRINCIPLES TO ENSURE CUSTOMER-CENTRIC VIEW ON PRIVACY**
- **PROVIDE SUMMARY OF AWARENESS CAMPAIGN DEVELOPMENT**
- **SEEK DELEGATION OF AUTHORITY TO JOIN THE IDSA**



# AGENDA



- **BACKGROUND**
  - **SMARTSA**
  - **IDSA AGREEMENT**
- **STEPS WE HAVE TAKEN TO PROTECT CUSTOMER PRIVACY**
  - **CPS ENERGY-SPECIFIC ATTACHMENT (CUSTOMER PRIVACY & DATA SECURITY)**
- **CUSTOMER AWARENESS PLANS**
- **SEEK DELEGATION OF AUTHORITY TO JOIN THE IDSA**



# OUR GUIDING PILLARS & FOUNDATION



As we approach joining the IDSA, we are focused on the **Security** pillar & ensuring customer privacy is protected.

# BACKGROUND



The IDSA is one of many ways that we support SmartSA.



*"To be a connected, inclusive & resilient community supporting a high quality of life."*

## Our multi-faceted role:

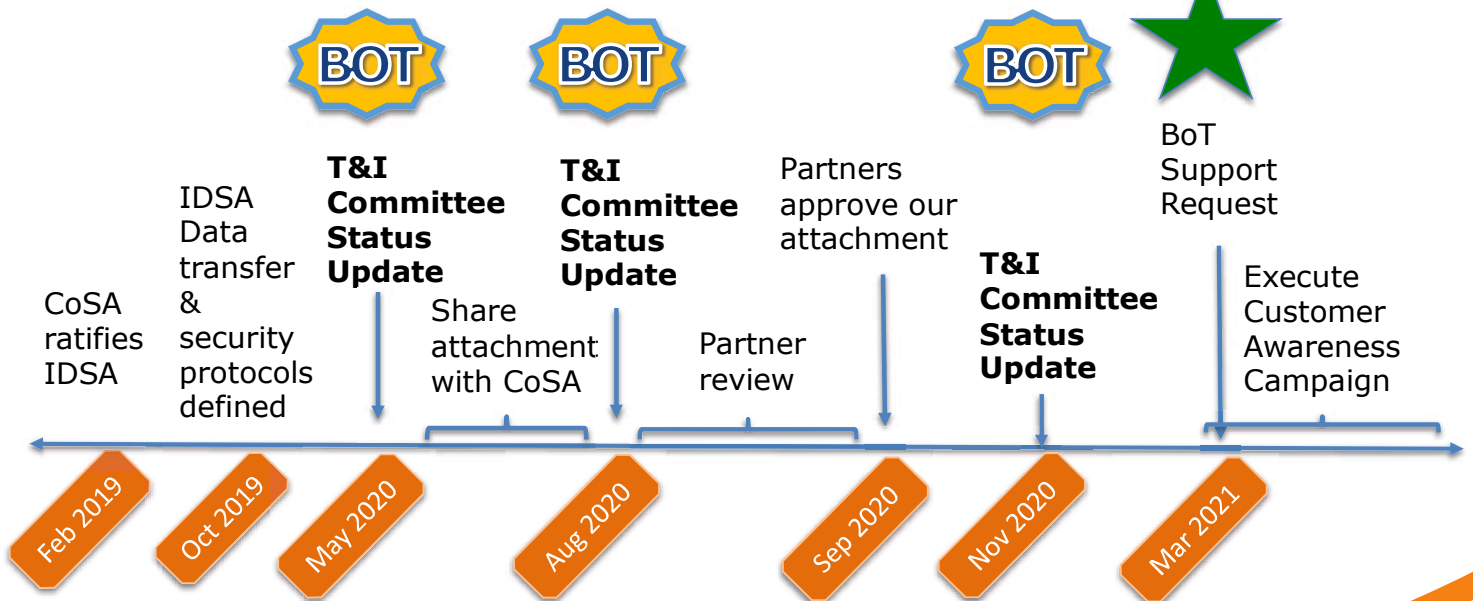
- ☐ **Collaborating** on **SmartSA** initiatives
  - ☐ **Promoting** continued thought-leadership
  - ☐ **Creating** new products & services
  - ☐ **Investing** in technologies
  - ☐ **Sharing** data appropriately between Municipal Partners
- Data Sharing Agreement Attributes**
- *Single point of contact, standard request format*
  - *Intended use specified within request*
  - *Not required to share data*

*Today's Discussion*

## Parties to the Agreement:



# THE JOURNEY TO DATE



Feedback from the Technology & Innovation (T&I) Committee has been incorporated to address customer privacy & data security concerns.

## KEY ATTRIBUTES OF IDSA



### **The IDSA Does *NOT*:**

- ⊘ Compel or require parties to share data
- ⊘ Give parties any special rights or grounds to demand data

### **The IDSA Does:**


- ✓ Establish a common framework for requesting data
- ✓ Require a single point of contact within each organization
- ✓ Provide a common set of terms & conditions all parties are expected to adhere to in requesting, receiving & using data
- ✓ **Require that the intended use of the data be provided**




# ILLUSTRATIVE EXAMPLES

## DATA SHARING



 DATA WE WOULD SHARE	FOR INTENDED USE
Aggregate statistics by zip code	Identify gaps in services to target awareness efforts
Public data we collect e.g. official addresses	Consistent address designation across the agencies
Data associated with initiatives within the SmartSA Innovation Zones	Smart Streetlight Pilot to test benefit of sensor data to citizens

 DATA WE WOULD NOT SHARE
<ul style="list-style-type: none"><li>- Customer Personally Identifiable Information (PII)</li><li>- Individual Account Information</li><li>- Information deemed competitive by statute</li></ul>



## OUR SPECIFIC ATTACHMENT WAS ADOPTED



**The partners have agreed to the addition of  
our specific attachment.**

### **Customer privacy:**

Emphasizing the Board of Trustees' Customer Information Privacy Policy (including future updates) as a guiding document - we will not share any customer-specific data



### **Data Security:**

Incorporating specified incremental data security requirements



# CUSTOMER AWARENESS



**We will continue to communicate our commitment to protecting customer privacy.**

- **Customer Benefits**

- Provides an avenue to learn more about customer preferences to provide them with products & services they want.
- Our SmartSA partnership brings together various City/County agencies all with the intent of making San Antonio a Smart City/Community.
- We will **always** consider the importance of protecting privacy rights for the public as we deploy new technologies.



- **REAFFIRM COMMITMENT to Customer Privacy**

- We will not share customer-specific information.

# CUSTOMER AWARENESS



**Awareness efforts will highlight benefits to our customers.**

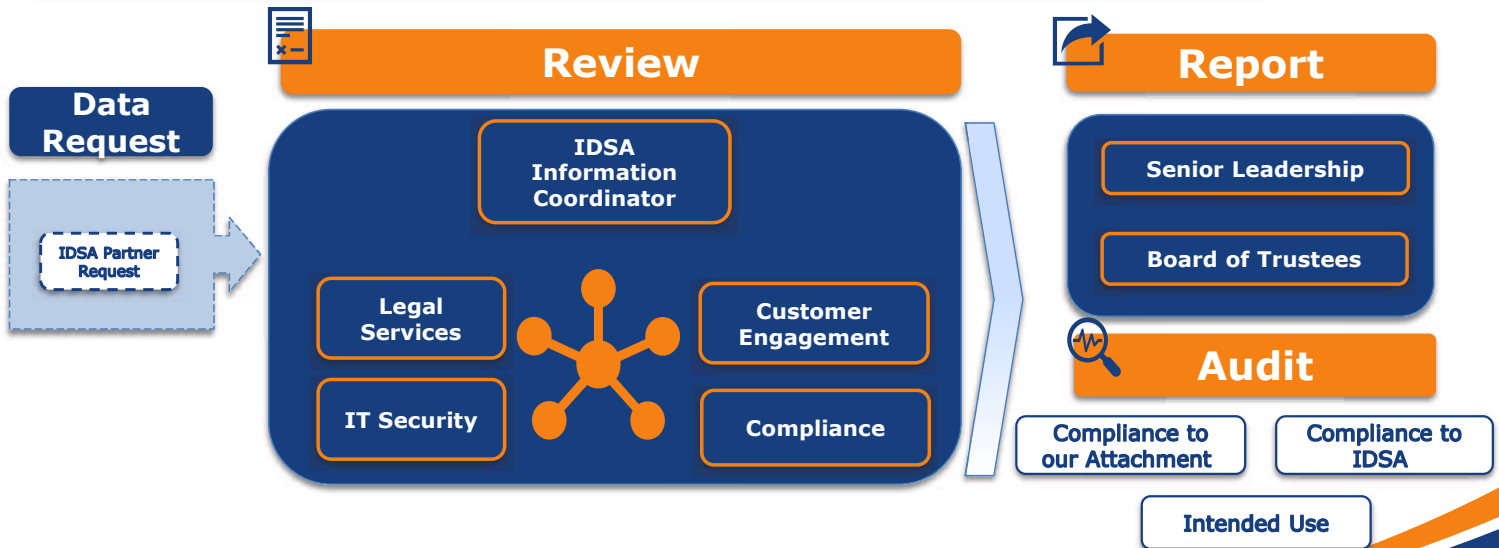
- Cross-promotional opportunities
- National Thought Leadership partnerships spotlight San Antonio as a Smart City leader
- Virtually bring thought leaders together to learn best practices
- Elements of plan to also include:
  - Letter to customers
  - Media stories for awareness
  - Media briefings
  - Video explanations
  - Communication to Employees
  - Scam awareness – ongoing
  - Materials developed in English & Spanish



# PROCESSES & POLICIES



We focus on privacy through processes that ensure customer privacy remains a top priority to SmartSA data sharing.



# REQUEST FOR APPROVAL



We respectfully request that you authorize our President & CEO, or her designee, to join the SmartSA Interlocal Data Sharing Agreement.



March 2021 Board Meeting - REGULAR AGENDA



***Thank You***





## ***Appendix***



## GLOSSARY / DEFINITIONS



Acronym or Word	Definition
BoT	Board of Trustees to reference the CPS Energy Board of Trustees
CoSA	City of San Antonio
IDSA	Interlocal Data Sharing Agreement aka SmartSA Data Sharing Agreement aka IDSA
PII	Personally Identifiable Information
SmartSA	City of San Antonio smart city program name
T&I	Technology & Innovation – defined committee of the CPS Energy BoT reviewing the technology & innovation initiatives
TWG	Technical Working Group – defined team of representatives of each party to the IDSA responsible for defining data transfer & security protocols





## **RESOLUTION TO JOIN THE SMARTSA INTERLOCAL DATA SHARING AGREEMENT**

**WHEREAS**, the City of San Antonio is leading the SmartSA smart city initiative; and

**WHEREAS**, the SmartSA partnership facilitates bringing together City of San Antonio and other community governmental entities, currently including Bexar County Appraisal District, Edwards Aquifer Authority, San Antonio Housing Authority, San Antonio River Authority, San Antonio Water System and VIA Metropolitan Transit, with the intent of transforming the Greater San Antonio area into a Smart City/Community; and

**WHEREAS**, CPS Energy desires to support SmartSA efforts where they align with the interests of our customers while continuing to protect individual account information, including personally identifiable information, as well as other information deemed competitively sensitive by statute; and

**WHEREAS**, the City of San Antonio Office of Innovation coordinated with local governmental entities who support SmartSA to develop the SmartSA Interlocal Data Sharing Agreement (IDSA); and

**WHEREAS**, the IDSA does not compel or mandate that parties must share data but rather sets forth common terms and conditions for requesting, receiving and use of any data that parties choose to share under the IDSA; and

**WHEREAS**, the parties to the SmartSA Interlocal Data Sharing Agreement have agreed to include a specific attachment developed by CPS Energy to ensure CPS Energy's specific data privacy and security requirements are adopted by the parties for any data that CPS Energy shares under the agreement; and

**WHEREAS**, with the inclusion of the CPS Energy specific attachment to the IDSA, CPS Energy recommends joining the IDSA.

Now, therefore, be it resolved that:

1. The recitals to this Resolution are hereby incorporated by reference.
2. The Board of Trustees of CPS Energy hereby authorizes the President & CEO, or her designee, to enter into the SmartSA Interlocal Data Sharing Agreement.



# ***RATE ADVISORY COMMITTEE (RAC) UPDATE***

*PRESENTED BY:*

**Rudy Garza**

Chief Customer Engagement Officer (CCEO)  
Customer Engagement Lead

March 29, 2021

*Informational Update*



## OBJECTIVES & TAKEAWAYS



- REVIEW THE PROGRESS MADE TO FORM THE RAC
- ALIGN ON NEXT STEPS

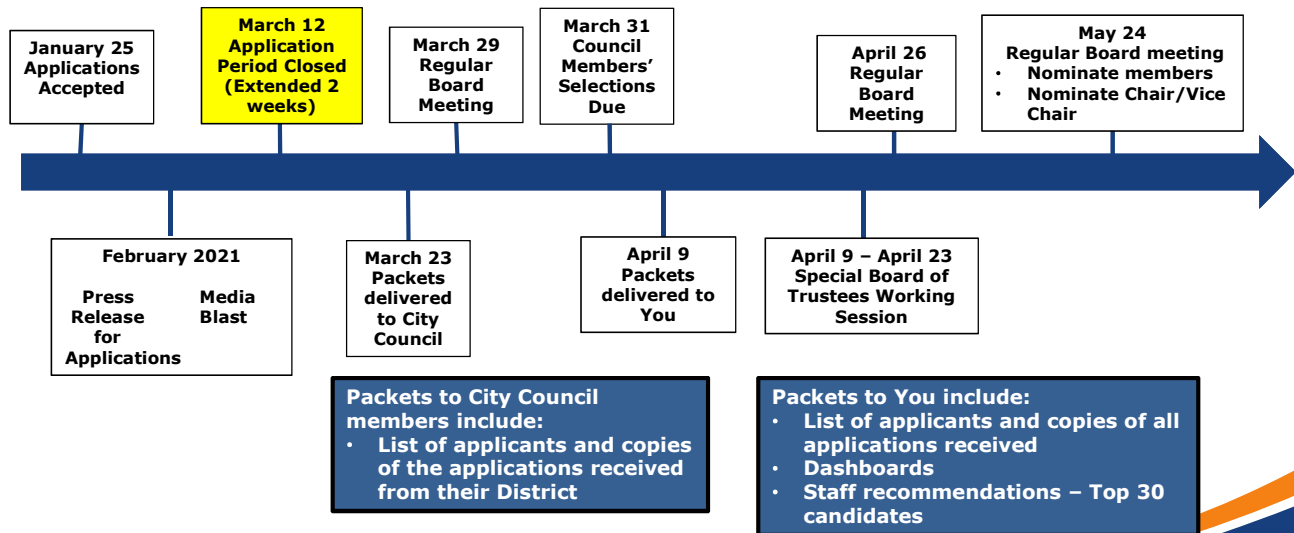


## AGENDA

- **TIMELINE**
- **APPLICANTS**
- **BYLAWS UPDATE**



## TIMELINE FOR SELECTION



## APPLICANTS APPLICATIONS RECEIVED

280 Applications were received

- Electronically – 253 received
- [RAC@cpsenergy.com](mailto:RAC@cpsenergy.com) – 23 received
- Mailed – 4 received

**We accepted applications  
through our website, e-mail &  
hard copies.**



Rate Advisory Committee  
Public Comment Line  
210-353-6788  
English & Spanish

WE WANT YOUR FEEDBACK

Rate Advisory Committee  
Membership Application

APPLY ELECTRONICALLY  
(English)

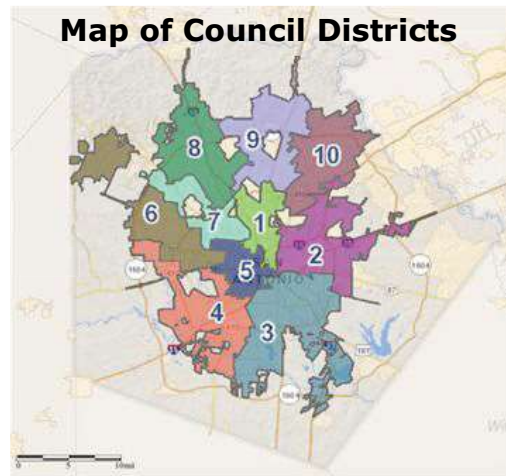
APPLY BY PRINT & MAIL  
(English)

APPLY BY PRINT & MAIL  
(Spanish)

## APPLICANTS DISTRIBUTION



APPLICANTS BY DISTRICT	
District 1	21
District 2	7
District 3	4
District 4	4
District 5	3
District 6	7
District 7	17
District 8	41
District 9	64
District 10	26
Outside San Antonio	86
Total	280



**The distribution spans all districts, however 38% are from District 8 & 9, while 31% are from outside the City of San Antonio.**

## APPLICANTS INITIAL DEMOGRAPHICS



Applications were received from diverse backgrounds including:

- Financial
- Engineering
- Legal
- Executive
- Military
- Education
- Investor
- Programmer
- Health Service
- Sales
- Consultant
- Analyst
- Program Manager
- Operations
- Law Enforcement
- Religious Leader
- Real Estate
- Procurement
- Human Resource
- Artist
- Environmental
- Doctor/Nurse
- Facility Management



## **APPLICANTS**

### **INITIAL DIVERSITY**



Of the total number of applicants:

- 70% are male
- 53% are non-minority
- 28% are retired
- 69% live within the City of San Antonio
- 3% are former CPS Energy Employees

**We received more applications than we expected but the majority are non-minority males.**

## **BYLAWS UPDATE** **CHAIR/VICE-CHAIR**



The bylaws are being updated to reflect:

- Chair
- Vice-Chair
- Two-year term



## **BYLAWS UPDATE**

### **MEMBERSHIP QUALIFICATIONS**



The bylaws are being updated to reflect:

- All members must be our customers
- All members must reside in our service territory
- City Council appointees must be district residents



## NEXT STEPS



We will present formal bylaws changes in the coming months to include:

- Chair
- Vice Chair
- Member qualifications





# ***DISCUSSION***





# ***FLEXPOWER BUNDLE<sup>SM</sup>*** ***RFP***

*PRESENTED BY:*

**Kevin Pollo**

Interim VP, Energy Supply & Market Operations (ESMO)

March 29, 2021

*Informational Update*





## OBJECTIVES & TAKEAWAYS

- **PREVIEW WHAT WE ARE SEEING FROM THE ALL-SOURCE *FLEXPOWER BUNDLE*<sup>SM</sup> REQUEST FOR PROPOSAL (RFP)**



## **AGENDA**

- **RFP MILESTONES**
- **RFP COMPONENTS**
- **GLOBAL RESPONSE**
- **SUPPLIER DIVERSITY**
- **RESOURCE DIVERSITY CONSIDERATIONS**
- **COMMUNITY & STAKEHOLDER ENGAGEMENT**





## RFP MILESTONES



**Our *FlexPOWER* Bundle<sup>SM</sup> RFP received the highest number of registered companies for a bid event in our platform provider's history!**

<u>Milestone</u>	<u>Date</u>
<b><i>FlexPOWER</i> Bundle RFP Issuance</b>	<b>Nov. 30, 2020</b>
<b>Pre-Bid Webcast</b>	<b>Dec. 9, 2020</b>
<b>Deadline for Submittal of Questions</b>	<b>Jan. 12, 2021</b>
<b>RFP Responses Due</b>	<b>Feb. 1, 2021</b>



<b>Registered Participants*</b>	<b>&gt; 300</b>
<b># of questions received</b>	<b>&gt; 500</b>

\* Based on the number of companies registered using the Power Advocate (or "our partner's") platform.



## **FLEXPOWER BUNDLE<sup>SM</sup>**

### **KEY COMPONENTS**

**While there is no perfect solution, more value is created through bundling.**

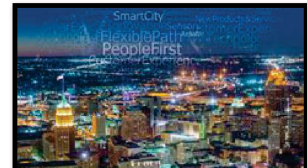
**Up to 900MW  
SOLAR**



**Up to 50MW  
STORAGE**



**Up to 500MW  
FIRMING**



*Customer Affordability  
Environmental Responsibility*

*Resiliency  
Reliability  
Environmental Responsibility*

*Customer Affordability  
Reliability*



## GLOBAL RESPONSE

### RFI VS. RFP

Both the Request for Information (RFI) & RFP received global interest.  
The number of RFP proposals more than triple that of the RFI!

#### RFI

- **2-month solicitation period**
  - **July 27 - Aug. 30, 2020**
- **~200 Proposals**
- **~150 Companies**
- **~12 Countries**

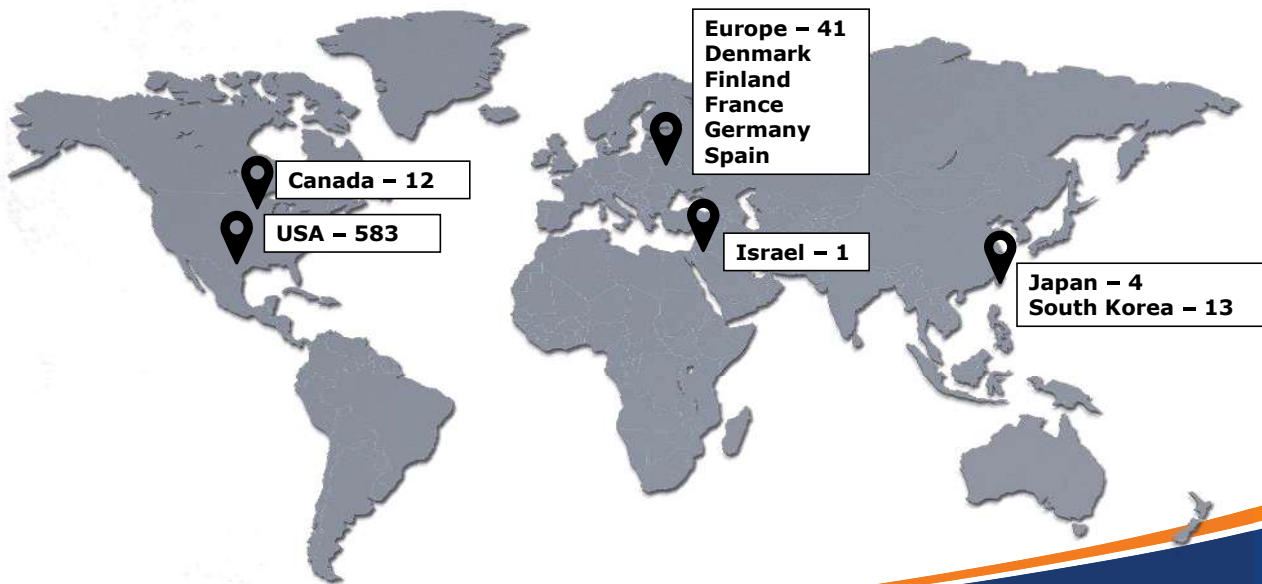
#### RFP

- **2-month solicitation period**
  - **Nov. 30 – Feb. 1, 2021**
- **~ 650 Proposals** ★
- **~100 Companies**
- **~10 Countries**

## THINK GLOBAL, APPLY LOCAL ORIGIN OF RESPONSES



~100 companies submitted ~650 unique proposals to evaluate.



## SUPPLIER DIVERSITY



**A good mix of diverse respondents participated in our *FlexPOWER* Bundle<sup>SM</sup> RFP. 73 respondent companies fit into a diverse category.**

Category	Sub-Category	#
<b>Size: 46</b>	<b>Small</b>	<b>45</b>
	<b>Non-Profit</b>	<b>1</b>
<b>Local/Non-Local: 11</b>	<b>Local</b>	<b>11</b>
<b>Diverse-Owned: 16</b>	<b>Asian American</b>	<b>4</b>
	<b>Hispanic American</b>	<b>3</b>
	<b>Women</b>	<b>3</b>
	<b>Veteran</b>	<b>2</b>
	<b>Native American</b>	<b>2</b>
	<b>African American</b>	<b>1</b>
	<b>Service-Disabled Veteran</b>	<b>1</b>
	<b>Total</b>	<b>73</b>



## RESOURCE OPTIONS ACROSS TEXAS



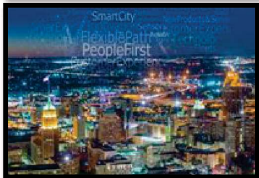
We received 650 proposals totaling ~43,000MW of capacity. A number of diverse options at the Transmission, Distribution & Community level.



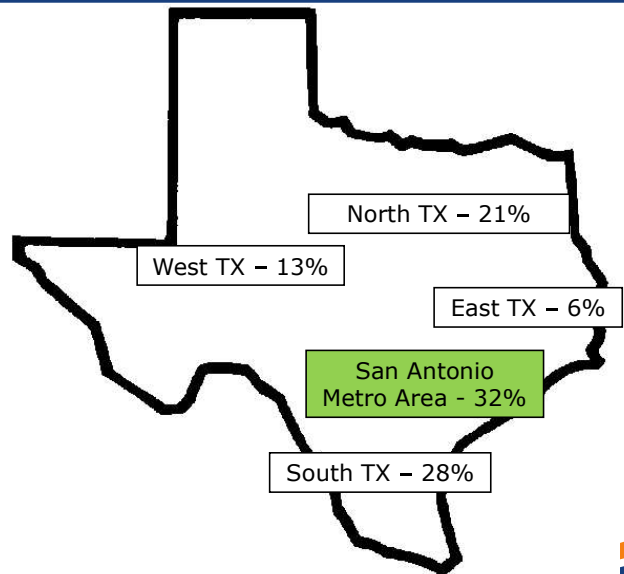
**~32,000MW  
Solar**



**~2,000MW  
Storage**



**~9,000MW  
All-Source  
Firming Capacity**



## STRIKING THE RIGHT BALANCE PORTFOLIO DIVERSITY



Resource diversity will enable a smooth transition to reduced carbon emissions while providing *Affordable, Reliable & Environmentally Responsible* energy.

### Energy Diversity Considerations:

- Resource Availability
- Resource Location
- Local Reliability & Grid Stability
- Full Delivered Cost
- Technology Maturity

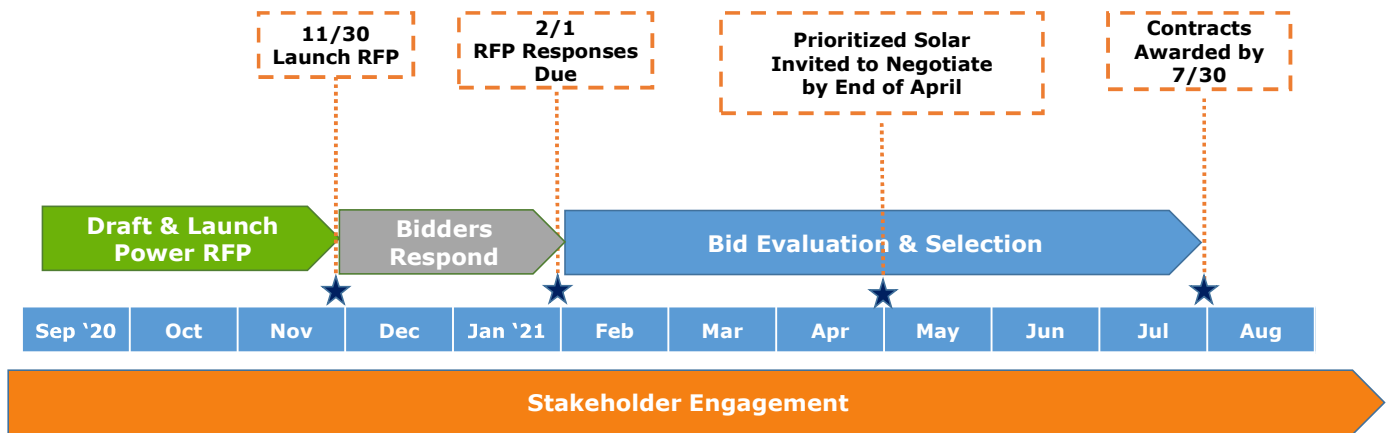


## ACCELERATED PROJECT TIMELINE

SLIDE 1 of 2



We may need flexibility on our timeline based on the volume of responses we received & to perform due diligence as we evaluate the new technologies.





## ACCELERATED PROJECT TIMELINE

SLIDE 2 of 2



**Potential Prioritized Solar Selection**  
Transmission scale solar : ~200 MWs  
Local Projects : ~10 - 30 MWs

### Opportunities

- Fewer redlines to Standard Draft Form Power Purchase Agreements (PPAs) may expedite the process
- Potential progress in the Shining Cities rankings

### Challenges

- Evaluation process is taking longer than expected due to the high volume of responses received
- Project resources redirected to address impact of the February 2021 extreme winter weather event

## SHINING CITIES THE FUTURE IS BRIGHT!



Total installed Solar PV	(MW DC)
Current	254
Additional Capacity from "Prioritized" Projects	10 – 30
<b>Resulting Amount</b>	<b>264 – 284</b>

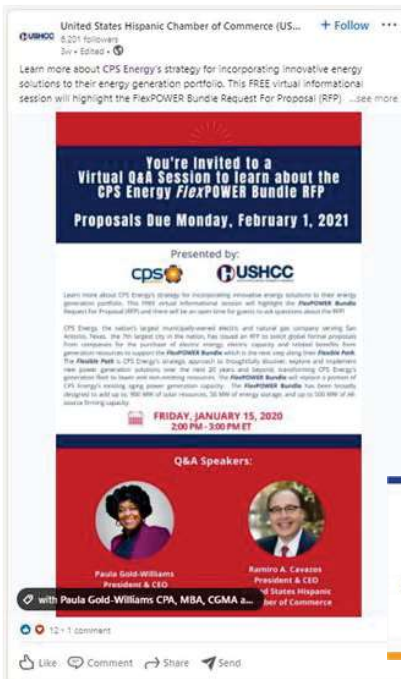
Projects that we will invite to negotiate in April may be sufficient to improve our Shining Cities ranking. The full *FlexPOWER Bundle*<sup>SM</sup> will likely include additional local solar. More to come!

### TOP 5 "SHINING CITIES" - 2019

Solar PV rank	City	State	Total installed Solar PV (MW DC)
1	Los Angeles	CA	484
2	San Diego	CA	420
3	Honolulu	HI	292
4	Phoenix	AZ	272
5	San Antonio	TX	254

If nothing else changes, an increase of 19MW would move us into fourth place.

# COMMUNICATIONS & STAKEHOLDER ENGAGEMENT



## OUR GUIDING PILLARS & FOUNDATION



All business decisions are based on our commitment to being one of the best-managed & most **Financially Responsible** utilities in the nation!

March 2021 Board Meeting - REGULAR AGENDA



***Thank You***

