



**CPS ENERGY BOARD OF TRUSTEES MEETING  
 TO BE HELD ON FEBRUARY 23, 2026, AT 1:00 PM  
 LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)  
 LIVESTREAM: [CPS ENERGY BOARD OF TRUSTEES MEETING LIVESTREAMS](#)**

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

**AGENDA**

<b>ITEM</b>	<b>TOPIC</b>	<b>ACTION</b>	<b>PRESENTER/ SPONSOR</b>
<b>1</b>	<b>CALL TO ORDER</b>	Execute	Dr. Francine Romero
<b>2</b>	<b>SAFETY MESSAGE, INVOCATION, &amp; PLEDGE OF ALLEGIANCE</b>	Execute	Mr. Mario Guzman
<b>3</b>	<b>PUBLIC COMMENT</b>	Discuss	Dr. Francine Romero
<b>UPDATE ON CHAIR’S PRIORITIES</b>			
<b>4</b>	<b>CHAIR’S REMARKS</b>	Discuss	Dr. Francine Romero
<b>5</b>	<b>CEO RECOGNITION &amp; REMARKS</b>	Discuss	Mr. Rudy Garza
<b>CONVENE TO EXECUTIVE SESSION</b>			
<b>6</b>	<b>EXECUTIVE SESSION:</b> A. Attorney Client Matter (§551.071) B. Attorney Client Matter (§551.071) C. Real Property Matter (§551.072) D. Real Property Matter (§551.072)	Discuss	Dr. Francine Romero
<b>CONSENT AGENDA</b>			
<b>7</b>	<b>APPROVAL OF CONSENT ITEMS:</b> A. Payment to the City of San Antonio for January 2026 & Additional Transfer to the City of San Antonio for FY2026 B. Minutes from the Regular Board Meeting, held on January 30, 2026 C. Approval of Real Property Purchase: New Central Service Center D. Approval of Real Property Purchase: Expansion of Facilities	Vote	Dr. Francine Romero

<b>REGULAR AGENDA</b>			
<b>8</b>	<p><b>BOARD COMMITTEE REPORTS:</b></p> <ul style="list-style-type: none"> <li>A. Personnel Committee Meeting held on January 12, 2026</li> <li>B. Audit and Finance (A&amp;F) Meeting held on January 12, 2026</li> <li>C. Employee Benefits Oversight Committee (EBOC) Meeting held on January 12, 2026</li> </ul> <p><b>COMMUNITY INPUT COMMITTEE REPORTS:</b></p> <ul style="list-style-type: none"> <li>A. Community Input Committee Meeting, held on February 11, 2026</li> <li>B. Customer Relations and Communications Working Group Meeting held on February 11, 2026</li> <li>C. Power and Technology Working Group Meeting held on February 11, 2026</li> <li>D. Finance and Business Working Group Meeting held on February 11, 2026</li> </ul>	Discuss	Dr. Francine Romero
<b>9</b>	<b>BOARD OF TRUSTEES COMMITTEE ASSIGNMENTS</b>	Vote	Dr. Francine Romero
<b>10</b>	<b>ESTABLISH TRANSMISSION FINANCING STRUCTURE</b> (Mr. Cory Kuchinsky)	Vote	Dr. Francine Romero
<b>11</b>	<b>STRATEGIC PROGRESS</b>	Discuss	Ms. Elaina Ball
<b>12</b>	<b>FY2027 BUDGET</b> (Mr. Cory Kuchinsky)	Vote	Dr. Francine Romero
<b>13</b>	<b>FY2027 FINANCING PLAN</b> (Mr. Cory Kuchinsky)	Vote	Dr. Francine Romero
<b>14</b>	<b>GENERATION PLAN REFRESH – ENERGIZING PROGRESS TOGETHER</b>	Discuss	Mr. David Kee
<b>RECONVENE TO OPEN SESSION</b>			
<b>15</b>	<b>ADJOURNMENT</b>	Execute	Dr. Francine Romero
<p>If the Board meeting has not adjourned by 4:25 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.</p>			

## CPS Energy Board of Trustees Meeting February 23, 2026

### Approval of Payment to the City of San Antonio for January 2026

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of January 2026 is based on actual gross revenue per the New Series Bond Ordinance of \$281,005,362.29, less applicable exclusions. The revenue for the month of January 2026 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$372,318,681.30
Gas revenue	53,068,854.95
Other operating revenue	765,198.19
Interest and other income	12,798,848.97
Gross revenue per CPS Energy financial statements	438,951,583.41
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,745,216.56)
LVG revenue per City Ordinance 100709	(163,213.40)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(106,797,425.75)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	(43,240,365.41)
Total excluded revenue	(157,946,221.12)
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	\$281,005,362.29
City payment per Bond Ordinance for January 2026 based upon January revenue	\$39,340,750.72
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	5,093,448.64
Wholesale Special Contract Annual True Up	321,294.06
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)
City payment per Bond Ordinance plus adjustments for MOU	44,742,993.42 <b>A</b>
Utility services provided to the City for January 2026	(3,127,187.56)
Net amount to be paid from January 2026 revenue to the City in February 2026	\$41,615,805.86

## CPS Energy Board of Trustees Meeting February 23, 2026

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

(Dollars in thousands)

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

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

### **ADDITIONAL FUNDING AND TRANSFERS**

Accrued January 2026 – Additional Transfer per Bond Ordinance

Total \$13,748,804.15    **B**

Approval of the following resolution is requested:

"**BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$41,615,805.86 representing 14% of applicable system gross revenues for the month of January 2026, such payment being net of City utility services (\$3,127,187.56), is hereby approved."

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

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

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

**CPS ENERGY**  
**MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON JANUARY 30, 2026**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of January was held on Friday, January 30, 2026, in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas.

**I. CALL TO ORDER**

Chair Romero called the meeting to order at 1:03 p.m.

Present were Board members:

Dr. Francine Romero, Chair  
Dr. Willis Mackey, Vice Chair  
Ms. Janie Gonzalez  
Mr. John Steen  
Mayor Gina Ortiz Jones (arrived at 1:06 p.m.)

Also present were:

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

**II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE**

A safety message, invocation, and the Pledge of Allegiance were delivered by Mr. Kevin Pollo, Senior Director Asset Management and Energy Supply Asset Management.

**III. PUBLIC COMMENT**

Ms. Henrietta LaGrange, community member, expressed her appreciation for CPS Energy employees and their assistance during the cold weather.

Mr. Arthur Rakowitz, community member, discussed technological developments that have impacted the environment and human safety.

Mr. Jess Mayes, Terra Advocati, advocated for the Board to urge the Public Utility Commission to select a route for the planned Howard to Solstice transmission line that limits impacts to the Hill Country.

#### **IV. CHAIR'S REMARKS**

Chair Romero thanked CPS Energy employees and their families for providing utility services to our community during the winter weather.

She then noted that CPS Energy was the host utility for POWERGEN conference, which was held in San Antonio this past week and serves as a premier conference within the industry.

She highlighted the 2026 CPS Energy Summer Internship Program.

Chair Romero then thanked Trustee Steen for his 10 years of service to CPS Energy and his dedication to the Board of Trustees.

Finally, she noted that the procurement item for engineering services does not relate to the route selection process. She noted that the Board of Trustees does not have a role in deciding the route for the planned Howard to Solstice transmission line, but then also provided an overview of the Public Utility Commission process and how stakeholders can participate.

#### **V. CEO RECOGNITION & REMARKS**

Mr. Garza thanked Trustee Steen for his years of service and contributions to the Board.

He then recognized the Grillsgiving team for all their work in ensuring the event was successful, emphasizing that the event raised over \$500,000 for REAP. Mr. Garza also recognized those employees retiring at the end of the fiscal year for their years of service to CPS Energy.

He then noted that he and his wife ended their year as Chairs for United Way and thanked all of those who donated and participated at CPS Energy and across the community.

Finally, he gave a brief overview of the agenda, noting the procurement items reflect CPS Energy being proactive and the generation plan refresh item is the beginning of the conversation.

#### **VI. EXECUTIVE SESSION:**

At approximately 1:33 p.m., Chair Romero announced the Board would go into Executive Session, and Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Real Property (§551.072)
- Real Property (§551.072)
- Competitive Matter (§581.086) – Agreement Related to System Improvement for Operations

The Board reconvened in open session at 2:16 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed. The competitively sensitive matter, as posted on the agenda, was approved in Executive Session.

**VII. CONSENT AGENDA:**

On a motion by Vice Chair Dr. Mackey and seconded by Trustee Gonzalez, the following items on the Consent Agenda were discussed and approved on a 4-1 vote, with Trustee Steen voting against the motion:

**A. Approval of Payment to the City of San Antonio for November 2025**

The New Series Bond Ordinance that took effect February 1, 1997 provides for a total cash payment to the City of San Antonio (City) in an amount not to exceed 14% of gross revenue as calculated pursuant to such Ordinance, less the value of other services provided to the City, with the percentage (within the 14% limitation) to be determined by the governing body of the City. The cash transfer to the City for the month of November 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$215,096,928.82, less applicable exclusions. The revenue for the month of November 2025 is calculated as follows:

Gross revenue per CPS Energy financial statements		
Electric revenue	\$247,057,726.29	
Gas revenue	21,591,989.25	
Interest and other income	7,071,906.04	
Gross revenue per CPS Energy financial statements	<u>275,721,621.58</u>	
Excluded revenue		
School and hospital revenue per City Ordinance 55022	(8,162,355.62)	
LVG revenue per City Ordinance 100709	(63,420.99)	
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(50,796,786.59)	
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(1,602,129.56)</u>	
Total excluded revenue	<u>(60,624,692.76)</u>	
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$215,096,928.82</u>	
City payment per Bond Ordinance for November 2025 based upon November revenue	\$30,113,570.03	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	2,827,293.07	
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>	
City payment per Bond Ordinance plus adjustments for MOU	32,928,363.10	<b>A</b>
Utility services provided to the City for November 2025	<u>(2,811,164.68)</u>	
Net amount to be paid from November 2025 revenue to the City in December 2025	<u>\$30,117,198.42</u>	

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

(Dollars in thousands)

November 2025	Actual	Budget	Variance	
Current Month <b>A</b>	\$32,928	\$32,926	\$2	0.0%
Year-to-Date	\$416,583	\$416,701	(\$118)	0.0%

\*Includes a rounding adjustment of \$1 to agree to correctly rounded YTD amount.

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 \$30,117,198.42 representing 14% of applicable system gross revenues for the month of November 2025, such payment being net of City utility services (\$2,811,164.68), is hereby approved."

**B. Approval of Payment to the City of San Antonio for December 2025**

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 December 2025 is based on actual gross revenue per the New Series Bond Ordinance of \$242,045,903.94, less applicable exclusions. The revenue for the month of December 2025 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$290,170,940.24
Gas revenue	35,092,342.32
Interest and other income	7,043,472.03
Gross revenue per CPS Energy financial statements	<u>332,306,754.59</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(7,601,652.59)
LVG revenue per City Ordinance 100709	(83,247.24)
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(55,804,419.56)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled revenue	<u>(26,771,531.26)</u>
Total excluded revenue	<u>(90,260,850.65)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$242,045,903.94</u>

City payment per Bond Ordinance for December 2025

based upon December revenue	\$33,886,426.55	
City payment per memorandum of understanding (MOU) regarding wholesale special contracts	1,888,385.65	
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>	
City payment per Bond Ordinance plus adjustments for MOU	35,762,312.20	<b>A</b>
Utility services provided to the City for December 2025	<u>(2,935,987.64)</u>	
Net amount to be paid from December 2025 revenue to the City in January 2026	<u>\$32,826,324.56</u>	

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

(Dollars in thousands)

December 2025	Actual	Budget	Variance	
Current Month <b>A</b>	\$35,762	\$35,898	(\$136)	-0.4%
Year-to-Date	\$452,345	\$452,599	(\$254)	-0.1%

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 \$32,826,324.56 representing 14% of applicable system gross revenues for the month of December 2025, such payment being net of City utility services (\$2,935,987.64), is hereby approved."

- C. Minutes from the Regular Board Meeting, held on December 15, 2025
- D. Employee Benefits Oversight Committee (EBOC) Statement of Governance (SoG)

E. Procurement Items:

1. **Item Description:** Engineering, Procurement and Construction (EPC) for Substation and Transmission Infrastructure Projects  
**Category:** General Services  
**Supplier:** Black & Veatch Corporation  
Burns & McDonnell Engineering Company, Inc.
  
2. **Item Description:** Parts & Services for LM6000 and LMS100 Turbines  
**Category:** General Services  
**Supplier:** GE Vernova International, LLC  
Maximum Turbine Support  
MTU Maintenance Berlin-Brandenburg  
ProEnergy Services, LLC  
Starfish PPS, LLC  
TransCanada Turbines, Inc.
  
3. **Item Description:** Environmental Services  
**Category:** General Services  
**Supplier:** 1 Priority Environmental Services, LLC  
EnviroServe, Inc.  
NRC Gulf Environmental Services, Inc.  
Remediation Services, LLC  
United Professional Services Ltd.
  
4. **Item Description:** GE Boilers, Mills, and Miscellaneous Parts and Services  
**Category:** General Services  
**Supplier:** GE Steam Power, Inc.
  
5. **Item Description:** Autotransformers  
**Category:** Commodity & Material Goods  
**Supplier:** Royal Smit Transformers RV  
HD Hyundai Electric America Corporation
  
6. **Item Description:** Toshiba Turbine and Generator Parts and Services  
**Category:** General Services  
**Supplier:** Toshiba America Energy Systems Corporation
  
7. **Item Description:** Industrial Vacuuming & Hydroblasting Services  
**Category:** General Services  
**Supplier:** Meylan Enterprises, Inc.  
Pipeline Video Inspection, LLC d.b.a. AIMS Companies

- 8. Item Description:** Customer Construction Design & Engineering Services  
**Category:** Professional Services  
**Supplier:** Atwell, LLC  
Binkley & Barfield, Inc.  
Black & McDonald Engineering  
Cobb, Fendley & Associates, Inc.  
EN Engineering, LLC  
Halff Associates, Inc.  
LJA Engineering, Inc.  
Merrick & Company  
Pape-Dawson Consulting Engineers  
Select Power Systems, LLC  
TRC Engineers, Inc.
- 9. Item Description:** 145kV Circuit Breakers  
**Category:** Commodity & Material Goods  
**Supplier:** Siemens Energy, Inc.

The following items were postponed to a future meeting:

- F. Approval of Real Property Purchase: New Central Service Station  
G. Approval of Real Property Purchase: Expansion of Facilities

## VIII. COMMITTEE REPORTS

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

### Board Committee Reports

- A. Operations Oversight Committee Meeting held on November 13, 2025. The report is attached as Attachment "A" to the meeting minutes.  
B. Personnel Committee held on December 3, 2025. The report is attached as Attachment "B" to the meeting minutes.  
C. Technology and Resilience Committee held on December 8, 2025. The report is attached as Attachment "C" to the meeting minutes.

### Community Input Committee Reports

- A. Community Input Committee Meeting held on December 10, 2025. The report is attached as Attachment "D" to the meeting minutes.  
B. Community Input Committee Meeting held on January 14, 2026. The report is attached as Attachment "E" to the meeting minutes.

## **IX. PROCUREMENT REQUEST FOR APPROVAL FOR 765 KV ENGINEERING SERVICES**

Mr. Richard Medina, Chief Energy Delivery Officer, presented a summary of the procurement, including a description of the project. He noted that AEP, the selected provider, is the only transmission provider within ERCOT that has 765kV transmission lines elsewhere in the nation and will be our partner in constructing the Howard to Solstice line. The Board of Trustees asked questions focused on the governance process, timelines for construction, managing risks and costs, and how to monitor progress.

Trustee Steen moved to approve the request, Trustee Gonzalez seconded, and it was approved unanimously.

## **X. COMMUNITY INPUT COMMITTEE NOMINATION**

Ms. Kathy Garcia, Vice President, Government and Regulatory Affairs & Public Policy, presented a nomination to the Community Input Committee (CIC). She provided an overview of the CIC and the nomination process. She then introduced Mr. David Gannon as the at-large nominee and requested the Board approve the nomination.

Vice Chair Dr. Mackey moved to approve the appointment, Trustee Steen seconded, and the Board of Trustees discussed. Mr. Gannon noted his willingness to serve on the CIC, and he gave a brief overview of his experience and interest in serving on the CIC. The nomination was approved unanimously.

## **XI. EVOLVE: ERP TRANSFORMATION PROGRAM**

Mr. Evan O'Mahoney, Chief Information Officer, provided an update on the Evolve: ERP Transformation Journey. He explained that since the last update in July, the Evolve: ERP Transformation Program has completed Global Design, and that the scope, schedule, budget and quality remain on track.

The Board of Trustees discussed and asked questions, primarily focused on key milestones, dependencies between ERP and other capital projects, local investment, benefits through operational improvements and efficiencies, workforce impacts, budget, and planned financial impacts of the program.

## **XII. GENERATION PLAN REFRESH: ENERGIZING PROGRESS TOGETHER**

Mr. David Kee, Director of Energy Market Policy, presented on the Generation Plan Refresh: Energizing Progress Together. He provided background and an overview of the overall strategy, success of the current generation plan, the changing landscape, and the refresh process.

The Board of Trustees discussed and asked questions on primarily focused on the drivers of increased demand, sustainability, regulatory action, affordability, community/customer engagement and feedback, and emerging technologies. Mr. Kee stated that the Board's feedback and questions were appreciated and would be included as the refresh process moved forward.<sup>1</sup>

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<sup>1</sup> Trustee Steen asked that the following concerns be included in the minutes: First, he noted that he did not vote to approve the Vision 2027 Generation Plan and, at that time, he had expressed concern about the closure/conversion of Spruce 1 and 2. He stated that with the changes of policy at the federal level and increase in forecasted demand, CPS Energy should consider extending Spruce 1 past its retirement date and analyze the increased costs of converting Spruce 2. Second, he noted that he felt the Board should call a special meeting to determine the next generation plan.

**XIII. ADJOURNMENT**

Chair Romero asked Ms. Ramirez to review the requested action items. There being no further business to come before the Board, upon a motion duly made by Vice Chair Dr. Mackey, seconded by Chair Romero, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 4:02 p.m. by Chair Romero.

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Shanna M. Ramirez  
Secretary of the Board



## PERSONNEL COMMITTEE

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

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

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

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



## AUDIT & FINANCE COMMITTEE (A&F)

### EXECUTIVE SUMMARY AND CHAIR REPORT FROM JANUARY 12, 2026, MEETING

#### PREPARED FOR COMMITTEE CHAIR DR. FRANCINE ROMERO

#### FOR REVIEW AT THE FEBRUARY 23, 2026, BOARD OF TRUSTEES MEETING

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

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

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



## EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

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

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

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

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



## Community Input Committee (CIC) Committee Report

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

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

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

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

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



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

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

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

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

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



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

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

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

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

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



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

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

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

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

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



**CPS ENERGY BOARD OF TRUSTEES**  
**FY2027 COMMITTEE ASSIGNMENTS**

<b>Committee</b>	<b>Members</b>
Audit & Finance	Dr. Francine Romero (Chair) Dr. Willis Mackey
Employee Benefits Oversight	Dr. Francine Romero (Chair) Dr. Willis Mackey
Operations Oversight	Ms. Janie Gonzalez (Chair) Dr. Erika Gonzalez
Technology & Resilience	Ms. Janie Gonzalez (Chair) Dr. Willis Mackey
Personnel	Dr. Francine Romero (Chair) Dr. Erika Gonzalez
Nominations	Dr. Willis Mackey (Chair) Dr. Francine Romero
Risk Management	Dr. Erika Gonzalez (Chair) All CPS Energy Board of Trustees Members



# ESTABLISH TRANSMISSION FINANCING STRUCTURE

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*PRESENTED BY:*

**Cory Kuchinsky**

Chief Financial Officer & Treasurer (CFO)

**FEBRUARY 23, 2026**

*Request for Approval*

# AGENDA

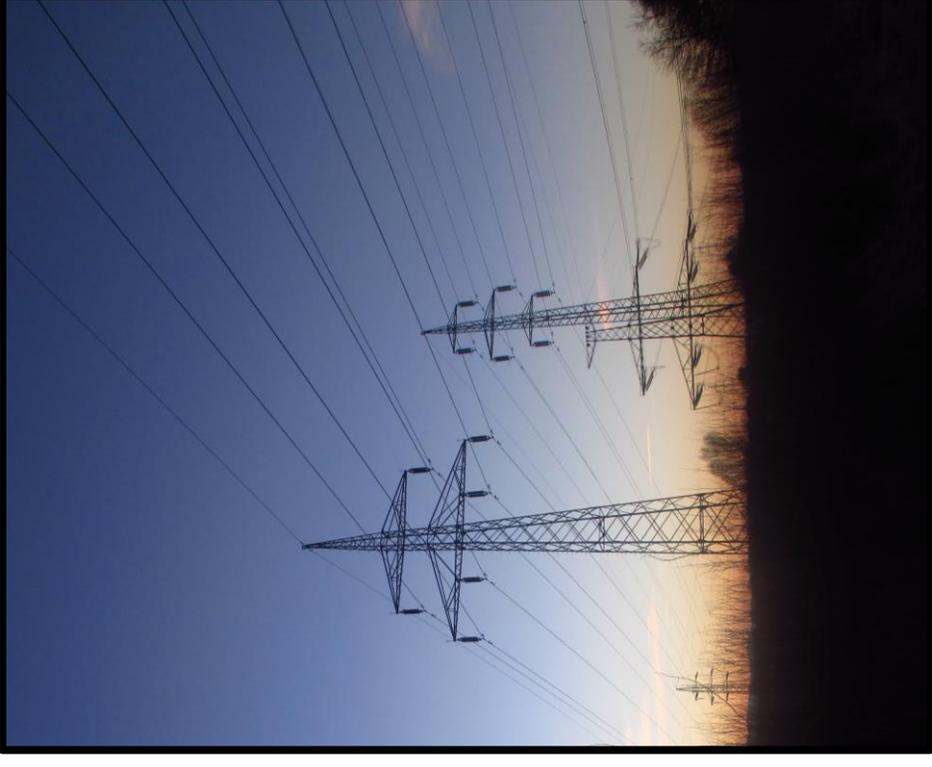
- ERCOT Landscape
- Transmission Financing Structure
  - Overview
  - Applicable Projects
- Alternate Outcomes without Transmission Financing Structure
- Request for Approval

The objective today is to receive approval to establish the Transmission Financing Structure.

# ERCOT LANDSCAPE

- ERCOT anticipates **~132 GW** of system load by 2030 – up from a 2025 peak of 84 GW (57%)
- There are ~1,984 active generation interconnection requests in the queue totaling **~441 GW\***

\* Note: Not all interconnection requests will advance to commissioning phase



The ERCOT region forecasts tremendous electric demand growth over the next 5-7 years, which is contributing to the need for significant transmission investment.

A financing strategy in which applicable transmission projects can be financed without impacting our general system metrics and credit ratings.

### Financial Value Proposition:

- Fiscal Resiliency: Allows us to preserve our financial metrics and credit ratings
- Protects Our Customers: A strong credit rating keeps borrowing costs low

Strong Credit Ratings → Lower Cost Borrowing → Lower Power Bills For Customers

This financing strategy allows us to deliver the value of transmission investments to customers without impacting overall financial health.

# TRANSMISSION FINANCING STRUCTURE

## APPLICABLE PROJECTS



Project Name	FY2027 Forecast <sup>1</sup>	Total Estimated Forecast	In-Service Date
Phase 1: Permian Basin 765kV <sup>2</sup>	\$30M	~\$1.4B	Dec 2030
Eastside STATCOM	\$18M	~\$55M	May 2029
Grissom STATCOM	\$18M	~\$55M	Jan 2029
Castroville Switching Station / 345kV T-Loop	\$4M	~\$80M	Dec 2032
Castroville Switching 345kV T-Loop	\$0	~\$97M	Dec 2032
<b>Total Estimated Capital Investment</b>	<b>\$70M</b>	<b>~\$1.69B</b>	

1. FY2027 forecast is included in the FY2027 Budget Presentation agenda item.
2. Phase 2 - 765kV recently approved by ERCOT with a potential cost estimate of an additional \$1.0B.

**Direct costs incurred will be funded with system cash and later reimbursed from Transmission Financing Structure bond proceeds.**

# ALTERNATIVE OUTCOMES WITHOUT TRANSMISSION FINANCING STRUCTURE

- Raises potential for credit rating downgrade
- Reduces financial flexibility
- Weakens our leverage metrics
- Limits our ability to fund future capital programs or respond to emergencies
- Project and cost control impacts, and the value of transmission investments

**These potential outcomes are why establishing this financing structure is best for our customers.**

# **REQUEST FOR APPROVAL**

## **VOTE – TRANSMISSION FINANCING STRUCTURE**



**Requesting Board Approval of a Resolution to:**

- Establish a Transmission Financing Structure

**Your approval will enable us to retain benefits of transmission investments for our customers while protecting the general system's financial strength.**



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS

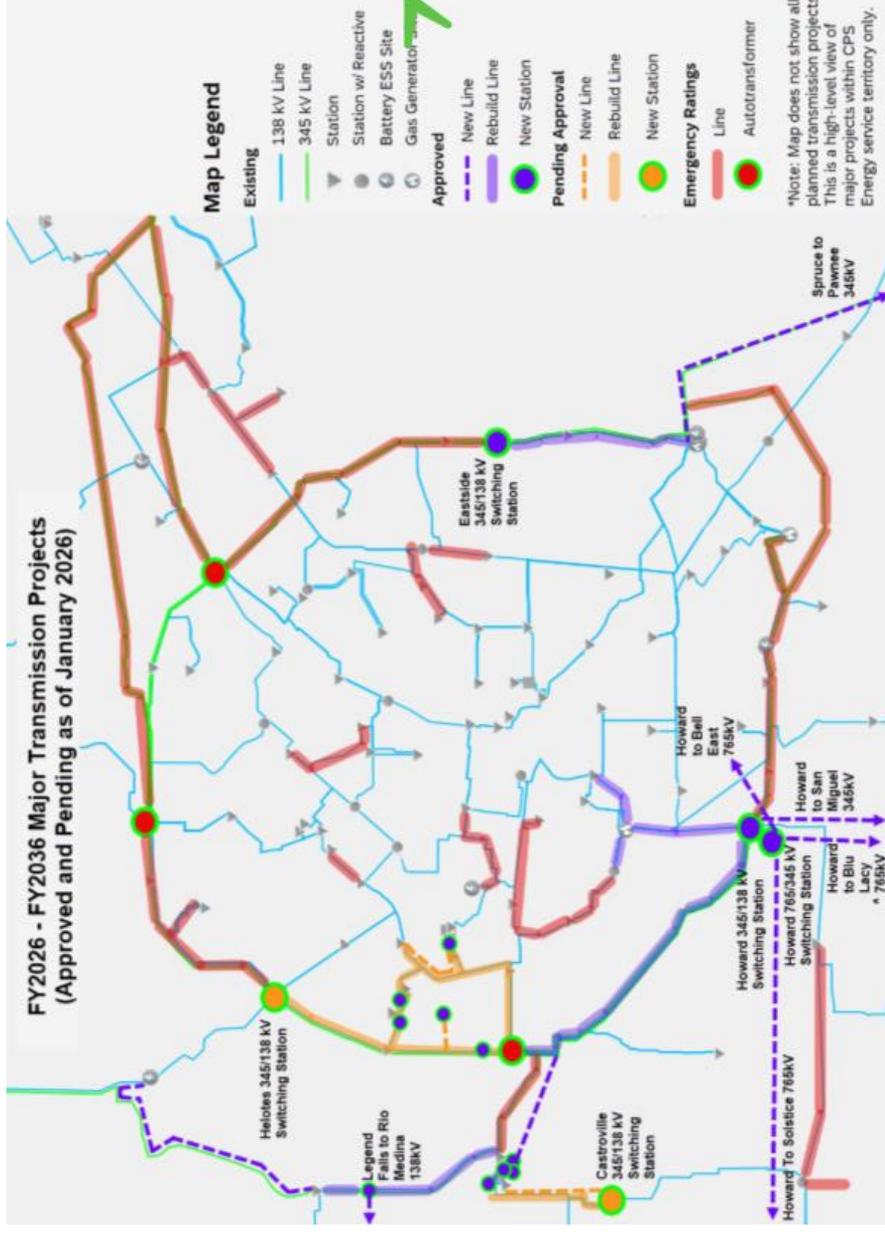


ACRONYM OR WORD	DEFINITION
AG	Attorney General
DSRF	Debt Service Reserve Fund
ERCOT	Electric Reliability Council of Texas
kV	Kilovolt
PUCT	Public Utility Commission of Texas
TCOS	Transmission Cost of Service
R&R	Repair & Replacement
TFS	Transmission Financing Structure

# REGIONAL TRANSMISSION GROWTH

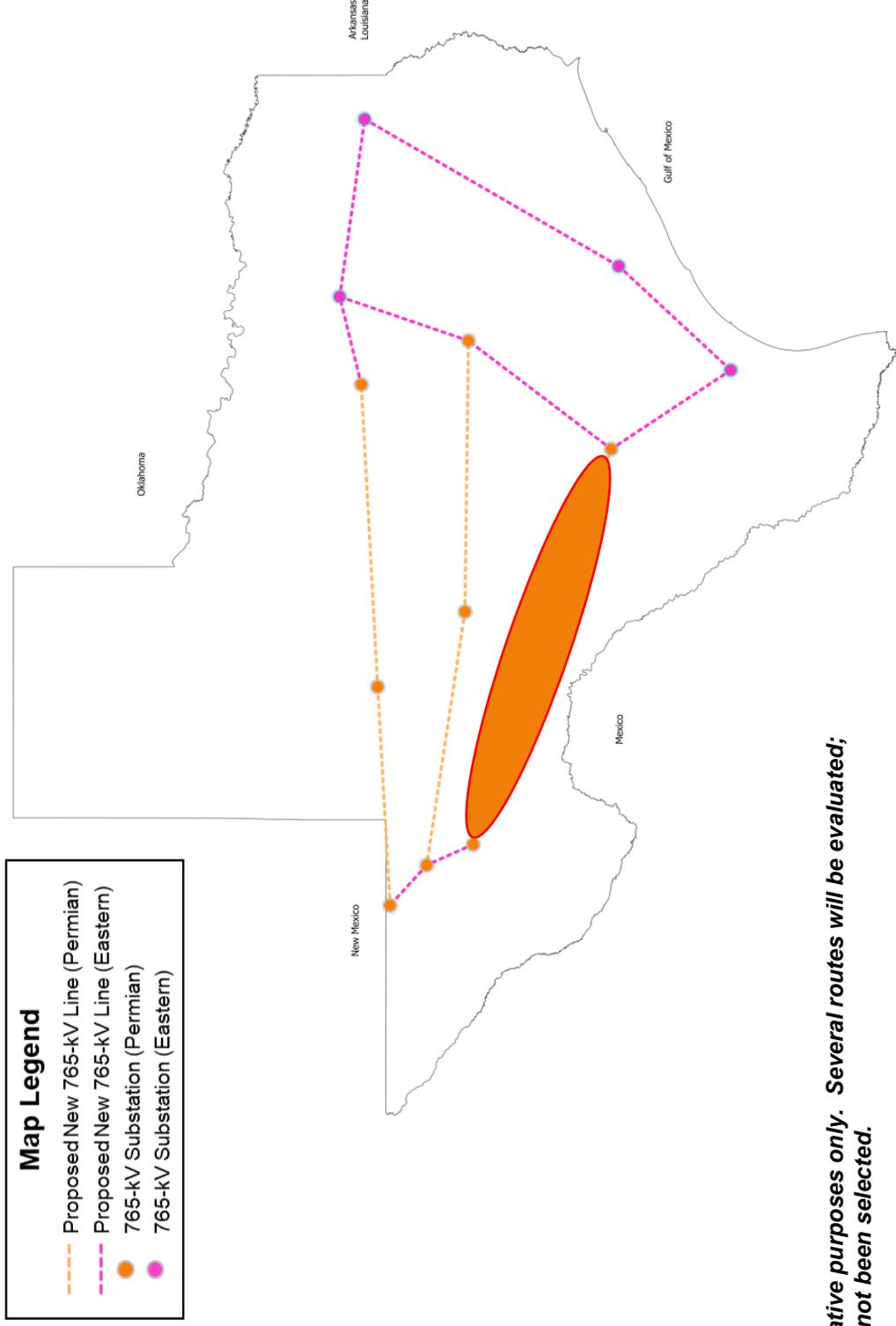


- ERCOT approved 2 new 345kV/138kV switching stations and multiple new or upgraded transmission lines
  - One of the two 345kV switching stations was recently energized
- This will support the ~1GW of forecasted load by 2030



**We are expecting significant transmission capital investment over the next five years to prepare for the growing demand.**

# PERMIAN BASIN RELIABILITY PROJECT



*\* Picture for illustrative purposes only. Several routes will be evaluated; the final route has not been selected.*

**765kV provides significant economic and reliability benefits to the ERCOT's system with project cost estimated at ~\$1.4B for our portion of Phase 1.**

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ESTABLISHMENT OF A SPECIAL FACILITIES CREDIT FOR THE PURPOSE OF IDENTIFYING AND SEGREGATING NEW AND CURRENTLY NON-EXISTING TRANSMISSION FACILITIES AS SEPARATE FROM THE CITY'S COMBINED ELECTRIC AND GAS UTILITY SYSTEM; DECLARING THE ASSETS THAT ARE A PART OF THE SPECIAL FACILITIES CREDIT TO BE SEPARATE AND APART FROM THE CITY'S COMBINED ELECTRIC AND GAS UTILITY SYSTEM; ESTABLISHING CRITERIA FOR INCLUSION OF FACILITIES WITHIN AND AS A PART OF THE SPECIAL FACILITIES CREDIT; SPECIFYING POLICIES FOR SPECIAL FACILITIES CREDIT MANAGEMENT; PROVIDING FOR AN INITIAL SOURCE OF SPECIAL FACILITIES CREDIT FUNDING; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH**

**WHEREAS**, pursuant to the authority contained in Chapter 1502, as amended, Texas Government Code, certain ordinances (together, the *Ordinances*) previously passed by the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*), authorizing the issuance of the currently outstanding first lien revenue bonds (collectively, the *Senior Lien Obligations*), second (junior) lien revenue bonds (collectively, the *Junior Lien Obligations*), third lien commercial paper obligations (collectively, the *Commercial Paper Obligations*), and fourth lien flexible rate revolving notes and related obligations (collectively, the *FRRNs* and, together with the Senior Lien Obligations, the Junior Lien Obligations, and the Commercial Obligations, respectively, the *Outstanding Obligations*), the complete management and control of the City's electric and gas systems (the *Systems*) is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the *Board*), who conducts the business of operating and managing the Systems under the name CPS Energy (*CPS Energy*), during the period of time any of the Outstanding Obligations are outstanding and unpaid; and

**WHEREAS**, pursuant to each respective Ordinance, the Outstanding Obligations are, at specified and varying levels of priority, secured by and payable from liens on and pledges of Net Revenues (as defined in each of the Ordinances) of the Systems; and

**WHEREAS**, each of the Outstanding Ordinances includes an identical definition of the Systems that excludes therefrom "facilities of any kind which are declared not to be a part of the Systems and which are acquired or constructed by or on behalf of the City with the proceeds from the issuance of "Special Facilities Bonds", in the Ordinances defined and generally described as being special revenue obligations of the City which are not payable from Net Revenues but which are payable from and equally and ratably secured by other liens on and pledges of any revenues, sources or payments, not pledged to the payment of" the Outstanding Obligations and, as herein defined and further described as *SFC Special Facilities Bonds*; and

**WHEREAS**, as a regional electricity transmission provider participating in the power grid managed by the Electric Reliability Council of Texas (*ERCOT*), the Board has been and will continue to be presented with opportunities and obligations to expand and enlarge ERCOT's electric transmission capabilities within and beyond the Systems' retail service area (as now, or hereafter to become, known, the *Expanded Transmission Projects*); and

**WHEREAS**, the Expanded Transmission Projects represent unplanned capital initiatives, beyond and in addition to planned Systems expansions in accordance with the CPS Energy’s Systems capital improvement plan, which planned Systems expansions are inclusive and a part of the Systems, in accordance with the definition of such term as included in the Ordinances; and

**WHEREAS**, CPS Energy’s failure to undertake an Expanded Transmission Project in accordance with the timeline promulgated by the Public Utility Commission of Texas (the *PUCT*) will result in the PUCT revoking from the City the right to develop that Expanded Transmission Project and awarding it to another electricity transmission market participant, depriving the City of the financial and operational benefits of owning and operating the Expanded Transmission Project in perpetuity; and

**WHEREAS**, each Expanded Transmission Project is capital-intensive, acceleration of which will have a negative short-term financial impact on the Systems, its customers and ratepayers, and holders of the Outstanding Obligations that would result in a recommendation of project development delay but for the development deadlines imposed by the PUCT; and

**WHEREAS**, upon placement into service and for use of the same, the City, as the owner of an Expanded Transmission Project, would receive revenues as a “Transmission Service Provider” in the ERCOT region in accordance with the City’s approved Transmission Cost of Service (*TCOS*) rate schedule, which revenues may be pledged by the City as security for the repayment of obligations the proceeds from which are used to pay for the costs of the Expanded Transmission Project; and

**WHEREAS**, the Board hereby finds and determines that (i) the benefits of owning and operating the Expanded Transmission Projects, to include strengthening the infrastructure that transmits electricity to the Systems and supports pursuit of the opportunity to develop, construct, and acquire the Expanded Transmission Projects; (ii) the Ordinances provide a mechanism to isolate and develop independently from an expansion of the Systems capital projects, such as the Expanded Transmission Projects, and the revenues generated thereby, in a manner that does not negatively impact the Systems’ customers or the holders of the Outstanding Obligations by declaring the same *special facilities* and financing their costs with *special facilities bonds*; and (iii) availing itself of the opportunity to develop the Expanded Transmission Projects through establishment of a special facilities credit in accordance with the Ordinances is in the best interests of the City and its residents, the Systems, and the customers and ratepayers of the Systems; and

**WHEREAS**, in support of the findings and determinations of the Board made in this preamble, the Board hereby establishes, in accordance with and pursuant to the provisions of the Ordinances, the *CPS Energy Expanded Transmission Projects Special Facilities Credit* for the purpose of managing and operating upon completion of construction, on a basis that is separate, apart, and independent from the Systems, the Expanded Transmission Projects; and

**WHEREAS**, the Expanded Transmission Projects that comprise the CPS Energy Expanded Transmission Projects Special Facilities Credit shall be owned by the City in the same manner that the City owns the Systems, and operated and managed by the Board, in the same manner that the Board operates and manages the Systems, but are hereby declared to be separate, independent, and not a part of the Systems; and

**WHEREAS**, because the Expanded Transmission Projects that comprise the CPS Energy Expanded Transmission Projects Special Facilities Credit are owned by the City and such assets do not compete against the City, the Board hereby finds and determines that operating the CPS Energy Expanded Transmission Projects Special Facilities Credit as described herein does not result in the City's grant of an impermissible franchise under the Ordinances; and

**WHEREAS**, for the reasons in this preamble described, the Board hereby finds and determines that the establishment of the CPS Energy Expanded Transmission Projects Special Facilities Credit pursuant to the terms of this Resolution, itself adopted pursuant to and in accordance with the provisions of the Ordinances, addressing other matters in connection therewith (including the method and manner of qualifying a capital project as an Expanded Transmission Project, providing a source to initially fund the costs incurred by the CPS Energy Expanded Transmission Projects Special Facilities Credit, and evidencing the Board's intent to reimburse itself for special facilities credit capital project expenditures from the proceeds of one or more series of tax-exempt or taxable special facilities bonds), is in the best interests of the City and its residents, the Systems, and the customers and ratepayers of the Systems; and now, therefore,

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

**SECTION 1. ESTABLISHMENT OF SPECIAL FACILITIES CREDIT; DECLARATION OF SEPARATION.** (a) As permitted by and in accordance with the provisions of the Ordinances, the Board hereby establishes and creates the CPS Energy Expanded Transmission Projects Special Facilities Credit (the *Special Facilities Credit*) to represent a collection of facilities hereafter referred to as the SFC System whose costs of development and construction or acquisition shall ultimately be funded with the proceeds of "Special Facilities Bonds" (as such term is defined in the definition of "Systems" included in each of the Ordinances).

(b) All facilities that comprise and are a part of the Special Facilities Credit are hereby declared by the Board as distinctly separate from and not a part of the Systems. The establishment of the Special Facilities Credit is solely for the purpose of financial and accounting segregation and separation of the SFC System from the Systems and not to create separately operating electric systems.

(c) In connection with and in support of such creation and declarations made in connection therewith, the Board hereby finds, determines, and concludes that, based upon the predicate recited in the Preamble of this Resolution, the creation of the Special Facilities Credit (i) represents the implementation of a capital plan that is reflective of prudent management of the City's utility assets, (ii) can economically, efficiently, and at a reasonable cost be operated and maintained and efficiently utilized by the Board to meet electric transmission demands representative of the City's participation in the ERCOT's electric transmission grid as an electricity transmission provider, and (iii) will not materially and adversely interfere with the operation and management of the Systems.

(d) References to the Special Facilities Credit shall mean the SFC System, as well as its associated revenues, expenses, liabilities, and obligations, any debt obligations secured in whole or in part with the revenues derived by the City from ownership and operation of the SFC System,

all books and records maintained by the Board regarding the SFC System and its operations, and (as applicable) the City, as owner of the SFC System, and the Board, as manager and operator of the SFC System.

**SECTION 2. OWNERSHIP AND MANAGEMENT OF THE SPECIAL FACILITIES CREDIT.** Assets and facilities of the Special Facilities Credit are and shall be owned by the City. The complete management and control of the Special Facilities Credit, for so long as the same is maintained, shall be vested in the Board, who shall manage, operate and control the Special Facilities Credit in substantially the same manner that it manages, operates, and controls the Systems in accordance with the Ordinances.

Until such time as the initial SFC Debt Authorization specifies in greater details the representations, covenants, and warrants with respect to the Board's operation of the Special Facilities Credit, which provisions shall supersede and replace any conflicting provisions in this Resolution contained, the Board shall manage and operate the SFC System and the Special Facilities Credit substantially the same as it operates the Systems in accordance with and as specified in the Ordinances.

**SECTION 3. CRITERIA FOR SPECIAL FACILITIES CREDIT QUALIFICATION; IDENTIFICATION OF INITIAL SPECIAL FACILITIES CREDIT PROJECTS.** (a) Inclusion of a SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement as a part of the SFC System subject to and a part of the Special Facilities Credit, and a determination that such capital improvement or addition is not an extension, improvement, or addition to the Systems of the type contemplated under the Ordinances, requires a declaration by the Board in a resolution thereby adopted that (i) such SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement is separate, distinct and not a part of the Systems on the basis of a defined factual predicate that is recited in the applicable Board resolution, (ii) such SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement is expected to be subject to TCOS rates approved by the PUCT, (iii) the costs of such SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement will ultimately be financed with the proceeds SFC Special Facilities Bonds, funds lawfully available for such purpose possessed by the Board and originally derived from SFC Gross Revenues, or other lawfully available funds of the Special Facilities Credit, and (iv) a Board finding and determination that the SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement at such time made a part of the SFC System and made subject to and a part of the Special Facilities Credit would not at such time be pursued but for the financing structure provided by the Special Facilities Credit.

(b) Factual criteria to be considered by the Board when determining whether a potential SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement is eligible for inclusion as part of the SFC System and made subject to and a part of the Special Facilities Credit (as opposed to an expansion, extension, or addition to the Systems, as contemplated by the Ordinances) may include (but shall not be limited to) one or more of the following project characteristics:

- (i) Does not directly serve CPS Energy generation load;
- (ii) Does not directly connect to CPS Energy owned or controlled generation;

- (iii) Transmission capacity in excess of 345kV;
- (iv) New construction (and not a replacement or upgrade of existing infrastructure);
- (v) Outside of the CPS Energy retail service territory; and
- (vi) Expansion or extension of a previously qualified SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement.

The foregoing list is not exhaustive and the failure to meet some or all of such criteria shall not necessarily disqualify a contemplated SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement if other elements or characteristics satisfy the Board, in its sole discretion, that such SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement is not an extension or expansion of the Systems as contemplated by the Ordinances and is instead qualified to constitute a part of the SFC System subject to and a part of the Special Facilities Credit.

(c) Conversely, a proposed capital project that includes either of the following elements shall disqualify such project for consideration as a SFC Capital Acquisition, SFC Capital Addition, or SFC Capital Improvement, as the presence of either of such elements will necessarily result in a conclusion that the capital project is properly included as an expansion, extension, or addition to the Systems:

- (i) Such project's placement in service and use will result in a reduction in "Gross Revenues" (as such term is defined in the Ordinances) of the Systems (i.e., displaces an existing, revenue-producing asset); or
- (ii) Such project is included in a Board approved Systems capital improvement plan.

(d) The Board hereby finds and determines that (i) the capital projects identified in Schedule I hereto meet all or substantially all of the criteria identified in Section 3(b) hereof, (ii) the costs of such capital projects will ultimately be financed with the proceeds of SFC Special Facilities Bonds, and (iii) but for the financing structure provided by the Special Facilities Credit, the Board would not at this time pursue such capital projects. On the basis of such findings and determinations, the Board hereby further finds and determines that the capital projects identified in Schedule I hereto (together, the *Initial SFC Projects*) are SFC Capital Additions, constituting the initial facilities subject to and a part of the Special Facilities Credit and, together, comprise the initial SFC System, separate, apart, and independent, for all purposes, from the Systems.

**SECTION 4. SPECIAL FACILITIES CREDIT REVENUES – GENERATION AND TREATMENT.** The Board expects that the primary source of revenues to be received as a result of the City's ownership of the SFC System shall result from placement into service the discrete projects that collectively comprise the SFC System as a part of ERCOT's electricity transmission grid. Placement of such projects into service in such a manner will entitle the City to compensation for their use in accordance with the TCOS rate schedule applicable to all electricity transmission assets owned by the City and approved by the PUCT. Such revenues, upon receipt, shall be kept separate and apart from all other revenues of the City, including revenues of the Systems and shall

be applied and accounted for, initially, in accordance with this Resolution and, upon and after the initial issuance of a series of SFC Special Facilities Bonds, each applicable SFC Debt Authorization. The Board anticipates that these revenues will comprise the majority of the SFC Gross Revenues and that SFC Net Revenues will ultimately be pledged as the primary source of security for the repayment of all SFC Special Facilities Bonds under the respective SFC Debt Authorizations.

SECTION 5. INITIAL SFC SPECIAL FACILITIES CREDIT FUNDING; INTENTION TO REIMBURSE. (a) To fund the initial costs of constructing and acquiring the initial SFC Capital Additions identified in Section 3(d) hereof, the Board anticipates making a transfer of available cash from its Repair and Replacement Account (as defined in the Ordinances) to the Special Facilities Credit. As funds on deposit and held in the Repair and Replacement Account have been deposited to such account from Net Revenues, such funds are themselves no longer Net Revenues (and their use, therefore, does not result in Net Revenues supporting the Special Facilities Credit). The Board hereby finds and determines that use of the Repair and Replacement Account funds in the manner hereinbefore described represents an authorized use of such Repair and Replacement Account funds under the applicable provisions of the Ordinances.

(b) The Board intends to reimburse itself for the SFC Special Facilities Credit start-up capital expenditure with the proceeds from a future series of SFC Special Facilities Bonds. This Resolution is intended to satisfy the official requirements set forth in section 1.150-2 of the U.S. Treasury Regulations and any requirements to reimbursement under Chapter 1201, as amended, Texas Government Code.

SECTION 6. FUNDS AND ACCOUNTS. The Board hereby authorizes and directs the creation of funds and accounts necessary or required to accept transfer of funds from the Repair and Replacement Account described in Section 5(a), to accept revenues in the manner described in Section 4, and to pay costs and expenses of the Special Facilities Credit.

SECTION 7. BOOKS AND RECORDS. The Board shall keep books and records evidencing the activities of the Special Facilities Credit, to include tracking of revenues, intergovernmental borrowings, and expenses.

SECTION 8. ALLOCATION OF RESOURCES; ENGAGEMENT OF CONSULTANTS AND ADVISORS. The Board shall allow employees, consultants and advisors of CPS Energy to administer the establishment, management and operation of the Special Facilities Credit, and to the extent determined to be necessary or desirable may engage outside consultants and advisors to assist and advise with respect to the same, allocating the costs thereof to the Special Facilities Credit, paid from funds in the Repair and Replacement Account and identified by the Board as an intergovernmental borrowing by the Special Facilities Credit from CPS Energy, until such time as, the Board determines, in its sole discretion, the Special Facilities Credit generates adequate SFC Gross Revenues to ultimately repay such intergovernmental borrowings, the issuance of the initial series of SFC Special Facilities Bonds allows repayment to CPS Energy of such intergovernmental loan (subject to applicable legal limitations on use of such debt proceeds), CPS Energy determines to forgive such intergovernmental loan as an equity contribution to the Special Facilities Credit, or the Board has identified other funds of the Special Facilities Credit that are legally authorized to be and are in fact used for such purpose.

SECTION 9. DEFINED TERMS. For purposes of this Resolution, the following terms have the indicated meanings:

a. *SFC Capital Acquisition* shall mean the City's acquisition from a party other than the City of existing electricity transmission facilities, the costs of which are ultimately funded with the proceeds of SFC Special Facilities Bonds or funds lawfully available for such purpose possessed by the Board and originally derived from SFC Gross Revenues and that the Board or the City declares shall become, at the time of acquisition, a part of the SFC System and subject to and a part of the Special Facilities Credit.

b. *SFC Capital Addition* shall mean all improvements, equipment, and real, personal and intangible property related to or a part of any electricity transmission facilities that are developed and constructed by the Board, on behalf of the City, the costs of which are ultimately funded with the proceeds of SFC Special Facilities Bonds or funds lawfully available for such purpose possessed by the Board and originally derived from SFC Gross Revenues and that the Board or the City declares shall become a part of the SFC System and subject to and a part of the Special Facilities Credit.

c. *SFC Capital Improvement* shall mean any extensions, improvements, or additions to the SFC System other than SFC Capital Acquisitions or SFC Capital Additions, the costs of which are the costs of which are ultimately funded with the proceeds of SFC Special Facilities Bonds or funds lawfully available for such purpose possessed by the Board and originally derived from SFC Gross Revenues and that the Board or the City declares shall become a part of the SFC System and subject to and a part of the Special Facilities Credit.

d. *SFC Debt Authorization* shall mean an ordinance of the City Council authorizing the issuance of any series or installment of SFC Special Facilities Bonds.

e. *SFC Special Facilities Bond* shall mean any evidence of indebtedness or other financial obligation, authorized and issued in accordance with applicable Texas law and a SFC Debt Authorization, that is secured by and payable from, in whole or in part, any of the SFC Pledged Revenues (regardless of and not taking into account any priority of liens thereon or pledges thereof), but not (in any way) secured by or payable from the "Net Revenues" (as defined in each of the Ordinances) of the Systems.

f. *SFC Gross Revenues* shall mean, for any period, all revenues and income of every nature derived or received by the Board, on behalf and for the benefit of the Special Facilities Credit, from the Board's operation and the City's ownership of the SFC System, including the interest income from the investment or deposit of money in any fund or account created under authority granted by this Resolution or by any SFC Debt Authorization, to the extent described therein.

g. *SFC Net Revenues* shall mean SFC Gross Revenues that remain after deducting SFC Operating Expenses.

h. *SFC Operating Expenses* means the necessary and reasonable expenses of operating and maintaining the SFC System, including all salaries, labor, materials, and payments under contracts for facilities shared with other entities; provided, however, repairs and extensions,

as in the judgment of the Board, reasonably and fairly exercised, that are necessary to keep the SFC System in operation and render adequate service for the purpose for which the SFC System exists, or such as might be necessary to meet some physical accident or condition which would otherwise impair the SFC Special Facilities Bonds, shall be considered SFC Operating Expenses. Depreciation and payments into and out of any debt service or debt service reserve fund, as established and required in any SFC Debt Authorization, shall never be considered as expenses of operation and maintenance.

i. *SFC Pledged Revenues* shall mean SFC Net Revenues and any other revenues or assets specifically pledged in a SFC Debt Authorization as security for the repayment of a SFC Special Facilities Bond, in whole or in any part and at such level of lien priority that is specified in the applicable SFC Debt Authorization.

j. *SFC System* shall mean, together, (i) the Initial SFC Projects, any future SFC Capital Acquisitions, SFC Capital Additions, and SFC Capital Improvements, and all replacements, expansions, and extensions thereof and improvements thereto made in accordance with the provisions of this Resolution, any resolution of the Board hereafter adopted thereby, or by any SFC Debt Authorization and (ii) any other related facilities, all or any part of the revenues or income from which may, in the future and at the option of the Board (confirmed, as necessary or required, by the City) and in accordance with law, become SFC Gross Revenues or SFC Pledged Revenues.

SECTION 10. INCORPORATION OF PREAMBLE. The recitals contained in the preamble to this Resolution are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 11. FURTHER ACTIONS. The officers and employees of the Board are hereby authorized to execute such certificates, opinions, or other documents deemed necessary to carry out the purposes of this Resolution.

SECTION 12. INCONSISTENT PROVISIONS. All ordinances, orders, or resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters contained herein. For avoidance of doubt, the foregoing does not relate to any of the Ordinances.

SECTION 13. GOVERNING LAW. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

SECTION 14. SEVERABILITY. If any provision of this Resolution or the application thereof to any circumstance shall be held to be invalid, the remainder of this Resolution and the application thereof to other circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

SECTION 15. PUBLIC MEETING. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the

time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 16. EFFECTIVE DATE. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

\* \* \*

PASSED AND ADOPTED, this 23<sup>rd</sup> day of February 2026.

CITY PUBLIC SERVICE BOARD OF SAN  
ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST:

---

Secretary, Board of Trustees

**SCHEDULE I**  
**INITIAL SFC CAPITAL ADDITIONS**



# STRATEGIC PROGRESS

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*PRESENTED BY:*

**Elaina Ball**  
Chief Strategy Officer

**February 23, 2026**  
*Informational Update*

# AGENDA

- Vision 2030 Goals and Strategic Initiatives
- FY2027 Enterprise Milestones, Measures and Targets



**We aligned FY2027 milestones, measures, and targets to Vision 2030 goals and strategic initiatives.**

# STRATEGIC FRAMEWORK

VISION

**EMPOWERING** OUR COMMUNITY FOR GENERATIONS

MISSION

TO SAFELY **POWER** OUR COMMUNITY WITH  
**RELIABLE, AFFORDABLE, AND CLEANER ENERGY**

GOALS

RELIABILITY

ELECTRIC AND GAS SERVICES  
THAT ARE ALWAYS ON

VALUE

AFFORDABLE PRICES, EXCELLENT  
OPTIONS AND SERVICE

CLEANER ENERGY

A BALANCED APPROACH  
TO REDUCE OUR  
ENVIRONMENTAL IMPACT

FINANCIAL STRENGTH

FINANCIALLY RESILIENT AND COMPETITIVELY  
PRICED TO FUEL GROWTH AND SAFEGUARD  
INVESTMENTS FOR OUR COMMUNITY

TEAM EXCELLENCE

DEVELOP OUR TEAM TO DRIVE INNOVATION AND  
DELIVER EXCELLENCE AS ONE TEAM

VALUES

ACCOUNTABILITY, INTEGRITY, EXCELLENCE, SAFETY & WELLBEING, TRANSPARENCY, ONE TEAM

# FY2026 ENTERPRISE SCORECARD

## YEAR-TO-DATE STATUS



VISION 2027 OBJECTIVES

OPERATIONAL EVOLUTION

FINANCIAL STABILITY

CUSTOMER EXPERIENCE

TEAM CULTURE

COMMUNITY PARTNERSHIP & GROWTH

### Strategic Execution - Forward Looking Progress Towards Vision 2027

Power Generation Plan		System Resiliency & Growth		EVOLVE: Enterprise Resource Planning		Customer Experience	
FY2026 Milestone	Status	FY2026 Milestone	Status	FY2026 Milestone	Status	FY2026 Milestone	Status
Complete Wave 2 Transition Plan of new acquisitions	Completed	Complete Emergency Management System (EMS) Supervisory Control & Data Acquisition (SCADA) System Roll-Out and continue upgrading Advanced Distribution Management System (ADMS) SCADA System	On Track	On-Boarding of System Implementation (SI) partner and remaining program team roles	Completed	Onboard a consultant to develop a customer experience (CX) roadmap, refining customer segmentation	Completed
Achieve commercial operation for new solar and storage resources	Completed	Complete GIS Utility Network Phase 1 (Electric Data Migration) and start Phase 2 (Electric Integration to ADMS)	Completed	Complete Global Design	Completed	Form a CX Championship Team to define the CX framework, set goals, and create a communication and training plan to align employees in enhancing customer experience	Completed
Award key contracts including engineering, procurement, and construction (EPC) and major equipment supply for the Peaker Project and Spruce 2 Natural Gas Conversion Project	Deferred	Execute gas strategies to include Permian Hwy to Rio Nogales, Southgate to Rio Nogales, and N. Outer Loop	On Track	Execute change management efforts and communication strategy	Completed	Support the development and execution of products and services to include customer feedback and effective engagement	On Track
Support ERCOT reliability through execution of directed Reliability Must-Run (RMR) contracts	Completed	Upgrade and modernize transmission system for resiliency and growth (Multiple projects as part of South Reliability Electric Transmission Line Expansion)	On Track	Execute change management efforts and communication strategy	Completed	Process improvement for customer support efforts	On Track
		Submit TCOS rate filing package developed through significant cross-functional efforts and with internal and external legal guidance	On Track				

### FY2026 Enterprise Measure Targets (red font indicates measure target was not achieved)

<b>64.15</b>	Average Customer Outage Duration
<b>0.54</b>	Gas Safety
<b>90.5%</b>	Plant Availability
<b>≥3.0</b>	Fiscal Resiliency
<b>699</b>	Customer Perception
<b>4.15</b>	Living Mission & Values
<b>1.09</b>	Safety Performance
<b>70.00%</b>	Strategically Investing in the Community

# VISION 2030 STRATEGIC INITIATIVES

## FOCUS AREAS



HORIZON 2050 GOALS

HORIZON 2050 GOAL DESCRIPTIONS

VISION 2030 STRATEGIC INITIATIVES (SI)\*

RELIABILITY	VALUE	CLEANER ENERGY	FINANCIAL STRENGTH	TEAM EXCELLENCE
 <p><i>Electric And Gas Services That Are Always On</i></p>	 <p><i>Affordable Prices, Excellent Options And Service</i></p>	 <p><i>A Balanced Approach To Reduce Our Environmental Impact</i></p>	 <p><i>Financially Resilient And Competitively Priced To Fuel Growth And Safeguard Investments For Our Community</i></p>	 <p><i>Develop Our Team To Drive Innovation And Deliver Excellence As One Team</i></p>
Strengthen energy system growth, resilience, and modernization	Drive customer-centric innovation that improves affordability, expands service choices, and elevates digital engagement	Reduce impact on the environment through measurable action	Manage costs, plan for future risks, and invest wisely	Invest in our people and future workforce by advancing safety culture, providing modern tools and support, and developing leaders who actively guide change

**\*STRATEGIC INITIATIVE = MAJOR FOCUS AREAS FOR THE NEXT FIVE YEARS**

# FROM STRATEGY TO SUCCESS FY2027 ENTERPRISE MILESTONES AND MEASURES



**Milestones and measures were designed to guide the progress required in FY2027 to achieve our Vision 2030 goals**

- Defined strategic outcomes and focused on our critical path to guide priorities
- Focused on investments that deliver value to our customers and community
- Aligned the organization through cross-functional collaboration on shared goals
- Deployed targeted initiatives and funding to strengthen system improvements, reliability, and resiliency



**Driving community value through the execution of milestones and measures**

# MEASURES AND TARGETS IN MOTION

## SETTING FY2027 ENTERPRISE STRETCH GOALS



Through collaboration and independent 3<sup>rd</sup> party consultant validation, we set challenging FY2027 measures and targets using data driven analysis to align to Vision 2030 goals and track progress.

# FY2027 MEASURES & TARGETS

## ENTERPRISE SCORECARD OVERVIEW



MEASURE NAME	FY2026 / CY2025 FINAL RESULTS/ LE*	FY2027 / CY2026 TARGET**	DESIRED DIRECTION	BENCHMARK/ COMPARISON
<b>RELIABILITY</b>				
Average Customer Outage Duration (SAIDI)	75.38	73.00 min	➔	2 <sup>nd</sup> Quartile
Plant Availability (Critical Months EAF)	81.5%	87.0%	➔	Aligned with plant by technology and/or fleet level
Gas Safety (Leaks Remaining at End of Year per 1000 Customers)	0.42	0.42	➔	2 <sup>nd</sup> Quartile
<b>VALUE</b>				
Customer Perception (Residential Engaged Customer Relationship - ECR)	716	705 - 710	➔	3 <sup>rd</sup> Quartile
Strategically Investing in the Community (Local Spend Percentage)	72.00%*	70.00%	➔	Aligned with forecasted spend
12-Month Total Bill – Residential (NEW)	N/A	Top 25% (1 <sup>st</sup> Quartile)	➔	1 <sup>st</sup> Quartile
<b>CLEANER ENERGY</b>				
Carbon Intensity (NEW)	N/A	Quarterly Update	➔	COSA CAAP Goal: 41% reduction by 2030
<b>FINANCIAL STRENGTH</b>				
Fiscal Resiliency (Index of Key Financial Measures)	3.15*	≥2.93	➔	Aligned with thresholds taken into consideration by Rating Agencies
<b>TEAM EXCELLENCE</b>				
Living Mission & Values (Gallup 12+)	4.12	75 <sup>th</sup> Percentile (1 <sup>st</sup> Quartile)	➔	1 <sup>st</sup> Quartile
Safety Performance (Enterprise Recordable Incident Rate - RIR)	1.52*	1.11	➔	2 <sup>nd</sup> Quartile

\*FY2026 Latest Estimate (LE) is based on performance through December 31<sup>st</sup>

\*\*All targets supported by third party consultant<sub>045</sub>

# VISION 2030 STRATEGY TO EXECUTION

## FY2027 ENTERPRISE SCORECARD



### VISION 2030 STRATEGIC GOALS - ENERGIZING PROGRESS TOGETHER

RELIABILITY	VALUE	CLEANER ENERGY	FINANCIAL STRENGTH	TEAM EXCELLENCE
<p><i>Strengthen energy system growth, resilience, and modernization</i></p> <p>FY2027 Milestones</p> <ul style="list-style-type: none"> <li>Continue modernization of transmission system for resiliency and growth with multi-year projects (e.g., Howard-Solslice 765kV, Spruce to Pawnee and Howard Rd to San Miguel 345kV).</li> <li>Complete Energy Management Systems (EMS) &amp; Supervisory Control and Data Acquisition (SCADA) roll-out and continue upgrading Advanced Distribution Management System (ADMS).</li> <li>Execute gas strategies to include Permian Hwy to Rio Nogales, Southgate to Rio Nogales, and N. Outer Loop.</li> <li>Optimize approved power generation plan execution through strategic transactions.</li> </ul>	<p><i>Drive customer-centric innovation that improves affordability, expands service choices, and elevates digital engagement</i></p> <p>FY2027 Milestones</p> <ul style="list-style-type: none"> <li>Advance the Evolve digital transformation program by supporting the Oracle Enterprise Resource Planning (ERP) design and build activities for Releases 1 and 2.</li> <li>Improve the large load customer experience by enabling power solutions that comply with regulatory requirements.</li> <li>Continue to develop and scale premium outreach and assistance programs that actively support customers.</li> </ul>	<p><i>Reduce impact on the environment through measurable action</i></p> <p>FY2027 Milestones</p> <ul style="list-style-type: none"> <li>Award key contracts including engineering, procurement, and construction (EPC), finalize engineering, and start equipment purchases for the Spruce 2 Natural Gas Conversion.</li> <li>Execute continuation of STEP Program initiatives to include Weatherization and Community Solar growth.</li> <li>Continue execution of approved power generation plan, including additional acquisition of incremental solar, wind and storage capacity.</li> <li>Execute the power generation plan refresh to maintain diversification of our generation portfolio and meet evolving community growth.</li> </ul>	<p><i>Manage costs, plan for future risks, and invest wisely</i></p> <p>FY2027 Milestones</p> <ul style="list-style-type: none"> <li>Submit TCOS (Transmission Cost of Service) rate filing package.</li> <li>Conduct an updated cost of service analysis to demonstrate fiscal responsibility and transparency.</li> <li>Maintain financial stability and a strong credit profile, reflecting disciplined financial management, diversified revenue sources, and adequate liquidity.</li> <li>Prioritize and execute business optimization initiatives to improve operational efficiency and support long-term sustainability.</li> <li>Optimize receivables performance through customer payment solutions that promote current account status.</li> </ul>	<p><i>Invest in our people and future workforce by advancing safety culture, providing modern tools and support, and developing leaders who actively guide change</i></p> <p>FY2027 Milestones</p> <ul style="list-style-type: none"> <li>Continue maturing Safety Culture work with existing Grass Roots and guidance teams, adding Power Generation and Supply Chain teams.</li> <li>Continue STCKY (Stuff That Can Kill You) prevention transition to further focus safety on key risks.</li> <li>Enhance and expand the Industrial Athlete program to address preparation for work in the field and minimize musculoskeletal disorders.</li> <li>Business units drive organizational change management and develop a series of workforce plans to improve collaboration and communication.</li> <li>Business units execute the ERP change management plan to prepare the organization for future state business processes, enhanced technical/enabled capabilities and training.</li> </ul>

### FY2027 ENTERPRISE MEASURES & TARGETS

- 73.00 min** Average Customer Outage Duration
- 87.0%** Plant Availability
- 0.42** Gas Safety
- 705 - 710** Customer Perception
- 70.00%** Strategically Investing in the Community
- Top 25%** 12-Month Total Bill - Residential
- Quarterly Update** Carbon Intensity
- ≥2.93** Fiscal Resiliency
- 75th Percentile** Living Mission & Values
- 1.11** Safety Performance

# HORIZON 2050 CHECKPOINTS

## FROM PRESENT TO FUTURE

### Five-year strategic checkpoints

- Formal check-ins every five years to track long-term progress
- Goals, measures, and initiatives reviewed and refined as needed

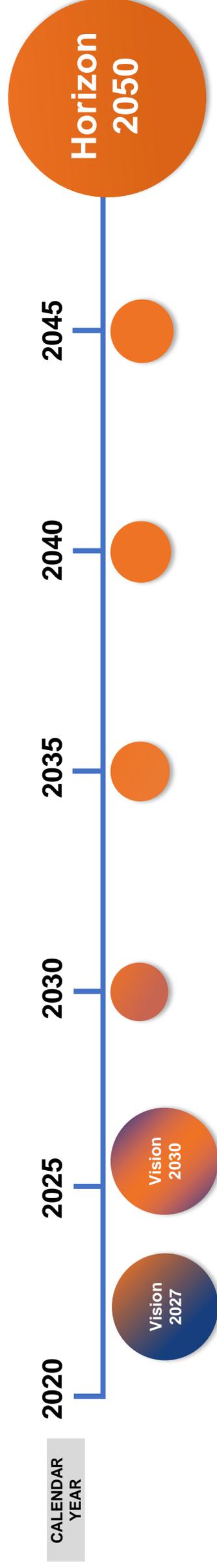
### Ongoing community engagement

- Continue to seek input and feedback from customers, partners, and stakeholders

### Collaboration for continued success

- Keep internal teams connected through milestones, lessons learned, and updates

Advancing the five-year strategic plan by aligning to the Vision 2030 strategic initiatives, anchored to the Horizon 2050 framework.



# VISION 2030: WHAT IT MEANS FOR YOU

## FIVE-YEAR PRIORITIES



**STRENGTHEN** reliability by expanding capacity, modernizing equipment, and improving restoration times during outages.



**IMPROVE** resiliency so our infrastructure can adapt, withstand, and recover quickly from extreme weather and unexpected events, while proactively addressing system opportunities and challenges.



**CONTINUE** to keep our total electric and gas bills among the most competitive in the nation by managing costs responsibly.

# VISION 2030



**GROW** renewable and low-carbon mix by expanding solar, wind, and battery storage while converting aging plants responsibly.



**KEEP** strong community connections through listening, sharing updates, and show up when it matters.



**ENABLE** our workforce by advancing safety culture and equipping our people with advanced technical and digital fluency that enhances the customer experience.



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS

ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
COSA	City of San Antonio		
CAAP	Climate Action & Adaptation Plan		



# FY2027 BUDGET

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*PRESENTED BY:*  
**Cory Kuchinsky, CPA**  
Chief Financial Officer & Treasurer (CFO)

**FEBRUARY 23, 2026**  
*Request for Approval*

# AGENDA

- Governance
- Our Plan, Process, and Guardrails
- FY2027 Budget Plan



**This budget continues to execute our Board-approved plans.**

BUDGET COMPONENT	TIMING	BOARD OF TRUSTEES	CITY COUNCIL
Capital	Annually	✓	
Non-Fuel O&M	Annually	✓	
Debt Issuance	Annually or as needed	✓	✓
City Payment	Monthly	✓	
Fuel Purchases	As needed per policy	✓	
Rate Support	As needed	✓	✓

**We will request your approval of our FY2027 O&M and Capital budget.**

# FINANCIAL PLANNING CYCLE

## ENABLES THE EXECUTION OF OUR STRATEGY

- Customer Growth (Electric & Gas Sales)
- Regulatory Costs (TCOS, ERCOT)
- Fuel Cost (gas, coal, nuclear, renewables)
- Generation Resource Plan
- Market Power Prices
- Wholesale Price, Revenue & Margin
- Interest Rates

### UPDATE INPUTS AND ASSUMPTIONS

**WE DEPLOY AN ANNUAL UPDATE PROCESS**

5-year detailed planning by business unit



In each budget request, Year 1 is presented to the Board for approval

- Outer years are refreshed in subsequent planning cycles
- Are considered preliminary & subject to change

**The financial planning process aligns with the long-term mindset of our strategic plan.**

# FINANCIAL GUARDRAILS



## DEBT

Target: Debt Capitalization Ratio <70% (~\$11.9B)

## CASH FLOW

Target: 1.50 (~\$1.0B)  
Adjusted Debt Service  
Coverage (ADSC)

### CPS Energy Financial Readiness

Run the business efficiently

Absorb an unplanned major weather event

Execute on strategic opportunities

## ACCESS TO CASH & CREDIT

Target: 150 Days Cash on Hand  
& 200 Days Liquidity on Hand  
(~\$1.4B & ~\$1.5B)

Our financial plan must balance these three important financial factors.

# FORECASTED CAPITAL\*

## FY2027 BUDGET OF \$1.7B



42% - \$700M	<p><b>Electric and Gas Infrastructure Reliability</b></p> <ul style="list-style-type: none"> <li>• Electric and Gas distribution and transmission infrastructure projects</li> <li>• Minimize the quantity and duration of customer outages</li> </ul>
20% - \$329M	<p><b>Customer Growth</b></p> <ul style="list-style-type: none"> <li>• Upgrade and extend service to new customers</li> <li>• New meters, subdivisions, and commercial services</li> </ul>
19% - \$321M	<p><b>Power Sustainability and Reliability</b></p> <ul style="list-style-type: none"> <li>• Generation fleet overhauls, planned upgrades, and new projects</li> </ul>
10% - \$166M	<p><b>Technology &amp; Security</b></p> <ul style="list-style-type: none"> <li>• Address physical security risks, computer system upgrades, and computer-based communication</li> </ul>
9% - \$148M	<p><b>Customer and Community Engagement and Shared Services</b></p> <ul style="list-style-type: none"> <li>• Invest in Critical Support Operations - Administration, Financial Services, Legal, Customer, Fleet, and Real Estate Master Plan projects</li> </ul>
\$70M	<p><b>Transmission Financing Structure (TFS)</b></p>

\*This capital plan is partially funded by Contribution in Aid of Construction (CIAC) - external funding not collected thru customer rates. For FY2027, CIAC is estimated to be \$118M.

# FORECASTED NON-FUEL O&M FY2027 BUDGET OF \$1.1B

45% - \$475M

## Labor

- Salaries and Wages, Benefits, Other Compensation

34% - \$360M

## Power Sustainability and Resiliency

- Generation fleet overhauls and seasonal maintenance to maximize plant availability and minimize downtime

10% - \$103M

## Technology & Security

- Maintain and assess enterprise technology systems, execute cyber security initiatives, and design future state of technology platforms

8% - \$84M

## Electric and Gas Infrastructure Reliability

- Electric and Gas distribution and transmission infrastructure maintenance minimize the quantity and duration of customer outages

3% - \$39M

## Customer and Community Engagement and Shared Services

- Investment in programs that promote engagement with customers and stakeholders
- Invest in Critical Support Operations, including Administration, Financial Services, and Legal

**Our O&M budget supports key strategic initiatives, including Customer Growth and Outreach, Technology Improvements, and Reliability.**

# PRIORITIZING CUSTOMER VALUE

## CURRENT SERVICE LEVELS MAINTAINED

### Customer Access & Human Support

- 24/7 fully staffed call centers
- Walk-in payment or service centers
- Dedicated account representatives

### Service Design Choices

- Paper billing
- Flexible billing cycles
- Manual exception handling

### Internal Staffing Expertise

- Customer advocacy roles
- Tailored customer centric training

### Education & Engagement

- Community workshops and neighborhood meetings
- School and civic education programs
- Multilingual and culturally tailored outreach
- Community based sponsorships
- R&D partnership with community organizations

### Local Vendor Procurement

- Recognize value created by buying local

### Field-Based Support

- Customer outreach/ Home visits (CRU)- Block walking
- 24/7 outage response
- Preventative or advisory inspections and services
- Community-based problem resolution

### Energy Efficiency & Assistance Programs

- Free weatherization services, Home Energy Audits
- Extended payment plans
- Proactive delinquency outreach
- Senior, disability, or medical vulnerability programs

### Customer-Owned Generation

- Support through product and rate options
- Staff to support customer education

### Emergency Response Capacity

- Crews, materials, and funding on standby



We are more than a utility provider. We partner with our community to serve local needs.

# EXECUTED SAVINGS INCLUDED IN BUDGET

## REDUCING COSTS AND BILL PRESSURE



### Operational Efficiency

- ✓ **Planned Overtime**
  - ✓ 40% reduction
- ✓ **Fleet Optimization**
  - ✓ \$7M capital savings
  - ✓ \$950K O&M reduction
  - ✓ \$800K revenue from fleet efficiencies



### Technology & Process Optimization

- ✓ **Self-Service Account Reconnection**
  - ✓ 24/7 self-service availability
  - ✓ Remote reconnected
  - ✓ 30% disconnected account supported
- ✓ **Cloud Optimization**
  - ✓ \$1M realizing
  - ✓ \$200K annual run-rate savings
- ✓ **Wireless Consolidation**
  - ✓ \$500K annual savings

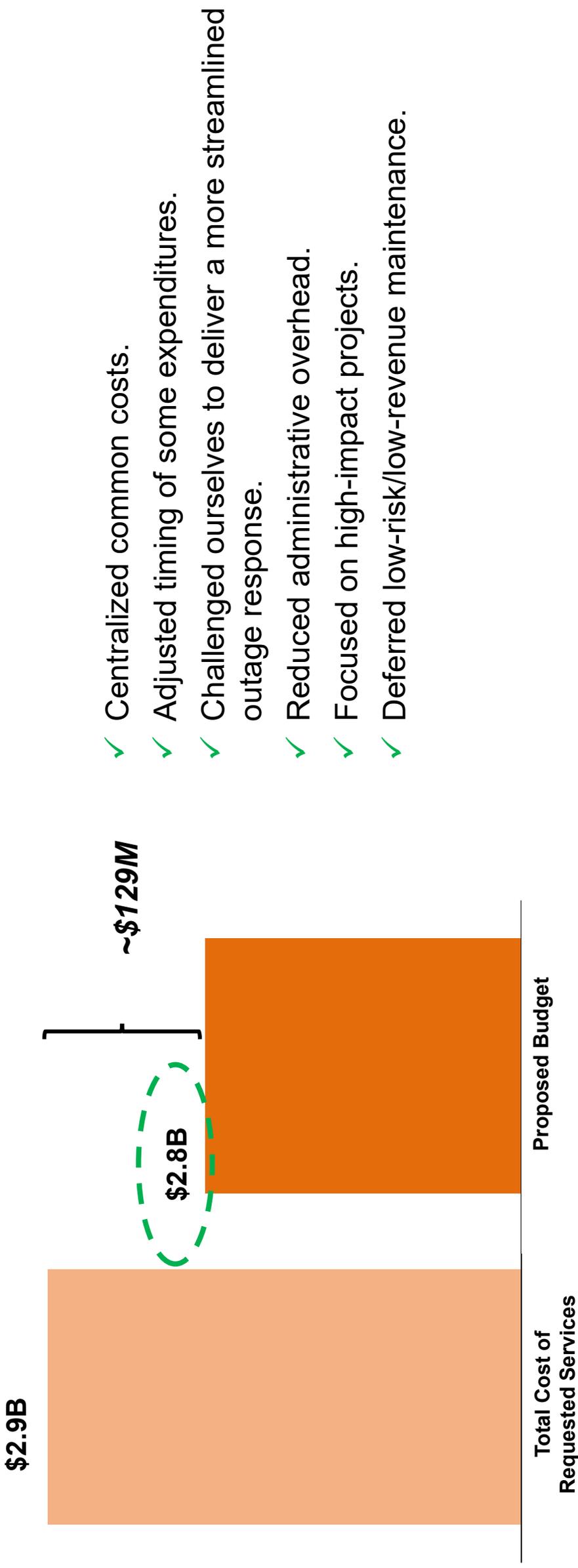


### Revenue & Market Strategy

- ✓ **Wholesale Revenue**
  - ✓ Forward Sales of Wholesale Power
- ✓ **Commodity Prepay**
  - ✓ \$30M savings for renewable energy
  - ✓ \$30M savings for natural gas
- ✓ **Recent Plant Acquisitions**
  - ✓ 2024: Recovered ~1/3 the purchase price first year; Purchased at ~50% below build cost
  - ✓ 2025: ~\$2B saved vs. build price

# FURTHER REDUCTIONS WERE NECESSARY RISK AND REVENUE-BASED PRIORITIZING

## O&M and Capital



Preliminary O&M and Capital estimates exceeded financial guardrails.

# REVENUE CHARACTERISTICS

## NOT ALL REVENUE HAS THE SAME CERTAINTY



### Electric\*

- **Annual Expected Rev: \$1.7B**
  - Annual Growth related: ~\$60M
  - Weather driven demand & rates

- **+/- 3% Impact Range= \$51M**

#### Volatility Drivers:

- Weather
- Customer growth
- Average Usage
- Large Load

\*All numbers are non-fuel

### Gas\*

- **Annual Expected Rev: \$114M**
  - Annual Growth related: ~\$3M
  - Weather driven demand & rates

- **+/- 3% Impact Range= \$3M**

#### Volatility Drivers:

- Weather
- Customer growth
- Average Usage

### Wholesale\*

- **Annual Expected Rev: \$471M**
  - On Contract: ~85%
  - Market based: ~15%

- **+/- 20% Impact Range= \$94M**

#### Volatility Drivers:

- Market Price volatility
- Fuel Cost
- Dispatch & System Conditions
- Weather & Load Variability
- Regulatory & Policy Factors

**While the budget is sound, external factors introduce normal volatility that could affect revenues & require mitigations.**

# FY2027 EXPECTED FINANCIAL RESULTS



	<u>Range</u>	<u>Financial Guardrails</u>	<u>Proposed Budget</u>
<b>Adjusted Debt Service Coverage Ratio</b>	~\$1.1B - ~\$1.3B	1.50	1.60-1.99x
<b>Debt Capitalization Ratio</b>	~\$9.5B - ~\$11.9B	<=70%	65.01% - 69.99%
<b>Days Cash On Hand</b>	~\$1.4B - ~\$1.9B	150	150 - 199
<b>Days Liquidity on Hand</b>	~\$1.5B - ~\$2.1B	200	200 - 274
<b>Fiscal Resiliency Score &gt;= 2.93</b>	N/A		
<b>FY2027 Capital</b>	✓	✓	\$1.7B
<b>FY2027 Non-Fuel O&amp;M</b>			\$1.1B

\*Assumes additional revenue consistent with prior rate plans

Requesting Approval

# REQUEST FOR APPROVAL



We are requesting approval of our Capital & Non-Fuel O&M Budget for FY2027.

The FY2027 proposed budget will fund investments that will benefit our community & meet our commitments, including:

- Meeting customer growth of our community
- Investing in Infrastructure Modernization & Resiliency
- Enabling our digital transformation strategy
- Investing in new generation
- Funding & plan expense for employee benefit obligations
- Continuing to develop our workforce



Budget
FY2027
<b>\$1.7B</b>
<b>\$70M</b>
<b>\$1.1B</b>

**CPS Capital**

**Transmission Financing  
Structure Capital**

**Non-Fuel O&M**



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
Adjusted Debt Service Coverage Ratio (ADSC)	Measurement of available cash flow to pay current debt obligations	EVOLVE	Program for implementing ERP system
CCL	Corpus Christi and Laredo (natural gas plants)	FY	Fiscal Year
Days Cash on Hand (DCOH)	Represents the number of days a company can continue to pay its operating expenses with current cash available	GRIP	Grid Resilience and Innovation Partnerships
Days Liquidity on Hand (DLOH)	Represents the number of days a company can continue to pay its operating expenses with no revenues using current cash and available lines of credit	O&M	Normal costs incurred to keep business operations ongoing (Operating & Maintenance)
Debt Capitalization Ratio	Measurement that shows the proportion of debt a company uses to finance its assets, relative to the amount of cash (equity) used for the same purpose	R&R	A restricted cash account which may be used to fund construction costs (Repair & Replacement account)
Debt Service	In the Flow of Funds, the annual amount of principal and interest payments due to bond holders	STP	South Texas Project
ERCOT	Electric Reliability Council of Texas		
ERP	Enterprise Resource Planning		

# RESULTING OPERATIONAL EXCELLENCE INITIATIVES

## HIGH VALUE EFFORTS CURRENTLY BEING PURSUED

Initiative	Description
<b>ERP Value Recognition</b>	Identify, quantify and track progress of value creation levers resulting from ERP implementation
<b>Technology Maintenance Optimization</b>	Conduct a comprehensive review of all technology maintenance contracts to identify opportunities to consolidate, renegotiate, right-size, or sunset services
<b>Crew Optimization</b>	Evaluate crew composition, scheduling, and dispatching to increase efficiency and reduce idle time and overtime
<b>Contracts &amp; Contractor Optimization</b>	Consolidate, renegotiate, and review active contracts and contractor usage levels to achieve cost savings and improve resource efficiency
<b>Fee Revenue Opportunities</b>	Benchmark and identify new fee opportunities; update miscellaneous customer charges.
<b>Long Term Real Estate Strategy</b>	Maximize real estate assets for long-term plans and sell surplus real estate.

**By regularly reviewing our operations and business processes, we adapt to evolving needs, and identify opportunities that drive performance, innovation, and long-term value.**

# LOOKING AHEAD: BUDGET OUTLOOK

<b>HEADWINDS</b> (CHALLENGES WE FACE)	<b>TAILWINDS</b> (OPPORTUNITIES AHEAD)
<p><b>Economic Pressures:</b> Rising capital costs and inflation are tightening budget flexibility.</p>	<p><b>Community &amp; Load Growth:</b> Population and industrial expansion are driving revenue potential.</p>
<p><b>Cybersecurity Demands:</b> Elevated risk posture requires proactive digital investment.</p>	<p><b>Technology Enablement:</b> ERP, smart grid, automation, and AI will unlock efficiencies.</p>
<p><b>Aging Infrastructure &amp; Climate Risk:</b> Increased maintenance and resilience investments required.</p>	<p><b>Strategic Investments:</b> Programs like the Texas Energy Fund and microgrids enhance reliability.</p>
<p><b>Labor Market Constraints:</b> Execution is impacted by a limited supply of highly trained, in-demand specialists.</p>	<p><b>Financial Discipline:</b> Our strong processes and initiatives like prepay programs and fleet optimization are delivering measurable savings.</p>
<p><b>Regulatory Uncertainty:</b> Shifting state and federal policies introduce planning complexity.</p>	<p><b>Policy &amp; Partnership Alignment:</b> Local and state collaborations are supporting long-term goals.</p>

# TRADE-OFFS AND MITIGATIONS

## DISCIPLINED BUDGET REVIEW



### Energy Supply

- ✓ Prioritized plant maintenance
- ✓ Right-sized maintenance with the expected operational and revenue role of each facility
- ✓ Deferred low risk plant maintenance activities
- ✓ All facilities continue to meet safety, regulatory, and reliability requirements



### Energy Delivery Services

- ✓ Prioritized Vegetation Management, Distribution Reliability programs, transmission projects, and gas leak repair
- ✓ Challenging ourselves to deliver a more streamlined and responsive outage response
- ✓ Focused construction on projects that most improve reliability and can be delivered with minimal disruption
- ✓ Rephasing some programs with minimal reliability impact



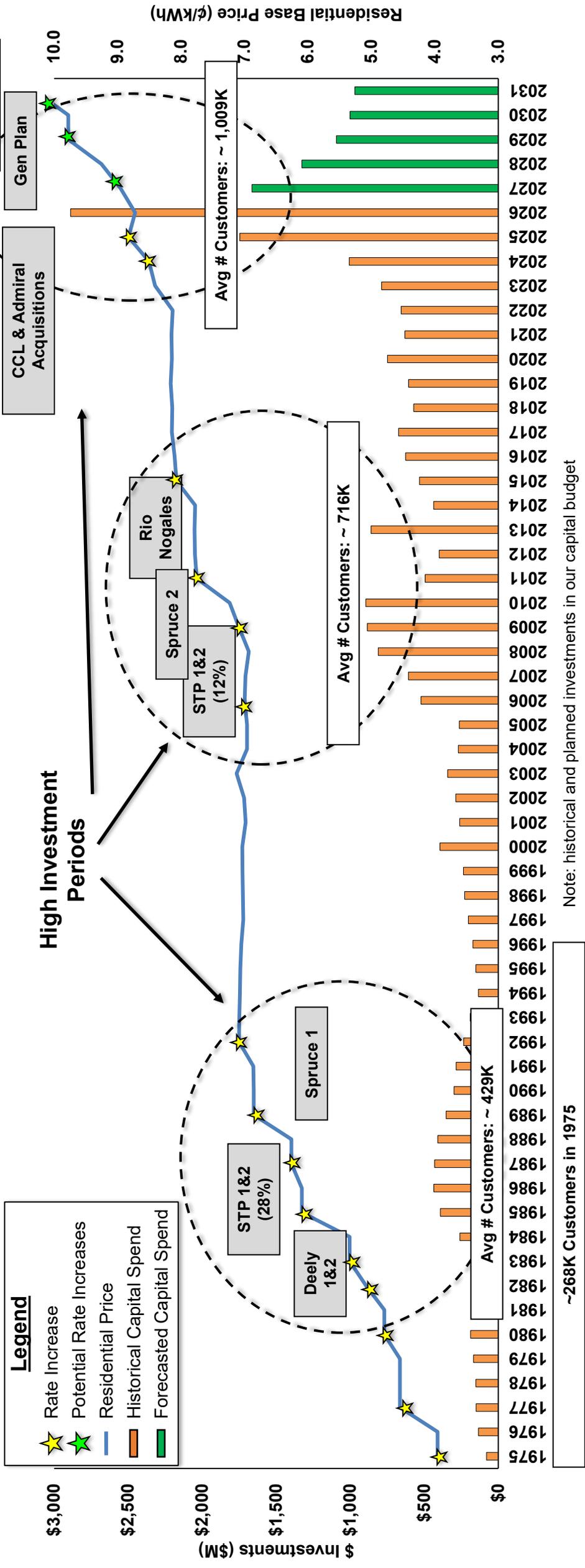
### Shared Services

- ✓ Prioritized physical and cyber security, customer value programs, IT infrastructure, and ERP delivery.
- ✓ Reduced General & Administrative overhead
- ✓ Continued to review common costs and centralize for improved visibility and efficiency
- ✓ Rephased facility projects to focus on ongoing initiatives; ensures new projects align with improvements in flight.

**Over \$100M of requests were reviewed, prioritized, and intentionally excluded to protect affordability and financial stability.**

# HISTORICAL OVERVIEW

## CYCLES OF GROWTH AND INVESTMENT



Note: historical and planned investments in our capital budget

Meeting the needs of our growing community requires periods of high investment and corresponding revenue support.



# FY2027 FINANCING PLAN

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*PRESENTED BY:*  
**Cory Kuchinsky, CPA**  
Chief Financial Officer & Treasurer (CFO)

**FEBRUARY 23, 2026**  
*Request for Approval*

- Financing Plan Governance
- FY2027 Financing Plan

**Our objective today is to receive approval for financial transactions that improve our fiscal resiliency and seek potential savings for our customers.**

BUDGET COMPONENT	TIMING	BOARD OF TRUSTEES	CITY COUNCIL
Capital	Annually	✓	
Non-Fuel O&M	Annually	✓	
Debt Issuance	Annually or as needed	✓	✓
City Payment	Monthly	✓	
Fuel Purchases	As needed per policy	✓	
Rate Support	As needed	✓	✓

**We will request your approval of our FY2027 Financing Plan to execute the FY2027 Capital budget.**

# FY2027 FINANCING PLAN

## APPROVAL SUMMARY



Proposed Actions		Par Amount	Planned New Debt	Reason	Estimated Timing
<b>A. STANDARD AUTHORIZATIONS</b>					
1	Refunding of outstanding interim financing and/or new money	\$1.4B	Y	Support the FY2027 Capital Plan	Q2 & Q3
2	Mandatory Remarketing or Refunding of 2015D & 2023 Bonds <sup>1</sup>	\$199.8M	N	Secure rates or convert to long-term bonds	Q3
3	Renew or Replace existing CP liquidity agreement <sup>2</sup>	\$400.0M	N	1 of the 7 credit agreements supporting the CP program expires 06/2026	Q2
4	Surety Policy – term extension & coverage increase	-	-	Avoid larger cash balances or additional debt for senior lien reserve requirement	Q2
<b>B. MARKET DRIVEN AUTHORIZATIONS</b>					
5	Refunding of NS2016 Refunding and NS2017 Revenue & Refunding	\$538.3M	N	Lower interest costs paid by customers	TBD
6	Tender of taxable and tax-exempt bonds <sup>3</sup>	\$700.0M	N	Lower interest costs paid by customers	TBD
7	Refunding of BABs (Series 2010A)	\$300.0M	N	Eliminates subsidy uncertainty (i.e., sequestration)	TBD
<b>C. NEW AUTHORIZATIONS</b>					
8	EMCP program capacity increase	\$350.0M	N	Ability to secure access to interim financing in support of capital plan & increase fiscal resiliency	Q2
9	CP program capacity increase	\$425.0M	N	Ability to secure access to interim financing in support of capital plan & increase fiscal resiliency	Q2
10	Convert \$825.0M of the CP program to be fully supported by bank credit	-	-	To support our strong short-term credit rating	Q2
<b>D. RECURRING AUTHORIZATION</b>					
11	Refunding authority of maximum EMCP outstanding	\$500.0M	N	Required long-term refunding capacity for EMCP	TBD

1. City Council approval required only for refunding of Series 2015D & Series 2023 Bonds.

2. City Council approval required for replacement of existing agreement.

3. Target tender candidates: Ref. NS2017, Ref. NS2018A, Taxable NS2020, & Taxable NS2022.

# **REQUEST FOR APPROVAL**

## **VOTE - FY2027 FINANCING PLAN**



**Authorization, without obligation, to execute the following transactions by delegating authority to the Chief Executive Officer or Chief Financial Officer over the next 12 months, after City Council approval:**

- **Vote to approve the FY2027 Financing Plan consisting of Standard, Market Driven, New, and Recurring Authorizations**

**Your approval will enable us to continue to support investments in our community, manage our risk exposure and seek potential savings for our customers.**



**THANK YOU**



# APPENDIX

# GLOSSARY / DEFINITIONS



ACRONYM OR WORD	DEFINITION	ACRONYM OR WORD	DEFINITION
BABs	Build America Bonds	NPV	Net Present Value
CP	Commercial Paper	NS	New Series, designation for Senior Lien bonds
EMCP	Extendible Municipal Commercial Paper	O&M	Operations & Maintenance
New Money	Bond proceeds for new capital projects	Tender	Bond issuer makes offer to buy their bonds from the bondholders

# A. STANDARD AUTHORIZATIONS

## OVERVIEW

1. **Refunding of outstanding interim financing and/or new money, \$1.4B:** Refund outstanding short-term debt into long-term bonds and/or issue new long-term bonds in support of the FY2027 Capital Budget.
2. **Remarketing or Refunding of 2015D & 2023 Bonds, \$199.8M:** Provide flexibility to secure new short-term rate period.
3. **Renew or Replace existing CP liquidity agreement, \$400.0M:** Renew and extend or replace the liquidity agreement with Bank of America, which expires in June 2026, to retain access to interim financing capacity and support our fiscal resiliency,
4. **Surety Policy – term extension and/or coverage increase:** Additional surety coverage to provide us flexibility to continue using lower cost of debt achievable on senior lien without a deposit of cash to the required reserve fund. May take the form of a term extension and/or capacity increase of the existing policy or a new supplemental surety policy.

**These standard transactions will provide the flexibility needed to support our planned operations and provide potential debt service savings (related to the bond refunding transactions) of approximately \$20.0M - \$44.4M<sup>1</sup>.**

# A 4. SURETY POLICY

## TERM EXTENSION AND/OR COVERAGE INCREASE

- Required to fund a reserve related to the issuance of Senior Lien bonds (typically represents the lowest cost of debt)
- Senior Lien bond ordinances permit the reserve fund requirements to be met with a qualified surety policy
- Maintenance of a reserve fund generally results in a higher bond rating
- Currently provides coverage of up to **\$400M** (*Senior Lien bond debt service may not exceed this amount*)
- Current Senior Lien capacity is approximately **\$172M**
- Policy expires **February 1, 2057** (*Senior Lien bonds issued may not mature beyond this date*)

**Our request is to extend policy terms and/or increase coverage to continue utilizing the Senior Lien lower cost of debt.**

# B. MARKET DRIVEN AUTHORIZATIONS



## OVERVIEW

- 5. Refunding of NS2016 Refunding and NS2017 Revenue & Refunding, \$538.3M:** Refunding of callable bonds to lower interest rate and generate debt service savings (\$20.0M - \$44.4M<sup>1</sup>), subject to market conditions.
- 6. Tender of taxable and tax-exempt bonds<sup>2</sup>, \$700.0M:** Reauthorization to repurchase and retire outstanding bonds with new tax-exempt bonds to generate debt service savings (\$2.0M<sup>3</sup> - \$16.0M<sup>4</sup>), subject to market conditions and bond holder participation.
- 7. Refunding of BABs (Series 2010A), \$300.0M:** Reduce exposure to partial or full elimination of the federal subsidy, subject to market conditions. [The ordinance will reflect a maximum loss of \$3.0M].

1. Represents range of net present value savings under current market conditions, as of December 4th, 2025, plus / minus 0.50% in interest cost; Interest costs based on the AAA BVAL index plus a CPS Energy specific credit spread; Low end savings calculation excludes any elements of the refunded bonds which would generate negative savings under that interest rate environment.
2. Target tender candidates: Ref. NS2017, Ref. NS2018A, Taxable NS2020, & Taxable NS2022.
3. Low end estimate assumes taxable bonds receive 5% participation from investors at a net present value savings level of 3% of tendered par; Assumes tax-exempt bonds receive 15% participation at a net present value savings level of 5% of tendered par.
4. High end estimate assumes taxable bonds receive 10% participation from investors at a net present value savings level of 10% of tendered par; Assumes tax-exempt bonds receive 40% participation at a net present value savings level of 15% of tendered par.

**These are opportunistic transactions that allow us to seek savings for our customers.**

# C. NEW AUTHORIZATIONS

## OVERVIEW



- 8. EMCP program capacity increase, \$350.0M:** Increase EMCP capacity to diversify the interim financing program with products that do not require external liquidity support and improve our fiscal resiliency.
- 9. CP program capacity increase, \$425.0M:** Increase commercial paper capacity to support the capital improvement plan, improve our fiscal resiliency, and reduce costs to our customers with the strategic use of lower-cost interim financing.
- 10. Convert \$825.0M of the CP program to be fully supported by bank credit:** To support the programmatic increase of the CP program without needing to retain a higher cash balance or risking a potential negative rating action.

**These new authorizations provide the flexibility needed to support our capital improvement plan with the necessary interim financing capacity for the next two fiscal years.**

# D. RECURRING AUTHORIZATION OVERVIEW

**11. Refunding authority of maximum EMCP outstanding, \$500.0M:** Required annual refunding resolution of the Board of Trustees and ordinance of City Council. Authorization to refinance maximum balance of the program is required by Texas AG and rating agencies.

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE ISSUANCE AND SALE OF ONE OR MORE SERIES OF OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS REVENUE AND REFUNDING BONDS” AND THE TENDER OF OUTSTANDING OBLIGATIONS FOR PURCHASE AND THE SUBSEQUENT SALE OF ASSOCIATED REFUNDING BONDS, EACH AS FURTHER DISTINGUISHED BY PURPOSE, SERIES, LIEN PRIORITY, INDICES, TIME OF ISSUANCE, SALE METHOD, TAX TREATMENT, TRANSACTION STRUCTURE, AND METHOD OF CALCULATING INTEREST RATE (WHETHER FIXED OR VARIABLE); THE APPROVAL OF APPLICABLE INVITATIONS AND SEPARATE OFFERING DOCUMENTS RELATING TO EACH SERIES OF OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH**

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

WHEREAS, the Board has determined that one or more series of revenue and refunding obligations designated as “City of San Antonio, Texas Electric and Gas Systems Revenue and Refunding Bonds”, as further distinguished, respectively, by series, indices, year of issuance, purpose of issuance, lien priority, time of issuance, sale method, federal tax treatment, transaction structure, and method of calculating interest rate (whether fixed or variable rate) for distinction in the event of multiple issuances (collectively, the *Obligations*), in the approximate aggregate maximum principal amount of \$3,638,100,000 should now be issued by the City to provide funds for the purposes, as applicable, of (i) acquiring, purchasing, constructing, repairing, extending, equipping, and renovating the Systems, (ii) refunding the Refunding Candidates (as such term is defined in the hereinafter-defined Ordinance), (iii) refunding the Tender Candidates (as such term is defined in the Ordinance) purchased for cancellation in accordance with the hereinafter-defined Invitation for debt service savings, and (iv) paying costs of issuance of the Obligations; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the issuance of additional obligations secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Ordinance and that will be on parity with or subordinate to certain of the heretofore issued Outstanding Obligations secured by and payable from, on a

series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Obligations, consent to the issuance of the same, approve the ordinance authorizing each series of the Obligations (the *Ordinance*), and any ancillary documentation including (i) the approval of a credit agreement (the *Credit Agreement*), (ii) authorization and approval of bonds refunded through the payment of the purchase price and cancellation thereof through a tender offer (the *Tender Offer*), (iii) the approval and distribution of an invitation to offer bonds for purchase (together, with all exhibits and appendices thereto, the *Invitation*), (iv) the approval and distribution of the disclosure documents relating thereto, as applicable, (v) the execution of a dealer manager agreement (the *Dealer Manager Agreement*) with the dealer manager (the *Dealer Manager*), and (vi) an agreement (the *Information Agent and Tender Agent Agreement*) with the information agent and tender agent (the *Information Agent and Tender Agent*); and agree to comply with all the terms and provisions of the Ordinance, including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Obligations; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,

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

1. The City Council is hereby formally requested to authorize the Tender Offer and sell the Obligations in one or more series, and as designated by series, indices, purpose, lien priority, time of issuance, sale method, transaction structure, method of interest calculation, and federal tax treatment in the manner hereinbefore described, in the aggregate maximum principal amount of approximately \$3,638,100,000 (\$500,000,000 of which comprises the potential required annual refunding authority for the associated Extendible Municipal Commercial Paper Program as may be prospectively authorized), and the Board by the adoption of this Resolution hereby evidences its consent to the issuance and sale of the Obligations and the payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Credit Agreement and the Ordinance authorizing the issuance of the Obligations (as further designated to distinguish among series in accordance with the Ordinance) if issued in one or more series, substantially in the form attached to this Resolution as Exhibit A and the Tender Offer of the Tender Candidates, such Ordinance being incorporated herein by reference for all purposes.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom. Any authority included in the Invitation and the Ordinance authorizing a Board representative to establish the final terms and conditions governing the launch of the Tender Offer and sale of each series of Obligations shall expire not later than the date of expiration that is specified in the Invitation and the Ordinance, respectively.

3. The Invitation and the Preliminary Official Statement relating to each series of Obligations in substantially the form or forms presented at this meeting is hereby approved and

“deemed final” for the purpose of complying with the United States Securities and Exchange Commission’s Rule 15c2-12 and the President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer of the Board (whether serving in an interim or acting capacity) (each, an *Authorized Official* and, together, the *Authorized Officials*) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to distribute the Invitation and execute each final Official Statement on behalf of the Board.

4. The contract pertaining to the Tender Offer and sale of each series of Obligations (the *Purchase Contract*), the Dealer Manager Agreement, and the Information Agent and Tender Agent Agreement (collectively, the *Tender Documentation*), each dated as of the date of the Tender Offer or the sale, as applicable, of the pertinent series of Obligations among (i) the underwriter or underwriters or direct placement purchaser or purchasers, Dealer Manager, and Information Agent and Tender Agent named therein, and (ii) the City and the Board, in the form presented at this meeting is hereby approved, and any Authorized Official is hereby authorized to execute the Purchase Contract and Tender Documentation on behalf of the Board and to deliver it to the other parties thereto.

5. In lieu of a Purchase Contract for each respective series of Obligations, the Board reserves the right to alter the method and manner of sale for any series of Obligations to, including a private placement and/or a competitively bid sale for such series of Obligations. Such decision by the Board shall include execution of one or more purchase and investment letters (each, an *Investment Letter*) and official bid forms (each, an *Official Bid Form*, and together with an Investment Letter, a *Transaction Contract*) relating to a particular series of Obligations, to be dated as of the effective date of the transaction related to the applicable series of Obligations and among the purchaser or purchasers named therein, the City, and the Board in the form presented at this meeting is hereby approved, and each Authorized Official is hereby authorized to execute the applicable Transaction Contract relating to a particular series of Obligations on behalf of the Board and to deliver it to the other parties thereto.

6. To effectuate the purchase of the Tender Candidates that comprise the Refunded Obligations (as defined in the Ordinance), the Board hereby appoints the Dealer Manager and the Information Agent and Tender Agent to assist the City in conducting the Tender Offer and further authorizes each Authorized Official, in conjunction with the Dealer Manager, to execute, acknowledge, modify, deliver, and file with the Municipal Securities Rulemaking Board and DTC, respectively, any and all documentation related to the Tender Offer. The Board delegates to each Authorized Official the right to select the Tender Offer method and determine the purchase price for each maturity of the Refunded Obligations subject to the Tender Offer.

7. The Board recognizes that provisions of the Ordinance, completed with respect to a series of Obligations, contain representations, covenants, and obligations of the City relating to the Obligations and, as and if applicable, the preservation of tax-exempt treatment of the interest on such series of Obligations for federal income tax purposes. Since the proceeds of the applicable series of Obligations will be entirely within the control and disposition of the Board,

the Board specifically adopts the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

8. The Board recognizes that provisions of the Ordinance relating to “Continuing Disclosure of Information”, contains covenants of the City relating to the Obligations that are publicly sold in the capital markets. Since certain financial information, financial status, operating data, and annual audits of the Systems will be entirely within the control and disposition of the Board, the Board specifically adopts the covenants to be made by the City Council in those provisions of the Ordinance.

9. In order to comply with various provisions of Texas law, various certificates must be provided to counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the Tender Offer and the issuance, sale, and delivery of each series of Obligations.

10. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the Tender Offer and the sale, issuance, and delivery of each series of Obligations and the funding, as applicable, of the purchase fund and escrow, respectively, established in connection with the issuance of a series of refunding Obligations, a purpose of which is the refunding of any Tender Candidates and Refunding Candidates (including engagement of an escrow bidding agent to facilitate the acquisition of eligible securities to fund such escrow). This delegation shall last through the period of expiration as set forth in the Ordinance.

11. The Board hereby authorizes PFM Financial Advisors LLC and Estrada Hinojosa, as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and other qualified firm. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

12. Capitalized terms used herein without definition shall have their respective meaning ascribed thereto in the Ordinance.

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

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

\* \* \*

PASSED AND ADOPTED, this 23rd day of February 2026.

CITY PUBLIC SERVICE BOARD OF  
SAN ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

**EXHIBIT A**

Bond Ordinance

(See Tab No. \_\_)

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS REQUESTING THE CITY COUNCIL OF SAN ANTONIO, TEXAS APPROVE AN AMENDED AND RESTATED ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS EXTENDIBLE MUNICIPAL COMMERCIAL PAPER OBLIGATIONS”, AS MAY BE FURTHER DESIGNATED FROM TIME TO TIME BY TYPE, PURPOSE, INDICES, SERIES, LIEN PRIORITY, TAX TREATMENT, AND INTEREST CALCULATION; THE APPROVAL OF EACH OFFERING MEMORANDUM RELATING TO SUCH OBLIGATIONS; AND AUTHORIZING OTHER MATTERS IN CONNECTION THEREWITH**

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

WHEREAS, the City Council, by Ordinance No. 2024-05-02-0297 (the *Original Ordinance*) heretofore authorized the “City of San Antonio, Texas Electric and Gas Systems Extendible Municipal Commercial Paper Obligations”, as further distinguished by type, series, purpose of issuance, indices, lien priority, federal tax treatment, and method of calculating interest rate for distinction in the event of multiple series (together, the *Obligations*), in the maximum aggregate principal amount of \$150,000,000; and

WHEREAS, the Board desires to amend and restate the Original Ordinance to increase the maximum principal amount to \$500,000,000 (the *Maximum Amount*) to permit the City to continue to provide funds for the purposes, as applicable, of (i) financing costs associated with acquiring, purchasing, constructing, improving, repairing, extending, equipping, renovating, fueling, and (to the extent permitted by applicable law) operating the Systems, (ii) paying costs of issuance of the Obligations; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable ordinances of the City prescribing the terms and conditions upon which the issuance of additional obligations secured by and payable from a lien on and pledge of the net revenues of the Systems on a level of priority in accordance with the applicable provisions of the Original Ordinance and that will be on parity with or subordinate to certain of the heretofore issued Outstanding Obligations secured by and payable from, on a series by series basis, a lien on and pledge of net revenues of specified priority, it is necessary and proper for the Board to formally request the City Council to authorize and sell the Obligations in the Maximum Amount, consent to the issuance of the same, approve the amended and restated ordinance authorizing each series of the Obligations (the *Ordinance*), including the approval and distribution of the updated disclosure documents relating thereto, and agree to comply with all the terms and provisions of the Ordinance,

including, but not limited to, those relating to the operation of the Systems and the handling of the proceeds of the Obligations; and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,

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

1. The City Council is hereby formally requested to authorize an amended and restated program (the *Program*) and sell the Obligations in one or more type, series, and as designated by series, purpose, indices, lien priority, method of interest calculation, and federal tax treatment in the manner hereinbefore described, in the aggregate principal amount not to exceed the Maximum Amount of \$500,000,000, and the Board by the adoption of this Resolution hereby evidences its consent to the Program, the issuance and sale of the Obligations from time to time, and the payment thereof from a lien on and pledge of the Net Revenues of the Systems (such level of priority determined in accordance with the applicable provisions of the Ordinance) and its approval of the Ordinance authorizing the issuance of the Obligations (as further designated to distinguish among series in accordance with the Ordinance) if issued in one or more series, substantially in the form attached to this Resolution as Exhibit A, such Ordinance being incorporated herein by reference for all purposes.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems and the disposition of the revenues therefrom, and the Systems' staff is directed to continue previously implemented procedures consistent with industry practices to protect the Systems from risks surrounding any failed remarketing related to the Obligations. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions governing each series of Obligations shall expire not later than the date of expiration that is specified in the Ordinance. Previously, the Board adopted, on an annual basis, a resolution authorizing the refunding of the Obligations into long-term debt in the maximum par amount of all Obligations authorized hereunder, and the Board maintains the prospective continuing intent to adopt refunding authority on an annual basis related to these Obligations.

3. An Updated Offering Memorandum relating to the Obligations in substantially the form or forms presented at this meeting are hereby approved and "deemed final" for the purpose of complying with the United States Securities and Exchange Commission's Rule 15c2-12 and the President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer of the Board (each, an *Authorized Official* and, together, the *Authorized Officials*) is authorized to prepare or approve any changes or additions to these disclosure documents which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board or the President and Chief Executive Officer, or any of them, is authorized to execute each final Updated Offering Memorandum on behalf of the Board.

4. One or more dealer agreements pertaining to the Program authorizing the Obligations (collectively, the *Dealer Agreement*), were executed as of the date of the authorization of the Original Program, and any Authorized Official is hereby authorized to effectuate any amendments

or additions to any Dealer Agreement (or new Dealer Agreement with a qualified financial institution) to accommodate the Program.

5. The Board recognizes that provisions of the Ordinance, completed with respect to a series of Obligations, contain representations, covenants, and obligations of the City relating to the Obligations and, as and if applicable, the preservation of tax-exempt treatment of the interest on such series of Obligations for federal income tax purposes. Since the proceeds of the applicable series of Obligations are entirely within the control and disposition of the Board, the Board specifically confirms the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

6. In order to comply with various provisions of Texas law, various certificates must be provided to bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other documents, relating to the issuance, sale, and delivery of each series of Obligations.

7. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to modify the Program related to the Obligations and the refunding transaction in connection with the Obligations, a purpose of which is the refunding of any Obligations. This delegation shall last through the period of expiration as set forth in the Ordinance.

8. The Board hereby authorizes PFM Financial Advisors LLC and Estrada Hinojosa, as its financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and other qualified counsel. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

9. Capitalized terms used herein without definition shall have their respective meaning ascribed thereto in the Ordinance.

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

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

\* \* \*

PASSED AND ADOPTED, this 23rd day of February 2026.

CITY PUBLIC SERVICE BOARD OF SAN  
ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

**EXHIBIT A**

City Council Ordinance

See Tab No. \_\_

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS REQUESTING THE CITY COUNCIL OF SAN ANTONIO, TEXAS APPROVE AN AMENDED AND RESTATED ORDINANCE AUTHORIZING THE ISSUANCE OF OBLIGATIONS FROM TIME TO TIME UNDER THE ORIGINAL COMMERCIAL PAPER PROGRAM AND THE NEW SERIES COMMERCIAL PAPER PROGRAM, IN AN AGGREGATE COMBINED PRINCIPAL AMOUNT AT ANY ONE TIME OUTSTANDING NOT TO EXCEED \$1,675,000,000 OF COMMERCIAL PAPER NOTES AND THE EXECUTION OF ONE OR MORE CREDIT AGREEMENTS, REIMBURSEMENT AGREEMENTS, DEALER AGREEMENTS, AND ANY OTHER DOCUMENTATION IN CONNECTION THEREWITH; APPROVING ONE OR MORE UPDATED OFFERING MEMORANDUMS RELATED THERETO; ESTABLISHING AN EFFECTIVE DATE; AND RESOLVING OTHER MATTERS IN CONNECTION WITH THE FOREGOING**

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

**WHEREAS**, the Council, by Ordinance No. 2019-04-11-0314 (the *Commercial Paper Ordinance*), heretofore authorized the issuance of in obligations in varying form, including those obligations authorized, in multiple series, as “City of San Antonio Electric and Gas Systems Commercial Paper Notes” (the *Original Notes*), in order to continue an interim financing program (the *Original Program*) for certain eligible project costs with respect to the Systems and to refund and pay the Notes theretofore issued; and

**WHEREAS**, the City utilizes the Original Program to assist in the financing of capital improvements to the Systems, provide working capital and funds for fuel acquisition, pay interest on resold Notes, refund outstanding Notes on maturity, and to redeem certain other Systems’ obligations; and

**WHEREAS**, the Board, in their efforts to continue to take advantage of the opportunities available from the traditionally low cost of short-term debt obligations, thereafter established a companion commercial paper program (the *Companion Program*) for the same purposes for which the Original Program exists and in varying form, including those obligations designated, in multiple series, as “City of San Antonio Electric and Gas Systems Commercial Paper New Series Notes” (the *New Series Notes*, and together with the Original Notes, the *Notes*), in order to continue to provide interim financing for certain eligible project costs with respect to the Systems and to refund and pay the New Series Notes theretofore issued; and

**WHEREAS**, the Council, by Ordinance No. 2023-04-20-0254, as amended from time to time (the *Companion Ordinance*), adopted the Companion Ordinance establishing the Companion Program to provide for the total capacity of the Original Program and the Companion Program (together, the *Program*) in an aggregate principal amount at any one time outstanding not to exceed \$1,250,000,000, and providing the maturity date of any Notes issued under the Companion Program to not later than forty years after the date of the Council's adoption of the Companion Ordinance; and

**WHEREAS**, the Board desires to expand the Program, with respect to the aggregate principal amount of the Notes at any one time outstanding to continue to take advantage of the opportunities available from the low cost of short-term debt obligations and convert liquidity related thereto from standby to direct pay; and

**WHEREAS**, to accommodate the foregoing, the Board requests the City adopt an ordinance amending and restating, in its entirety, the Commercial Paper Ordinance (the *Restated Ordinance*) to provide for the increase in programmatic capacity and modify other programmatic features, which are deemed advantageous to the Systems; and

**WHEREAS**, the form of the issuance of Notes in an aggregate principal amount at any one time outstanding shall not to exceed \$1,675,000,000 and the extension of the maturity date of any Notes issued under the Original Program shall not be later than forty years after the date of the Council's adoption of the Restated Ordinance; and

**WHEREAS**, the Board hereby finds and determines that the adoption of this Resolution is in the best interests of the ratepayers of the City; and

**WHEREAS**, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems, it is necessary and proper for the Board to formally request the Council authorize and approve the Restated Ordinance authorizing the foregoing matters; and now, therefore,

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

Section 1. The Board requests that the Council adopt the Restated Ordinance, in substantially the form attached hereto as Exhibit A, amending and restating, in its entirety, the Commercial Paper Ordinance to provide for the issuance of Notes under the Program in an aggregate principal amount at any one time outstanding not to exceed \$1,675,000,000 (the *Total Program Authorization*) (representing an increase in the authorized aggregate principal amount of Notes by \$425,000,000 expected to be accorded to the Original Program), to provide for Notes issued under the Original Program to finally mature not later than forty years from the date the Council adopts the Restated Ordinance (representing an extension of the final maturity date specified in the Commercial Paper Ordinance), and to convert certain programmatic liquidity from the current standby feature to direct pay.

Section 2. In addition to the items described in Section 1 above, the Restated Ordinance will also approve the City's entering into and extending, as applicable, one or more credit agreements, reimbursement agreements, dealer agreements, and any other necessary documentation (collectively, the *Program Documentation*), each with substantially similar terms and forms of which are attached to the Restated Ordinance as exhibits thereto, with financial institutions (individually, a *Bank* and, collectively, the *Banks*), qualified to provide related support under applicable law (e.g., liquidity, dealer, or other services associated with the Program) to the City, as further set forth and identified in the Restated Ordinance. Under the respective Program Documentation, the identified Bank(s) shall provide liquidity support for Notes in a combined amount (principal only; not interest) not to exceed the Total Program Authorization for all Notes. The Board acknowledges the City, at the request of the Board, previously entered into dealer agreements for the Original Notes, which are each hereby confirmed.

Section 3. The President and Chief Executive Officer of the Board, Secretary or Assistant Secretary of the Board, Chief Financial Officer and Treasurer of the Board, and any Treasurer or Assistant Treasurer of the Board (each, an *Authorized Official*), or their designees, are hereby authorized to finalize and approve one or more Updated Offering Memorandums (collectively, the *Offering Memorandum*) relating to all Notes under the Original Program that are authorized to be publicly marketed and sold, and are further authorized to take any and all other actions consistent with the provisions of this Resolution, which includes the preparation, finalization, and distribution of the Offering Memorandum related thereto.

Section 4. The Board recognizes that certain provisions of the Program Documentation impose duties and obligations on the City, the performance of which are necessary for the City's compliance therewith. Because these duties and obligations primarily pertain to the operation of the Systems and the administration of the Notes, compliance is entirely within the control and disposition of the Board and the Systems staff. As a result, the Board specifically adopts and assumes as its own those duties and obligations of the City arising under the Program Documentation, including the ability to negotiate with the appropriate Bank(s) and other counterparties involved in the Original Program.

Section 5. The Board delegates to each Authorized Official the authority to (i) take any and all other actions consistent with the provisions of this Resolution, the Program Documentation, and the Restated Ordinance to be adopted by the Council to approve the actions which are the subject of this Resolution (including the selection of qualified Bank(s) to provide such services), (ii) evidence adoption of this Resolution, and (iii) do any and all things necessary or convenient to give effect to the intent of this Resolution and to effectuate the Program Documentation. Any action taken by an Authorized Official to effectuate the foregoing, including (without limitation) execution of agreements and other documentation on behalf of the Board, shall serve as the act and deed of the Board for any and all purposes.

Section 6. The Board hereby authorizes its financial advisors, PFM Financial Advisors LLC and Estrada Hinojosa to coordinate these financial matters in consultation with Systems staff, City staff, McCall, Parkhurst & Horton L.L.P. and any other qualified firm, and the legal counsel of the counterparties selected pursuant to the competitive processes. This Resolution is required to provide for the payment of necessary professional fees incurred in connection with matters that are the subject of this Resolution or are related thereto. In addition, the Board authorizes the

payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by the Systems staff.

Section 7. All resolutions, or parts thereof, which are in conflict or inconsistent with any provision of this Resolution are hereby repealed to the extent of such conflict, and the provisions of this Resolution shall be and remain controlling as to the matters resolved herein.

Section 8. This Resolution shall be construed and enforced in accordance with the laws of the State of Texas and the United States of America.

Section 9. If any provision of this Resolution or the application thereof to any person or circumstance shall be held to be invalid, the remainder of this Resolution and the application of such provision to other persons and circumstances shall nevertheless be valid, and the Board hereby declares that this Resolution would have been enacted without such invalid provision.

Section 10. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

Section 11. This Resolution shall be in force and effect from and after its final passage, and it is so resolved.

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PASSED AND ADOPTED on the 23rd day of February 2026.

CITY PUBLIC SERVICE BOARD  
OF SAN ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST

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Secretary, Board of Trustees

**EXHIBIT A**  
**CITY COUNCIL ORDINANCE**

See Tab No. \_\_\_\_

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE AMENDMENT AND EXTENSION OF THE SURETY POLICY TERMS SATISFYING THE DEBT SERVICE RESERVE FUND REQUIREMENTS RELATED TO THE SENIOR LIEN OBLIGATIONS; DELEGATING THE AUTHORITY TO CERTAIN STAFF TO APPROVE OTHER MATTERS IN CONNECTION THEREWITH; AND PROVIDING AN EFFECTIVE DATE**

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

WHEREAS, as additional security for the Senior Lien Obligations, the City's authorizing ordinances require the establishment and maintenance of a reserve amount (the *Reserve*) equal to not less than the average annual principal and interest requirements of all outstanding Senior Lien Obligations, which may be funded by securing an insurance policy, surety policy, or other similar credit facility; and

WHEREAS, the City previously made the determination that the acquisition of a debt service reserve fund surety policy (the *Surety Policy*) is cost effective to funding the Reserve relating to the Senior Lien Obligations, and previously acquired the current Surety Policy from Assured Guaranty Inc. (formerly known as Assured Guaranty Municipal Corp.) (*AGI*), whereby such Surety Policy provides the City with a maximum coverage amount equal to \$400,000,000 with a term ending on February 1, 2057 (the *Expiration Date*); and

WHEREAS, because the current Surety Policy restrains the City's amortization of Senior Lien Obligations to not later than the Expiration Date, the Board requests to extend the Surety Policy's terms and increase the maximum coverage available thereunder to permit the continued issuance of long-term Senior Lien Obligations to fund the Systems' operations at the lowest costs available in the capital markets; and

WHEREAS, the Board has determined to enter into negotiations with AGI and/or another qualified Surety Policy provider to make the necessary commitments or amendments thereto (as applicable), including an extension of the maturity date and the maximum coverage applicable thereto; and

WHEREAS, by virtue of the authority and power vested in the Board with reference to the expenditure and application of the revenues of the Systems and to comply with the terms and conditions prescribed in the applicable City ordinance setting forth matters related to the Surety Policy, it is necessary and proper for the Board to formally request the City Council to authorize and consent to the amendment and extension of the Surety Policy terms satisfying the Reserve requirements related to the Senior Lien Obligations and other matters in connection therewith (such consent to be evidenced in an ordinance (the *Ordinance*) in substantially the form set forth in Exhibit A hereto); and

WHEREAS, the Board hereby finds that adoption of this Resolution is in the best interests of the Systems and its ratepayers; and now, therefore,

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

1. As an additional option for satisfying the Reserve requirements related to the Senior Lien Obligations and/or to provide additional capacity to issue additional Senior Lien Obligations prospectively, each Authorized Official (defined herein) is authorized to negotiate and enter into with one or more insurance providers a Surety Policy, in substantially the form attached hereto as Exhibit B, for the purpose of causing such provider or providers to amend and extend the current Surety Policy terms and other matters in connection therewith.

2. The Board hereby agrees to comply with all of the terms and provisions of the Ordinance with relation to the administration and operation of the Systems, the disposition of the revenues therefrom, and the requirements of the Surety Policy related thereto. Any authority included in the Ordinance authorizing a Board representative to establish the final terms and conditions of the Surety Policy shall expire not later than the date of expiration that is specified in the Ordinance.

3. The President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer of the Board (whether serving in an interim or acting capacity) (each, an *Authorized Official*, and together, the *Authorized Officials*) is authorized to prepare or approve any modifications or additions to the Surety Policy which shall be deemed appropriate or necessary, and the Chair or Vice Chair of the Board, the President and Chief Executive Officer, the Chief Financial Officer, and any Treasurer, is authorized to undertake the same on behalf of the Board.

4. The Surety Policy, a form of which is presented at this meeting is hereby approved, and any Authorized Official is hereby authorized to effectuate the Surety Policy on behalf of the Board.

5. The Board recognizes that provisions of the Ordinance contain representations, covenants, and obligations of the City relating to the Surety Policy. Since the administration and effectuation of the Surety Policy will be entirely within the control and disposition of the Board, the Board specifically adopts the representations, covenants, and obligations of the City or those to be made by the City Council in that section of the Ordinance.

6. In order to comply with various provisions of Texas law, various certificates must be provided to co-bond counsel and to the Attorney General for the State of Texas; therefore, upon obtaining the advice and consent of legal counsel, each Authorized Official is authorized to execute any certificate or other required documentation relating to the effectuation of the Surety Policy.

7. The Board delegates to each Authorized Official, or the designee thereof, the authority to take any and all other actions consistent with the provisions of this Resolution and the Ordinance to effectuate the amendment and extension of the Surety Policy terms satisfying the Reserve requirements related to the Senior Lien Obligations and other matters related thereto. This delegation shall last through the period of expiration as set forth in the Ordinance.

8. The Board hereby authorizes PFM Financial Advisors LLC and Estrada Hinojosa, as its co-financial advisors, to coordinate these financial matters in consultation with CPS Energy staff, City staff, and McCall, Parkhurst & Horton L.L.P. and another qualified firm. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval of written invoices by any Authorized Official or their designated staff.

9. Capitalized terms used herein without definition shall have the respective meaning ascribed thereto in the Ordinance.

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

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

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PASSED AND ADOPTED, this 23rd day of February 2026.

CITY PUBLIC SERVICE BOARD OF  
SAN ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

**EXHIBIT A**

Ordinance

(See Tab No. \_\_)

**EXHIBIT B**

Form Surety Policy

(See Tab No. \_\_)

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE REMARKETING OF OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS VARIABLE RATE JUNIOR LIEN REVENUE BONDS, SERIES 2015D” INTO ONE OR MORE NEW INTEREST MODES; AUTHORIZING CERTAIN CPS ENERGY REPRESENTATIVES TO EXECUTE AN APPROVAL CERTIFICATE MEMORIALIZING THE TERMS OF SUCH REMARKETING; APPROVING A REMARKETING AGREEMENT AND REMARKETING MEMORANDUM RELATING TO THESE OBLIGATIONS; AND OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) has heretofore issued, and there are currently outstanding, revenue bonds (the *Senior Lien Obligations*) supported by a first and prior lien on and pledge of the Net Revenues of the City’s electric and gas systems (as further described herein, the *Systems*); and

WHEREAS, the City Council has heretofore issued, sold, and delivered, and there are currently outstanding, revenue bonds (the *Junior Lien Obligations*) which are equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems, which lien on and pledge of Net Revenues is junior and inferior to the lien thereon and pledge thereof securing the payment of the Senior Lien Obligations; and

WHEREAS, the City Council of the City has heretofore authorized multiple series of commercial paper notes (collectively, the *Commercial Paper* or the *Commercial Paper Obligations*) that are equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems, which lien on and pledge of Net Revenues is subordinate to the liens thereon and pledges thereof securing the payment of Senior Lien Obligations and the Junior Lien Obligations, respectively, and a portion of such Commercial Paper Obligations have been issued, sold, and delivered by the City, and are currently outstanding; and

WHEREAS, the City has heretofore authorized and established two flexible rate revolving note programs under which the City may, from time to time, issue taxable or tax-exempt notes (the *Inferior Lien Obligations*), such notes equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems that is subordinate to the liens thereon and pledges thereof securing the payment of the Senior Lien Obligations, the Junior Lien Obligations, and the Commercial Paper Obligations, respectively, and such authorized Inferior Lien Obligations have been issued, sold, and delivered by the City from time to time; and

WHEREAS, pursuant to the authority available under Chapter 1502, as amended, Texas Government Code, the City Council has, in the respective ordinances authorizing the issuance of the Senior Lien Obligations, the Junior Lien Obligations, the Commercial Paper Obligations, and the Inferior Lien Obligations, provided that the complete management and control of the Systems is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the *Board*), during the period of time any of the these City obligations are outstanding and unpaid; and

WHEREAS, pursuant to the provisions of Chapters 1502 and 1371, as amended, Texas Government Code (*Chapter 1502* and *Chapter 1371*, respectively, and, together, the *Act*), the City Council, on June 18, 2015, adopted an ordinance (the *2015D Ordinance*) authorizing the issuance of the CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS VARIABLE RATE JUNIOR LIEN REVENUE BONDS, SERIES 2015D (the *2015D Bonds*), which 2015D Bonds were initially issued on December 23, 2015 and the proceeds therefrom used to (i) acquiring, purchasing, constructing, repairing, extending, equipping, and renovating capital improvements to the Systems, and (ii) pay the costs and expenses relating to the issuance of the 2015D Bonds; and

WHEREAS, the 2015D Bonds are variable rate obligations, most recently issued in a Term Mode expiring November 30, 2026, and as a result thereof, the 2015D Bonds are subject to mandatory tender by the current Holders thereof, without right of retention, on December 1, 2026; and

WHEREAS, the Board has determined, and the 2015D Ordinance allows, that the 2015D Bonds subject to mandatory tender on December 1, 2026, shall be remarketed into one or more new Interest Modes of fixed duration (as finally determined in the manner hereafter provided); and

WHEREAS, by virtue of the authority and power vested in the Board, generally, with reference to the expenditure and application of the revenues of the Systems as prescribed in the City ordinances authorizing the prior issuance of the Senior Lien Obligations, the Junior Lien Obligations, the Commercial Paper Obligations, and the Inferior Lien Obligations, and specifically, regarding the manner of remarketing the 2015D Bonds as provided in the 2015D Ordinance, the Board hereby finds and determines that it is now authorized and empowered to proceed with the passage and adoption of this Resolution authorizing (i) the remarketing of the 2015D Bonds in the manner described herein and in the 2015D Ordinance, (ii) the execution and delivery of a Remarketing Agreement relating to the 2015D Bonds, (iii) the distribution of a Remarketing Memorandum relating to the 2015D Bonds, and (iv) the exercise and performance of certain powers and duties to be exercised and performed by the Board, acting through its Designated Financial Officer (hereinafter defined), including the execution of an Approval Certificate of the type described herein and in the 2015D Ordinance; and

WHEREAS, in connection with the initial issuance, as previously supplemented in the first remarketing of the 2015D Bonds, the City, in the 2015D Ordinance, entered into a continuing disclosure undertaking agreement (the *Undertaking*) relative to the 2015D Bonds for the purpose of compliance with the Securities and Exchange Commission Rule 15c2-12 (the *Rule*); and

WHEREAS, in the resolution of the Board requesting the City Council's adoption of the 2015D Ordinance, the Board assumed the City's compliance obligations arising pursuant to the Undertaking; and

WHEREAS, the Board hereby finds and determines that the remarketing of the 2015D Bonds and the adoption of this Resolution is in the best interest of the Systems and its ratepayers; now, therefore,

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

SECTION 1: Conversion to New Interest Mode; Delegation of Obligations to Designated Financial Officers. Pursuant to Section 2.2C of the 2015D Ordinance, the 2015D Bonds, in the principal amount not to exceed \$99,450,000, shall be converted to one or more new Interest Mode that is a Fixed Mode, a SIFMA Index Mode, a Term Mode, or any other mode authorized pursuant to the Ordinance (the *Authorized Modes*; the period of any such mode shall be referred to herein as the *New Interest Period*), during which the 2015D Bonds shall bear interest at Fixed Rates, a SIFMA Index Rate, a Term Rate, or any other rate authorized pursuant to the Ordinance (the *Authorized Rates*). The New Interest Period shall commence on the mandatory tender date, which shall be December 1, 2026 and shall conclude, if the 2015D Bonds during such New Interest Period bear interest at (i) an Authorized Rate other than a Fixed Rate, not later than November 30, 2036, and/or (ii) Fixed Rates, not later than the 2015D Bonds' stated maturity date, as specified in the 2015D Ordinance. In no instance shall the Authorized Rate exceed the highest rate applicable under State law. Determination of the foregoing characteristics associated with the remarketing shall be made by a Designated Financial Officer, within his or her discretion (but subject to the limitations described above).

In the event that the establishment of the Authorized Rate applicable to the 2015D Bonds in the New Interest Period, determined in accordance with Section 2.2E of the 2015D Ordinance, generates a premium (being an amount in excess of the Purchase Price of those 2015D Bonds tendered for purchase on the next occurring Purchase Date (such 2015D Bonds, the *Tendered Bonds*)), then the Designated Financial Officer shall provide for the disposition of such premium in a manner permitted under the 2015D Ordinance, this Resolution, and applicable Texas law (which may include redemption of Tendered Bonds in accordance with Section 5 hereof). Such Tendered Bonds that remain Outstanding after accomplishing the remarketing that is the subject of this Resolution (which includes any redemption of Tendered Bonds) are referred to herein as the *Remarketed Bonds*.

Each Designated Financial Officer, acting by and through the Board for and on behalf of the City, is authorized to execute the Certificate for Conversion of Interest Rate, in substantially the form attached hereto as Exhibit A, establishing the final terms of the Remarketed Bonds. This Certificate for Conversion of Interest Rate is an "Approval Certificate" under the 2015D Ordinance, including particularly Section 2.2C thereof. Within such Certificate for Conversion of Interest Rate, the Designated Financial Officer shall, within the limitations of the paragraph above and the 2015D Ordinance, evidence the Applicable Spread, Term Rate, Stepped Rate, Fixed Rates, or other rate(s) and spread(s) as applicable, for the Remarketed Bonds, the duration of the New Interest Period (including the commencement date thereof), the optional redemption of any outstanding Bonds, and the disposition of any premium resulting from the remarketing of the Remarketed Bonds. Upon execution of the Certificate of Conversion of Interest Rate, Co-Bond Counsel is authorized to complete this Resolution to reflect such final terms of the Remarketed Bonds, as evidenced in the Certificate for Conversion of Interest Rate.

The Purchase Date for the Tendered Bonds and the Rate Adjustment Date for the Remarketed Bonds, respectively, shall not be later than December 1, 2026, to be determined by the Designated Financial Officer and evidenced in the Approval Certificate. A Designated Financial Officer has designated \_\_\_\_\_, 202\_ as the Rate Adjustment Date for the Remarketed Bonds.

Accordingly, the New Interest Period applicable to the 2015D Bonds shall commence on \_\_\_\_, 202\_ and end on \_\_\_\_\_, 20\_. The Purchase Date for the Remarketed Bonds shall be \_\_\_\_\_, 202\_ (or the next occurring Business Day thereafter, in accordance with the 2015D Ordinance). During the New Interest Period, the Remarketed Bonds shall bear interest at a \_\_\_\_ Rate of \_.\_\_%, which \_\_\_\_\_ Rate has been determined in accordance with the provisions of Sections 2.2C and 2.2E of the 2015D Ordinance; the Stepped Rate applicable to the Remarketed Bonds shall be \_.\_\_%, which Stepped Rate has been determined in accordance with the provisions of paragraph (k) of Section 2.2B of the 2015D Ordinance. The remarketing of the Remarketed Bonds has resulted in a premium of \$\_\_\_\_\_, including an amount (when added to the par amount of the Remarketed Bonds) that is in excess of the Purchase Price of the Tendered Bonds (excluding the accrued but unpaid interest on the Tendered Bonds, which will be paid directly by the City from lawfully available funds), which premium will be utilized in the manner specified in the Certificate for Conversion of Interest Rate.

SECTION 2: Notices. (a) *Notice of Mandatory Tender and Conversion of Interest Rate.* Each Designated Financial Officer is hereby authorized and directed to cause to be delivered to the Tender Agent a Notice of Mandatory Tender and Conversion of Bonds, in substantially the form attached hereto as Exhibit B, and in accordance with and as required by Section 2.5B of the 2015D Ordinance. The Tender Agent is hereby authorized and directed to provide this Notice of Mandatory Tender and Conversion of Bonds to the Holders of all 2015D Bonds currently Outstanding in accordance with and as required by the 2015D Ordinance. In addition to the foregoing, each Designated Financial Officer (or the designee thereof) is authorized and directed to deliver or cause to be delivered any notice of the remarketing of the 2015D Bonds and conversion of Interest Mode that is the subject of this Resolution that may be required by the 2015D Ordinance or that is otherwise determined by the Designated Financial Officer to be necessary or desirable (including a notice of the type attached hereto as Exhibit E).

(b) *Material Event Notice.* Each Designated Financial Officer (or the designee thereof) is hereby authorized and directed to take any action, and to execute and deliver any and all documents, certificates or other instruments as are necessary or appropriate, for the filing of any material event notice required as a result of the transactions authorized by this Resolution and the City's and the Board's continuing disclosure undertaking, as supplemented by the Supplement, under the Rule and the 2015D Ordinance.

SECTION 3: Reoffering Memorandum. The Board hereby approves, ratifies and confirms the form and content of the remarketing memorandum (the *Remarketing Memorandum*) presented to the Board with this Resolution, in substantially the same form attached hereto as Exhibit C, and prepared for use by the Remarketing Agent (defined herein) in connection with the remarketing of the 2015D Bonds and the determination of the \_\_\_\_\_ Rate for the Remarketed Bonds in the New Interest Period, and authorizes the preparation of any addenda, supplements or amendments thereto as a Designated Financial Officer may deem appropriate, and the Board further ratifies and approves the use and distribution of such Remarketing Memorandum in connection with the remarketing of the 2015D Bonds and the determination of the \_\_\_\_ Rate. The Designated Financial Officers are individually authorized and directed to execute and deliver any certificates, instruments, affidavits, or other documents as may be necessary or appropriate in connection with the Remarketing Memorandum. It is hereby officially found, determined, and declared that the descriptions, statements, and information contained in the Remarketing Memorandum are true and correct in all material respects, to the best knowledge and belief of the Board.

SECTION 4: 2015D Bonds Subject to Mandatory Tender Without Right of Retention. The Board hereby determines that, at the end of the New Interest Period into which the Remarketed Bonds are remarketed pursuant to Section 1 hereof, such Remarketed Bonds shall be subject to mandatory tender, without right of retention by the Holders; provided, however, that a failure of the Remarketing Agent to remarket the 2015D Bonds at the end of such New Interest Period shall result in the holders of the 2015D Bonds retaining such 2015D Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of the 2015D Ordinance (including Section 2.5E thereof).

SECTION 5: Redemption of Certain 2015D Bonds. As described in Section 1 hereof, the remarketing of the Tendered Bonds in the manner specified in Section 2.2E of the 2015D Ordinance may result in excess proceeds, which excess proceeds can be used to redeem certain of the Tendered Bonds. The 2015D Bonds are subject to redemption on the Mandatory Tender Date at the option of the City. If the remarketing of the 2015D Bonds produces proceeds in excess of the amount necessary to pay the Purchase Price of the Tendered Bonds, and a Designated Financial Officer determines that such excess proceeds shall be used to optionally redeem certain of the Tendered Bonds, then such Tendered Bonds determined to be optionally redeemed by the Designated Financial Officer (to be evidenced in the Certificate for Conversion of Interest Rate) are hereby called for redemption.

The City shall give written notice to the Paying Agent/Registrar of any 2015D Bonds that have been called for redemption. The Paying Agent/Registrar is authorized and instructed to provide notice of this redemption to the holders of any redeemed 2015D Bonds in the form and manner described in the 2015D Ordinance. Notwithstanding the foregoing, a notice of mandatory tender without retention rights shall satisfy any notice requirements for an optional redemption of Bonds which occurs on a Purchase Date, pursuant to Sections 2.4F and 2.5B of the Ordinance.

SECTION 6: Appointment of Remarketing Agent. In recognition and satisfaction of its obligations under the 2015D Ordinance (including Section 2.5G thereof), the Board hereby appoints \_\_\_\_\_ to serve as the Remarketing Agent for the 2015D Bonds (the *Remarketing Agent*) to accomplish the remarketing of the 2015D Bonds into the New Mode Rate Interest Period in the manner contemplated under this Resolution. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed thereon by such appointment by execution of the Remarketing Agreement, in substantially the form attached hereto as Exhibit D (the *Remarketing Agreement*). Each Designated Financial Officer is hereby authorized and directed to execute and deliver the Remarketing Agreement, for and on behalf of this Board, and such agreement, as executed by the Board and the Remarketing Agent, shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of this Board. The Remarketing Agreement shall specify the compensation to be paid to the Remarketing Agent for its service in connection with accomplishing the remarketing of the Remarketed Bonds into the New Interest Period, payment of which is hereby authorized to be made from any lawful source of funds available to the Board (including proceeds derived from the remarketing of the Remarketed Bonds). Upon completion of the foregoing, the Remarketing Agent shall constitute the “Remarketing Agent” and the Remarketing Agreement shall constitute the “Remarketing Agreement”, respectively, under the 2015D Ordinance for purposes of remarketing the Remarketed Bonds into the New Interest Period.

SECTION 7: Additional Actions Authorized; Designated Financial Officers. Pursuant to the authority provided by Chapter 1371 and the 2015D Ordinance, the President and Chief Executive Officer, the Chief Financial Officer and Treasurer of the Board and any Assistant Treasurer of the Board, each of whom were identified as Designated Financial Officers under the 2015D Ordinance, are hereby identified and designated as *Designated Financial Officers* under this Resolution, as well. The Designated Financial Officers, and all other appropriate officers, agents and representatives of the Board, are hereby authorized and directed to take any and all other actions as may be necessary and appropriate to provide for the (i) payment of the Purchase Price of the Tendered Bonds, the redemption of any Tendered Bonds, and the conversion and remarketing of the Remarketed Bonds into the New Interest Period; (ii) execution of the Remarketing Agreement with the Remarketing Agent; and (iii) preparation and distribution of replacement definitive 2015D Bonds and the Remarketing Memorandum, as contemplated by this Resolution and the 2015D Ordinance. In addition and with respect to accomplishing the foregoing matters, each Designated Financial Officer is hereby authorized and directed to execute, deliver, and accept on behalf of the City (acting by and through the Board) all agreements certificates, consents, waivers, receipts, notices, requests, and other documents as may be necessary or appropriate to carry out the actions contemplated by this Resolution.

SECTION 8: Definition of Terms. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the 2015D Ordinance.

SECTION 9: Ratification of Prior Actions. The actions of the Designated Financial Officers, as well as their agents, designees, and representatives, taken prior to the date of this Resolution to accomplish the conversion and remarketing of 2015D Bonds that are the subject of this Resolution are hereby ratified, confirmed and approved as the act and deed of the Board.

SECTION 10: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 11: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Resolution are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 12: Coordination of Transaction Matters; Further Procedures. The Board hereby authorizes PFM Financial Advisors LLC and Estrada Hinojosa, its Financial Advisors, to coordinate these financial matters in consultation with CPS Energy staff, McCall, Parkhurst & Horton L.L.P. and other qualified counsel, the Tender Agent, the Paying Agent/Registrar, and the Remarketing Agent. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval by a Designated Financial Officer of written invoices for any such services, which payments are hereby authorized to be made from any lawful source of funds available to the Board (including proceeds derived from the remarketing of the Remarketed Bonds).

Each Designated Financial Officer and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution and as described in the Reoffering Memorandum or (ii) obtain a rating from any of the national bond rating agencies. In case any officer of the Board whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 13: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

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PASSED AND ADOPTED, this 23rd day of February 2026.

CITY PUBLIC SERVICE BOARD OF SAN  
ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

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**EXHIBIT A**

**Certificate for Conversion of Interest Rate**

See Tab No. \_\_

**EXHIBIT B**

**Notice of Mandatory Tender and Conversion of Bonds**

TO: Owners of City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Bonds, Series 2015D (the *Bonds*):

<u>CUSIP No.</u>	<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Period Expiration Date</u>	<u>Mandatory Tender Date</u>
79625GDH3	December 1, 2045	\$_____	November 30, 2026	December 1, 2026

Pursuant to Section 2.5B of the ordinance authorizing the issuance of the Bonds (the *Ordinance*), and a resolution adopted by the City Public Service Board of San Antonio, Texas (*CPS Energy*) on February 23, 2026 (the *Resolution*), CPS Energy, on behalf of the City of San Antonio, Texas, has elected to exercise its right to convert the Bonds from the current Interest Period during which the Bonds bear interest at a Term Rate to a new Interest Period during which the Bonds will bear interest at a \_\_\_\_\_ Rate (such new Interest Period commencing on \_\_\_\_\_, 2026, also being the date on which Bonds now in the current Interest Period are to be tendered for purchase (the *Mandatory Tender Date*)). The duration (in years) and \_\_\_\_\_ Rate for such new Interest Period was determined on or about \_\_\_\_\_, 2026 (the *Rate Determination Date*). Notice of such new rate shall be sent to \_\_\_\_\_, as paying agent/registrars for further distribution to the Holders of the Bonds.

All Bonds are subject to mandatory tender, without right of retention by the Holders thereof, on the Mandatory Tender Date (on which date shall be due to the Holders of tendered Bonds the Purchase Price). Bonds shall be deemed tendered for purchase if not tendered by noon, New York City time, on the Mandatory Tender Date. Bonds may be tendered through the Depository Trust Company or by physically delivering such Bonds by mail to: \_\_\_\_\_ (the *Tender Agent*), \_\_\_\_\_, Texas \_\_\_\_\_, Attn: \_\_\_\_\_ (\_\_\_\_\_.com). Any Bond not delivered to the Tender Agent for purchase, as herein provided, shall be deemed tendered and purchased on the Mandatory Tender Date and shall constitute an Untendered Bond under the Ordinance. Any Holder of an Untendered Bond shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of such Bond to the Tender Agent.

The City may elect to redeem on \_\_\_\_\_, 2026 certain Bonds tendered for purchase rather than convert and remarket them to bear interest at an Authorized Rate during the applicable New Interest Period. In the event the City so elects, this Notice shall also serve as notice to the Holders of any such redemption.

The Remarketing Agent for the tendered Bonds and their remarketing into the succeeding Interest Period is \_\_\_\_\_.

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance and the remarketing resolution authorizing the remarketing.

**U.S. Bank Trust Company, National Association,**  
as Paying Agent/Registrar and Tender Agent

Dated: \_\_\_\_\_, 2026

**EXHIBIT C**

**Remarketing Memorandum**

See Tab No. \_\_

**EXHIBIT D**

**Remarketing Agreement**

See Tab No. \_\_

**EXHIBIT E**

**Notice from CPS Energy to Working Group**

[CPS ENERGY LETTERHEAD]

Re: City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Bonds, Series 2015D

TO THE ATTACHED DISTRIBUTION LIST:

The City of San Antonio, Texas (the *City*), acting by and through the City Public Service Board of San Antonio, Texas (*CPS Energy*), hereby notifies you, as a recipient of this letter, of CPS Energy's intent to convert and remarket to a \_\_\_\_ Mode those bonds of the captioned series (collectively, the *Bonds*), which are subject to mandatory tender, without optional right of retention, on December 1, 2026. The Bonds are currently outstanding in the principal amount of \$99,450,000. All Bonds will be remarketed in the manner described above, though the City has reserved the right to effect redemption of certain of the Bonds on \_\_\_\_\_, 20\_\_, conditioned on the results of the remarketing.

The Bonds are issued and outstanding pursuant to an ordinance of the City Council of the City adopted on June 18, 2015 (the *Ordinance*). The conversion and remarketing of the Bonds into one or more new interest modes authorized pursuant to the Ordinance and a resolution of CPS Energy Board of Trustees adopted on February 23, 2026 (the *Resolution*). Capitalized terms used, but not defined herein, have the meanings ascribed thereto in the Ordinance.

This letter is provided in satisfaction of the requirements of the Resolution and the Ordinance. Please contact Mr. Clay Binford, McCall, Parkhurst & Horton L.L.P., CPS Energy's Bond Counsel, with any questions concerning this matter. Documents will be circulated to the working group by Bond Counsel to effectuate the remarketing of the Bonds, as well as any redemptions thereof.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

cc: [INSERT DISTRIBUTION LIST]

**A RESOLUTION BY THE CITY PUBLIC SERVICE BOARD OF SAN ANTONIO, TEXAS RELATING TO THE REMARKETING OF OBLIGATIONS DESIGNATED AS “CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS VARIABLE RATE JUNIOR LIEN REVENUE REFUNDING BONDS, SERIES 2023” INTO ONE OR MORE NEW INTEREST MODES; AUTHORIZING CERTAIN CPS ENERGY REPRESENTATIVES TO EXECUTE AN APPROVAL CERTIFICATE MEMORIALIZING THE TERMS OF SUCH REMARKETING; APPROVING A REMARKETING AGREEMENT AND REMARKETING MEMORANDUM RELATING TO THESE OBLIGATIONS; AND OTHER MATTERS IN CONNECTION THEREWITH**

WHEREAS, the City Council (the *City Council*) of the City of San Antonio, Texas (the *City*) has heretofore issued, and there are currently outstanding, revenue bonds (the *Senior Lien Obligations*) supported by a first and prior lien on and pledge of the Net Revenues of the City’s electric and gas systems (as further described herein, the *Systems*); and

WHEREAS, the City Council has heretofore issued, sold, and delivered, and there are currently outstanding, revenue bonds (the *Junior Lien Obligations*) which are equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems, which lien on and pledge of Net Revenues is junior and inferior to the lien thereon and pledge thereof securing the payment of the Senior Lien Obligations; and

WHEREAS, the City Council of the City has heretofore authorized multiple series of commercial paper notes (collectively, the *Commercial Paper* or the *Commercial Paper Obligations*) that are equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems, which lien on and pledge of Net Revenues is subordinate to the liens thereon and pledges thereof securing the payment of Senior Lien Obligations and the Junior Lien Obligations, respectively, and a portion of such Commercial Paper Obligations have been issued, sold, and delivered by the City, and are currently outstanding; and

WHEREAS, the City has heretofore authorized and established two flexible rate revolving note programs under which the City may, from time to time, issue taxable or tax-exempt notes (the *Inferior Lien Obligations*), such notes equally and ratably secured by a lien on and pledge of the Net Revenues of the Systems that is subordinate to the liens thereon and pledges thereof securing the payment of the Senior Lien Obligations, the Junior Lien Obligations, and the Commercial Paper Obligations, respectively, and such authorized Inferior Lien Obligations have been issued, sold, and delivered by the City from time to time; and

WHEREAS, pursuant to the authority available under Chapter 1502, as amended, Texas Government Code, the City Council has, in the respective ordinances authorizing the issuance of the Senior Lien Obligations, the Junior Lien Obligations, the Commercial Paper Obligations, and the Inferior Lien Obligations, provided that the complete management and control of the Systems is vested in a Board of Trustees known as the City Public Service Board of San Antonio, Texas (the *Board*), during the period of time any of the these City obligations are outstanding and unpaid; and

WHEREAS, pursuant to the provisions of Chapters 1207 and 1371, as amended, Texas Government Code (*Chapter 1207* and *Chapter 1371*, respectively, and, together, the *Act*), the City Council, on December 1, 2022, adopted an ordinance (the *2023 Ordinance*) authorizing the issuance of the CITY OF SAN ANTONIO, TEXAS ELECTRIC AND GAS SYSTEMS VARIABLE RATE JUNIOR LIEN REVENUE REFUNDING BONDS, SERIES 2023 (the *2023 Bonds*), which 2023 Bonds were initially issued on June 22, 2023 and the proceeds therefrom used to (i) convert short-term variable rate obligations into long-term obligations, and (ii) pay the costs and expenses relating to the issuance of the 2023 Bonds; and

WHEREAS, the 2023 Bonds are variable rate obligations, initially issued in a Term Mode expiring no later than November 30, 2026, and as a result thereof, the 2023 Bonds are subject to mandatory tender by the current Holders thereof, without right of retention, no later than December 1, 2026; and

WHEREAS, the Board has determined, and the 2023 Ordinance allows, that the 2023 Bonds subject to mandatory tender as early as September 1, 2026, but no later than December 1, 2026, shall be remarketed into one or more new Interest Modes of fixed duration (as finally determined in the manner hereafter provided); and

WHEREAS, by virtue of the authority and power vested in the Board, generally, with reference to the expenditure and application of the revenues of the Systems as prescribed in the City ordinances authorizing the prior issuance of the Senior Lien Obligations, the Junior Lien Obligations, the Commercial Paper Obligations, and the Inferior Lien Obligations, and specifically, regarding the manner of remarketing the 2023 Bonds as provided in the 2023 Ordinance, the Board hereby finds and determines that it is now authorized and empowered to proceed with the passage and adoption of this Resolution authorizing (i) the remarketing of the 2023 Bonds in the manner described herein and in the 2023 Ordinance, (ii) the execution and delivery of a Remarketing Agreement relating to the 2023 Bonds, (iii) the distribution of a Remarketing Memorandum relating to the 2023 Bonds, and (iv) the exercise and performance of certain powers and duties to be exercised and performed by the Board, acting through its Designated Financial Officer (hereinafter defined), including the execution of an Approval Certificate of the type described herein and in the 2023 Ordinance; and

WHEREAS, in connection with the initial issuance of the 2023 Bonds, the City, in the 2023 Ordinance, entered into a continuing disclosure undertaking agreement (the *Undertaking*) relative to the 2023 Bonds for the purpose of compliance with the Securities and Exchange Commission Rule 15c2-12 (the *Rule*); and

WHEREAS, in the resolution of the Board requesting the City Council's adoption of the 2023 Ordinance, the Board assumed the City's compliance obligations arising pursuant to the Undertaking; and

WHEREAS, the Board hereby finds and determines that the remarketing of the 2023 Bonds and the adoption of this Resolution is in the best interest of the Systems and its ratepayers; now, therefore,

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

SECTION 1: Conversion to New Interest Mode; Delegation of Obligations to Designated Financial Officers. Pursuant to Section 2.2C of the 2023 Ordinance, the 2023 Bonds, in the principal amount not to exceed \$100,340,000, shall be converted to one or more new Interest Mode that is a Fixed Mode, a SIFMA Index Mode, a Term Mode, or any other mode authorized pursuant to the Ordinance (the *Authorized Modes*; the period of any such mode shall be referred to herein as the *New Interest Period*), during which the 2023 Bonds shall bear interest at Fixed Rates, a SIFMA Index Rate, a Term Rate, or any other rate authorized pursuant to the Ordinance (the *Authorized Rates*). The New Interest Period shall commence on the mandatory tender date, which shall be not later than December 1, 2026 and shall conclude, if the 2023 Bonds during such New Interest Period bear interest at (i) an Authorized Rate other than a Fixed Rate, not later than November 30, 2035, and/or (ii) Fixed Rates, not later than the 2023 Bonds' stated maturity date, as specified in the 2023 Ordinance. In no instance shall the Authorized Rate exceed the highest rate applicable under State law. Determination of the foregoing characteristics associated with the remarketing shall be made by a Designated Financial Officer, within his or her discretion (but subject to the limitations described above).

In the event that the establishment of the Authorized Rate applicable to the 2023 Bonds in the New Interest Period, determined in accordance with Section 2.2E of the 2023 Ordinance, generates a premium (being an amount in excess of the Purchase Price of those 2023 Bonds tendered for purchase on the next occurring Purchase Date (such 2023 Bonds, the *Tendered Bonds*)), then the Designated Financial Officer shall provide for the disposition of such premium in a manner permitted under the 2023 Ordinance, this Resolution, and applicable Texas law (which may include redemption of Tendered Bonds in accordance with Section 5 hereof). Such Tendered Bonds that remain Outstanding after accomplishing the remarketing that is the subject of this Resolution (which includes any redemption of Tendered Bonds) are referred to herein as the *Remarketed Bonds*.

Each Designated Financial Officer, acting by and through the Board for and on behalf of the City, is authorized to execute the Certificate for Conversion of Interest Rate, in substantially the form attached hereto as Exhibit A, establishing the final terms of the Remarketed Bonds. This Certificate for Conversion of Interest Rate is an "Approval Certificate" under the 2023 Ordinance, including particularly Section 2.2C thereof. Within such Certificate for Conversion of Interest Rate, the Designated Financial Officer shall, within the limitations of the paragraph above and the 2023 Ordinance, evidence the Applicable Spread, Term Rate, Stepped Rate, Fixed Rates, or other rate(s) and spread(s) as applicable, for the Remarketed Bonds, the duration of the New Interest Period (including the commencement date thereof), the optional redemption of any outstanding Bonds, and the disposition of any premium resulting from the remarketing of the Remarketed Bonds. Upon execution of the Certificate of Conversion of Interest Rate, Bond Counsel is authorized to complete this Resolution to reflect such final terms of the Remarketed Bonds, as evidenced in the Certificate for Conversion of Interest Rate.

The Purchase Date for the Tendered Bonds and the Rate Adjustment Date for the Remarketed Bonds, respectively, shall not be later than December 1, 2026, to be determined by the Designated Financial Officer and evidenced in the Approval Certificate. A Designated Financial Officer has designated \_\_\_\_\_, 202\_ as the Rate Adjustment Date for the Remarketed Bonds.

Accordingly, the New Interest Period applicable to the 2023 Bonds shall commence on \_\_\_\_, 202\_\_ and end on \_\_\_\_\_, 20\_\_. The Purchase Date for the Remarketed Bonds shall be \_\_\_\_\_, 202\_\_ (or the next occurring Business Day thereafter, in accordance with the 2023 Ordinance). During the New Interest Period, the Remarketed Bonds shall bear interest at a \_\_\_\_ Rate of \_\_.\_\_\_\_%, which \_\_\_\_\_ Rate has been determined in accordance with the provisions of Sections 2.2C and 2.2E of the 2023 Ordinance; the Stepped Rate applicable to the Remarketed Bonds shall be \_\_.\_\_\_\_%, which Stepped Rate has been determined in accordance with the provisions of paragraph (k) of Section 2.2B of the 2023 Ordinance. The remarketing of the Remarketed Bonds has resulted in a premium of \$\_\_\_\_\_, including an amount (when added to the par amount of the Remarketed Bonds) that is in excess of the Purchase Price of the Tendered Bonds (excluding the accrued but unpaid interest on the Tendered Bonds, which will be paid directly by the City from lawfully available funds), which premium will be utilized in the manner specified in the Certificate for Conversion of Interest Rate.

SECTION 2: Notices. (a) *Notice of Mandatory Tender and Conversion of Interest Rate.* Each Designated Financial Officer is hereby authorized and directed to cause to be delivered to the Tender Agent a Notice of Mandatory Tender and Conversion of Bonds, in substantially the form attached hereto as Exhibit B, and in accordance with and as required by Section 2.5B of the 2023 Ordinance. The Tender Agent is hereby authorized and directed to provide this Notice of Mandatory Tender and Conversion of Bonds to the Holders of all 2023 Bonds currently Outstanding in accordance with and as required by the 2023 Ordinance. In addition to the foregoing, each Designated Financial Officer (or the designee thereof) is authorized and directed to deliver or cause to be delivered any notice of the remarketing of the 2023 Bonds and conversion of Interest Mode that is the subject of this Resolution that may be required by the 2023 Ordinance or that is otherwise determined by the Designated Financial Officer to be necessary or desirable (including a notice of the type attached hereto as Exhibit E).

(b) *Material Event Notice.* Each Designated Financial Officer (or the designee thereof) is hereby authorized and directed to take any action, and to execute and deliver any and all documents, certificates or other instruments as are necessary or appropriate, for the filing of any material event notice required as a result of the transactions authorized by this Resolution and the City's and the Board's continuing disclosure undertaking, as supplemented by the Supplement, under the Rule and the 2023 Ordinance.

SECTION 3: Reoffering Memorandum. The Board hereby approves, ratifies and confirms the form and content of the remarketing memorandum (the *Remarketing Memorandum*) presented to the Board with this Resolution, in substantially the same form attached hereto as Exhibit C, and prepared for use by the Remarketing Agent (defined herein) in connection with the remarketing of the 2023 Bonds and the determination of the \_\_\_\_\_ Rate for the Remarketed Bonds in the New Interest Period, and authorizes the preparation of any addenda, supplements or amendments thereto as a Designated Financial Officer may deem appropriate, and the Board further ratifies and approves the use and distribution of such Remarketing Memorandum in connection with the remarketing of the 2023 Bonds and the determination of the \_\_\_\_ Rate. The Designated Financial Officers are individually authorized and directed to execute and deliver any certificates, instruments, affidavits, or other documents as may be necessary or appropriate in connection with the Remarketing Memorandum. It is hereby officially found, determined, and declared that the descriptions, statements, and information contained in the Remarketing Memorandum are true and correct in all material respects, to the best knowledge and belief of the Board.

SECTION 4: 2023 Bonds Subject to Mandatory Tender Without Right of Retention. The Board hereby determines that, at the end of the New Interest Period into which the Remarketed Bonds are remarketed pursuant to Section 1 hereof, such Remarketed Bonds shall be subject to mandatory tender, without right of retention by the Holders; provided, however, that a failure of the Remarketing Agent to remarket the 2023 Bonds at the end of such New Interest Period shall result in the holders of the 2023 Bonds retaining such 2023 Bonds until the same are remarketed or redeemed pursuant to the applicable provisions of the 2023 Ordinance (including Section 2.5E thereof).

SECTION 5: Redemption of Certain 2023 Bonds. As described in Section 1 hereof, the remarketing of the Tendered Bonds in the manner specified in Section 2.2E of the 2023 Ordinance may result in excess proceeds, which excess proceeds can be used to redeem certain of the Tendered Bonds. The 2023 Bonds are subject to redemption on the Mandatory Tender Date at the option of the City. If the remarketing of the 2023 Bonds produces proceeds in excess of the amount necessary to pay the Purchase Price of the Tendered Bonds, and a Designated Financial Officer determines that such excess proceeds shall be used to optionally redeem certain of the Tendered Bonds, then such Tendered Bonds determined to be optionally redeemed by the Designated Financial Officer (to be evidenced in the Certificate for Conversion of Interest Rate) are hereby called for redemption.

The City shall give written notice to the Paying Agent/Registrar of any 2023 Bonds that have been called for redemption. The Paying Agent/Registrar is authorized and instructed to provide notice of this redemption to the holders of any redeemed 2023 Bonds in the form and manner described in the 2023 Ordinance. Notwithstanding the foregoing, a notice of mandatory tender without retention rights shall satisfy any notice requirements for an optional redemption of Bonds which occurs on a Purchase Date, pursuant to Sections 2.4F and 2.5B of the Ordinance.

SECTION 6: Appointment of Remarketing Agent. In recognition and satisfaction of its obligations under the 2023 Ordinance (including Section 2.5G thereof), the Board hereby appoints \_\_\_\_\_ to serve as the Remarketing Agent for the 2023 Bonds (the *Remarketing Agent*) to accomplish the remarketing of the 2023 Bonds into the New Mode Rate Interest Period in the manner contemplated under this Resolution. The Remarketing Agent shall signify its acceptance of the duties and obligations imposed thereon by such appointment by execution of the Remarketing Agreement, in substantially the form attached hereto as Exhibit D (the *Remarketing Agreement*). Each Designated Financial Officer is hereby authorized and directed to execute and deliver the Remarketing Agreement, for and on behalf of this Board, and such agreement, as executed by the Board and the Remarketing Agent, shall be deemed to be the Remarketing Agreement herein approved and authorized to be executed and delivered for and on behalf of this Board. The Remarketing Agreement shall specify the compensation to be paid to the Remarketing Agent for its service in connection with accomplishing the remarketing of the Remarketed Bonds into the New Interest Period, payment of which is hereby authorized to be made from any lawful source of funds available to the Board (including proceeds derived from the remarketing of the Remarketed Bonds). Upon completion of the foregoing, the Remarketing Agent shall constitute the “Remarketing Agent” and the Remarketing Agreement shall constitute the “Remarketing Agreement”, respectively, under the 2023 Ordinance for purposes of remarketing the Remarketed Bonds into the New Interest Period.

SECTION 7: Additional Actions Authorized; Designated Financial Officers. Pursuant to the authority provided by Chapter 1371 and the 2023 Ordinance, the President and Chief Executive Officer, the Chief Financial Officer and Treasurer of the Board and any Assistant Treasurer of the Board, each of whom were identified as Designated Financial Officers under the 2023 Ordinance, are hereby identified and designated as *Designated Financial Officers* under this Resolution, as well. The Designated Financial Officers, and all other appropriate officers, agents and representatives of the Board, are hereby authorized and directed to take any and all other actions as may be necessary and appropriate to provide for the (i) payment of the Purchase Price of the Tendered Bonds, the redemption of any Tendered Bonds, and the conversion and remarketing of the Remarketed Bonds into the New Interest Period; (ii) execution of the Remarketing Agreement with the Remarketing Agent; and (iii) preparation and distribution of replacement definitive 2023 Bonds and the Remarketing Memorandum, as contemplated by this Resolution and the 2023 Ordinance. In addition and with respect to accomplishing the foregoing matters, each Designated Financial Officer is hereby authorized and directed to execute, deliver, and accept on behalf of the City (acting by and through the Board) all agreements certificates, consents, waivers, receipts, notices, requests, and other documents as may be necessary or appropriate to carry out the actions contemplated by this Resolution.

SECTION 8: Definition of Terms. Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the 2023 Ordinance.

SECTION 9: Ratification of Prior Actions. The actions of the Designated Financial Officers, as well as their agents, designees, and representatives, taken prior to the date of this Resolution to accomplish the conversion and remarketing of 2023 Bonds that are the subject of this Resolution are hereby ratified, confirmed and approved as the act and deed of the Board.

SECTION 10: Public Meeting. It is officially found, determined, and declared that the meeting at which this Resolution is adopted was open to the public and public notice of the time, place, and subject matter of the public business to be considered at such meeting, including this Resolution, was given, all as required by Chapter 551, as amended, Texas Government Code.

SECTION 11: Incorporation of Preamble Recitals. The recitals contained in the preamble to this Resolution are hereby found to be true, and such recitals are hereby made a part of this Resolution for all purposes and are adopted as a part of the judgment and findings of the Board.

SECTION 12: Coordination of Transaction Matters; Further Procedures. The Board hereby authorizes PFM Financial Advisors LLC and Estrada Hinojosa, its Financial Advisors, to coordinate these financial matters in consultation with CPS Energy staff, McCall, Parkhurst & Horton L.L.P. and other qualified counsel, the Tender Agent, the Paying Agent/Registrar, and the Remarketing Agent. In addition, the Board authorizes the payment of the professional fees and expenses associated with this transaction upon the approval by a Designated Financial Officer of written invoices for any such services, which payments are hereby authorized to be made from any lawful source of funds available to the Board (including proceeds derived from the remarketing of the Remarketed Bonds).

Each Designated Financial Officer and Bond Counsel are hereby authorized and directed to approve any technical changes or corrections to this Resolution or to any of the instruments authorized and approved by this Resolution necessary in order to (i) correct any ambiguity or mistake or properly or more completely document the transactions contemplated and approved by this Resolution and as described in the Reoffering Memorandum or (ii) obtain a rating from any of the national bond rating agencies. In case any officer of the Board whose signature shall appear on any certificate shall cease to be such officer before the delivery of such certificate, such signature shall nevertheless be valid and sufficient for all purposes the same as if such officer had remained in office until such delivery.

SECTION 13: Effective Date. This Resolution shall be in force and effect from and after its passage on the date shown below.

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PASSED AND ADOPTED, this 23rd day of February 2026.

CITY PUBLIC SERVICE BOARD OF SAN  
ANTONIO, TEXAS

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Chair, Board of Trustees

ATTEST:

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Secretary, Board of Trustees

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**EXHIBIT A**

**Certificate for Conversion of Interest Rate**

See Tab No. \_\_

**EXHIBIT B**

**Notice of Mandatory Tender and Conversion of Bonds**

TO: Owners of City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2023 (the *Bonds*):

<u>CUSIP No.</u>	<u>Stated Maturity</u>	<u>Principal Amount</u>	<u>Interest Period Expiration Date</u>	<u>Mandatory Tender Date</u>
79625GHJ5	February 1, 2053	\$_____	_____, 2026	_____, 2026

Pursuant to Section 2.5B of the ordinance authorizing the issuance of the Bonds (the *Ordinance*), and a resolution adopted by the City Public Service Board of San Antonio, Texas (*CPS Energy*) on February 23, 2026 (the *Resolution*), CPS Energy, on behalf of the City of San Antonio, Texas, has elected to exercise its right to convert the Bonds from the current Interest Period during which the Bonds bear interest at a Term Rate to a new Interest Period during which the Bonds will bear interest at a \_\_\_\_\_ Rate (such new Interest Period commencing on \_\_\_\_\_, 2026, also being the date on which Bonds now in the current Interest Period are to be tendered for purchase (the *Mandatory Tender Date*)). The duration (in years) and \_\_\_\_\_ Rate for such new Interest Period was determined on or about \_\_\_\_\_, 2026 (the *Rate Determination Date*). Notice of such new rate shall be sent to \_\_\_\_\_, as paying agent/registrars for further distribution to the Holders of the Bonds.

All Bonds are subject to mandatory tender, without right of retention by the Holders thereof, on the Mandatory Tender Date (on which date shall be due to the Holders of tendered Bonds the Purchase Price). Bonds shall be deemed tendered for purchase if not tendered by noon, New York City time, on the Mandatory Tender Date. Bonds may be tendered through the Depository Trust Company or by physically delivering such Bonds by mail to: \_\_\_\_\_ (the *Tender Agent*), \_\_\_\_\_, Texas \_\_\_\_\_, Attn: \_\_\_\_\_ (\_\_\_\_\_.com). Any Bond not delivered to the Tender Agent for purchase, as herein provided, shall be deemed tendered and purchased on the Mandatory Tender Date and shall constitute an Untendered Bond under the Ordinance. Any Holder of an Untendered Bond shall have no further right thereunder except the right to receive the Purchase Price thereof upon presentation and surrender of such Bond to the Tender Agent.

The City may elect to redeem on \_\_\_\_\_, 2026 certain Bonds tendered for purchase rather than convert and remarket them to bear interest at an Authorized Rate during the applicable New Interest Period. In the event the City so elects, this Notice shall also serve as notice to the Holders of any such redemption.

The Remarketing Agent for the tendered Bonds and their remarketing into the succeeding Interest Period is \_\_\_\_\_.

Capitalized terms used herein without definition shall have the respective meanings ascribed thereto in the Ordinance and the remarketing resolution authorizing the remarketing.

**U.S. Bank Trust Company, National Association,**  
as Paying Agent/Registrar and Tender Agent

Dated: \_\_\_\_\_, 2026

**EXHIBIT C**

**Remarketing Memorandum**

See Tab No. \_\_

**EXHIBIT D**

**Remarketing Agreement**

See Tab No. \_\_

**EXHIBIT E**

**Notice from CPS Energy to Working Group**

[CPS ENERGY LETTERHEAD]

Re: City of San Antonio, Texas Electric and Gas Systems Variable Rate Junior Lien Revenue Refunding Bonds, Series 2023

TO THE ATTACHED DISTRIBUTION LIST:

The City of San Antonio, Texas (the *City*), acting by and through the City Public Service Board of San Antonio, Texas (*CPS Energy*), hereby notifies you, as a recipient of this letter, of CPS Energy's intent to convert and remarket to a \_\_\_\_\_ Mode those bonds of the captioned series (collectively, the *Bonds*), which are subject to mandatory tender, without optional right of retention, no later than December 1, 2026. The Bonds are currently outstanding in the principal amount of \$100,340,000. All Bonds will be remarketed in the manner described above, though the City has reserved the right to effect redemption of certain of the Bonds on \_\_\_\_\_, 20\_\_\_\_, conditioned on the results of the remarketing.

The Bonds are issued and outstanding pursuant to an ordinance of the City Council of the City adopted on December 1, 2022 (the *Ordinance*). The conversion and remarketing of the Bonds into one or more new interest modes authorized pursuant to the Ordinance and a resolution of CPS Energy Board of Trustees adopted on February 23, 2026 (the *Resolution*). Capitalized terms used, but not defined herein, have the meanings ascribed thereto in the Ordinance.

This letter is provided in satisfaction of the requirements of the Resolution and the Ordinance. Please contact Mr. Clay Binford, McCall, Parkhurst & Horton L.L.P., CPS Energy's Bond Counsel, with any questions concerning this matter. Documents will be circulated to the working group by Bond Counsel to effectuate the remarketing of the Bonds, as well as any redemptions thereof.

Thank you, in advance, for your prompt attention to this matter. If I can provide any additional assistance concerning this matter, please do not hesitate to contact me.

Very truly yours,

cc: [INSERT DISTRIBUTION LIST]



# Energizing Progress Together

**February 23, 2026**  
*Informational Update*

PRESENTED BY  
**David Kee**  
Director of Energy Market Policy

# Today, we're going to share:

- ▶ Community needs
- ▶ Growing customer demand

OUR MISSION HORIZON 2050

To safely power our  
**community** with  
reliable, affordable,  
and cleaner **energy**

OUR VISION HORIZON 2050

*Thinking long term*

# Empowering our community for generations

FROM PLAN TO ACTION

# Planning for our community



OUR COMMUNITY TODAY

7th

Largest city in the US  
by population

4th

Fastest-growing city in the US  
by population

70%

Above the national average  
growth rate

**There's growing demand,  
and we're planning for the future**

Source: US Census Bureau

WHAT'S CHANGED DEMAND

Energy demand is growing fast

Annual growth is

2.3X

More than forecast

Original Forecast

115 MW

Latest annual growth projections

260 MW

**WHAT'S CHANGED DEMAND**

**What our community is  
projected  
to use**

*We are projected to use approx.*

**5,900 MWW**

this year

*Original forecast anticipated using approx.*

**7,400 MWW**

by 2040

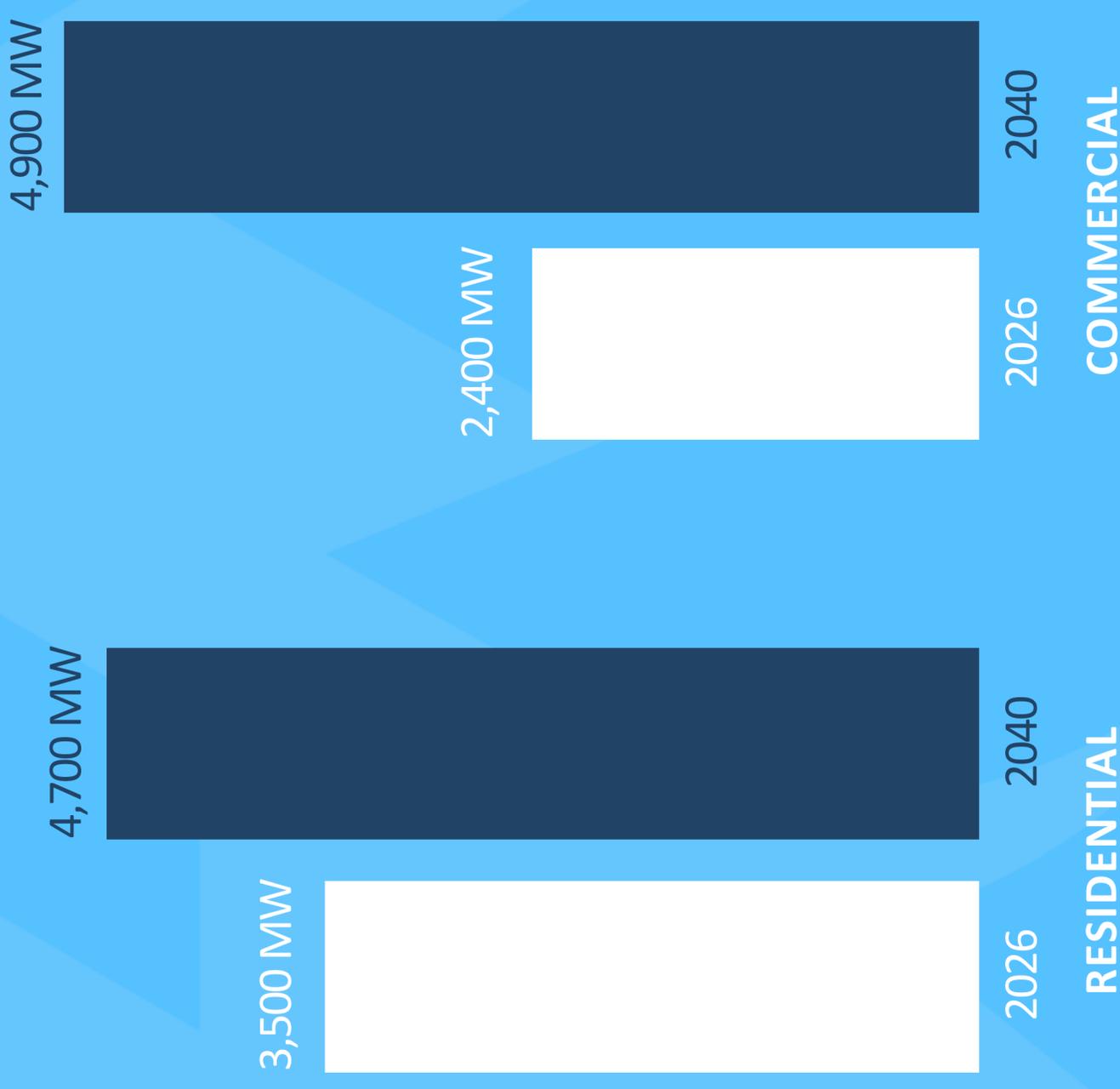
*Latest forecast anticipates using approx.*

**9,600 MWW**

by 2040

# Demand is growing across homes and businesses

## Forecasted demand



## LARGE ENERGY CUSTOMERS

### We are obligated to serve

- We serve *all* customers in our service area
- We're partnering with ERCOT, PUCT, and customers to address demand growth

### Who are they?

- "Large Load"
- Large energy customers
- Manufacturing, data centers, and industrial facilities

### Growth & planning

- CPS Energy continues to update its robust planning processes supporting native load growth and large customer energy requests
- We plan for and address generation, transmission, and distribution needs

### Who pays for what?

- Customer rates reflect actual service costs
- Large load customers pay for their specific infrastructure
- Transmission costs are shared across ERCOT

# Industries Powered by Data Centers

## Healthcare Organizations

Manage patient records, telemedicine and compliance with health regulations



## Financial Institutions

Secure transaction processing, data storage and compliance requirements



## Technology Companies

Support systems, services and platforms



## Media & Entertainment

Content delivery, video streaming, data infrastructure



## Research & Educational Institutions

Data analysis, simulations, and scientific and research needs



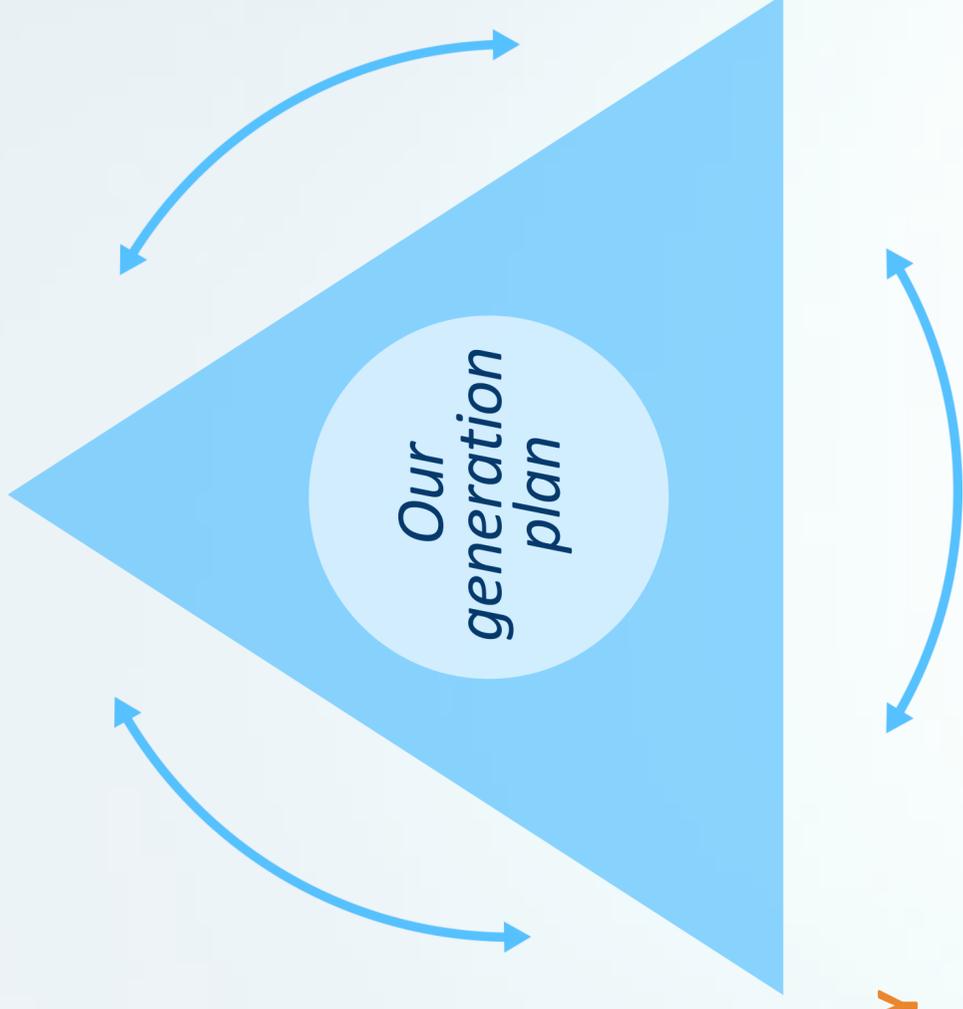
## U.S. Military

Command and control, intelligence and cybersecurity



# Priorities haven't changed

RELIABILITY



AFFORDABILITY

CLEANER ENERGY

# Our ongoing focus

## Customer Priorities

Reliability,  
Affordability,  
Cleaner Energy

## Strategy

Maintain a blended  
approach

## Commitment

City of San Antonio  
Climate Action &  
Adaptation Plan goals

## Customer Protection

Maintain long-term  
power supplies and  
reserves

OUR PATH FORWARD COMMITMENTS

*Customer protection*

COMMUNITY  
OUTREACH

# Responsible investments

OUR PATH FORWARD COMMITMENTS

# Continuing progress toward cleaner air



*We will continue to*

# Connect, listen and engage

## November

- ▶ D2 Community Fair
- ▶ Community Pop-Ups
- ▶ Community Survey
- ▶ Stakeholder Meetings

## December

- ▶ D7 Community Fair
- ▶ Community Pop-Ups
- ▶ Community Survey
- ▶ Stakeholder Meetings

## January

- ▶ Community Tele-Town Hall
- ▶ D1 Community Fair
- ▶ Bexar County Community Fair
- ▶ D6 Community Fair
- ▶ Community Survey
- ▶ Stakeholder Meetings
- ▶ Board of Trustees Meeting

## February

- ▶ Community Survey
- ▶ Stakeholder Meetings
- ▶ Community Pop-Ups
- ▶ D10 Townhall
- ▶ D5 Townhall
- ▶ D7 Townhall
- ▶ D4 Townhall
- ▶ Board of Trustees Meeting

## March

- ▶ Community Survey
- ▶ Stakeholder Meetings
- ▶ Community Pop-Ups
- ▶ Board of Trustees Meeting

Board Consideration

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# Thank You

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# Appendix

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# Connecting with our community



## Community Engagement

Community-wide engagement opportunities, including community resource fairs, pop-ups, events with council districts and suburban cities, tele-town hall, and our public survey.



## Stakeholder Engagement

Events and meetings with stakeholders, including local chambers and organizations, committees, and partner agencies.



## Marketing & Communications

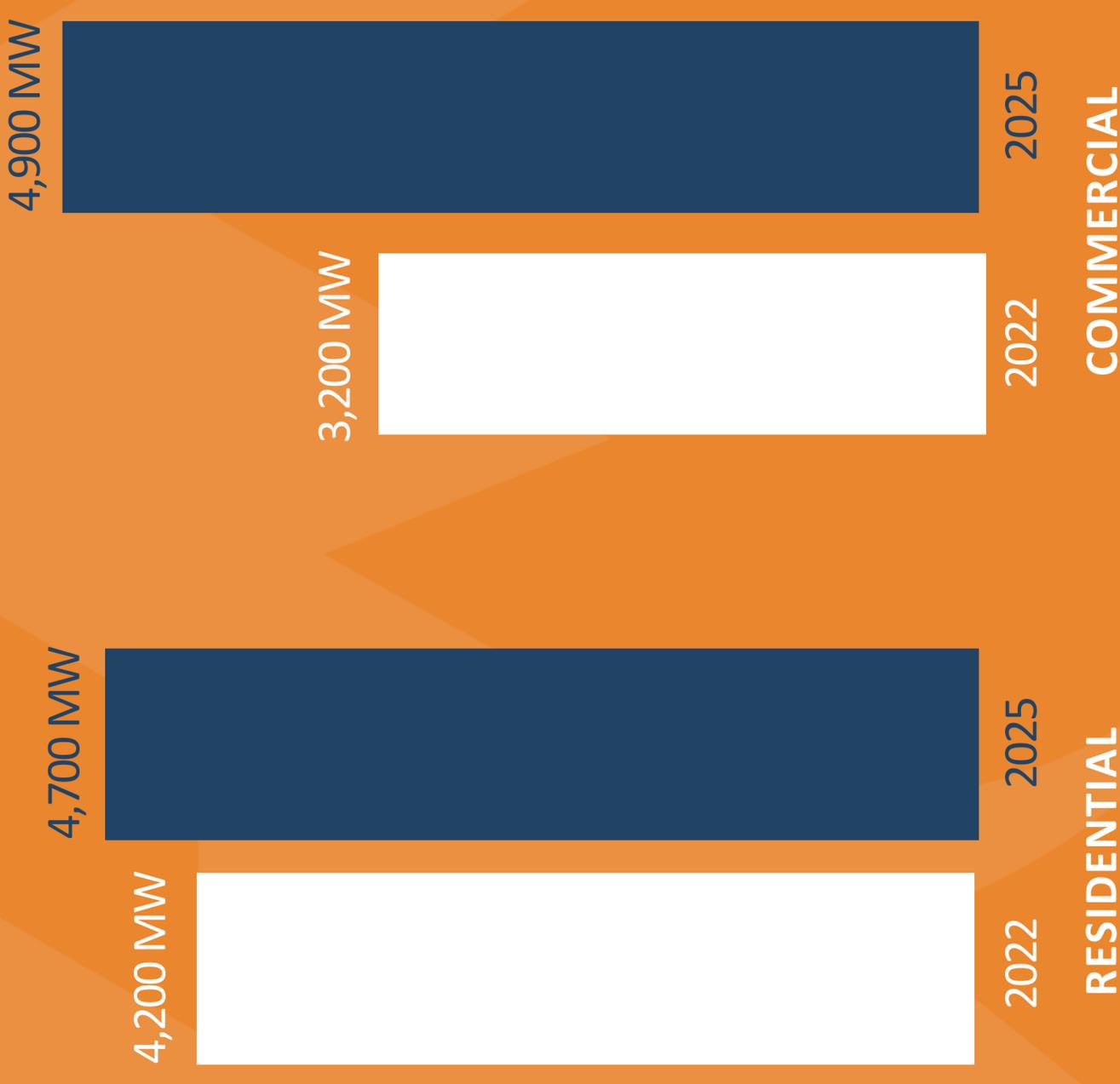
Ongoing outreach and awareness conducted through media relations, social media, website, newsroom and electronic newsletters.



## Employee Engagement

Direct engagement conducted with CPS Energy employees through in-person, virtual, and print and electronic communication.

# Forecasted demand in 2040



# How our growth assumptions have changed