

**CPS ENERGY
MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
HELD ON NOVEMBER 13, 2023**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of November was held on Monday, November 13, 2023, 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 Gonzalez called the meeting to order at 1:00 p.m.

Present were Board members:

Ms. Janie Gonzalez, Chair
Dr. Francine Romero, Vice Chair
Dr. Willis Mackey
Mr. John Steen
Mayor Ron Nirenberg (arrived at 1:03 p.m.)

Also present were:

Ms. Elaina Ball, Chief Strategy Officer
Ms. Shanna M. Ramirez, Chief Legal & Ethics Officer, General Counsel & Board Secretary
Mr. Cory Kuchinsky, Chief Financial Officer & Treasurer
Ms. DeAnna Hardwick, Chief Customer Strategy Officer
Mr. Evan O'Mahoney, Chief Information Officer
Ms. Lisa Lewis, Chief Administrative Officer
Mr. Benny Ethridge, Chief Energy Supply Officer
CPS Energy staff members
City of San Antonio officials
Interested Citizens

II. SAFETY MESSAGE, INVOCATION AND PLEDGE OF ALLEGIANCE

A safety message, invocation, and the Pledge of Allegiance were delivered by Ms. Lizeth Oliver, Loredo, Business Management Strategist.

III. PUBLIC COMMENT

Ms. Henrietta LaGrange, a community member, stated her appreciation for several CPS Energy employees, and she expressed concern about late fees.

Mr. Ed Vanass stated he formerly drove for Via Metropolitan Transit and understands that there are many low-income individuals and even small increases in pricing can have a large impact, especially when prices are going up across the board. He urged the Board of Trustees to be mindful when seeking rate increases.

IV. CHAIR'S REMARKS

Chair Gonzalez wished everyone a happy Thanksgiving and thanked those who took time out of their day to attend the meeting.

V. APPROVAL OF CONSENT ITEMS

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

A. Approval of Payment to the City of San Antonio for October 2023

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 October 2023 is based on actual gross revenue per the New Series Bond Ordinance of \$267,295,364.89, less applicable exclusions. The revenue for the month of October 2023 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$224,687,370.79
Gas revenue	14,708,511.31
Interest and other income	5,800,192.01
Gross revenue per CPS Energy financial statements	<u>245,196,074.11</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(9,704,485.92)
Fuel cost component of off-system nonfirm	
energy sales per City Ordinance 61794	
and revenue for wholesale special contracts	(17,134,280.31)
Noncash and other income, GASB 31	
investment market value change, miscellaneous	
interest income, gas billing adjustment and unbilled	
revenue	<u>48,938,057.01</u>
Total excluded revenue	<u>22,099,290.78</u>
Gross revenue per New Series Bond Ordinance subject to	
14% payment to the City	<u>\$267,295,364.89</u>
City payment per Bond Ordinance for October 2023	
based upon October 2023 revenue	\$37,421,351.08
City payment per memorandum of understanding (MOU)	
regarding wholesale special contracts	584,480.11
City Payment reduction per gas customer billing adjustment MOU	<u>(12,500.00)</u>
City payment per Bond Ordinance plus adjustments for	
memorandums of understanding	37,993,331.19

Utility services provided to the City for October 2023	(2,997,810.98)
Net amount to be paid from October 2023 revenue to the City in November 2023	<u>\$34,995,520.21</u>

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

(Dollars in thousands)

October 2023	Actual	Budget	Variance	
Current Month A	\$37,993	\$32,301	\$5,692	17.6%
Year-to-Date	\$355,340	\$339,396	\$15,944	4.7%

Approval of the following resolution is requested:

"BE IT RESOLVED by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$34,995,520.21 representing 14% of applicable system gross revenues for the month of October 2023, such payment being net of City utility services (\$2,997,810.98), is hereby approved."

B. Procurement Items:

1. **Item Description:** Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation
- Purchase Category:** General Services
- Supplier:** Accenture, LLP
Capgemini America, Inc.
E Source Companies, LLC dba E Source
Fujitsu North America, Inc.
HCL America Inc.
Hitachi Energy USA Inc.
Infosys Limited
Pricewaterhouse Coopers Advisory Services LLP

*The listed Procurement items are to be attached as Attachment "A".

VI. COMMITTEE REPORTS

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

- A. Audit and Finance Committee meeting held on October 16, 2023. The report is attached as "Attachment B" to the meeting minutes.
- B. Employee Benefits Oversight Committee meeting held on October 16, 2023. The report is attached as "Attachment C" to the meeting minutes.

VII. DEPOSITORY SERVICES CONTRACT APPROVAL

Ms. Julie Johnson, Vice President of Finance & Accounting and Assistant Treasurer, presented information on depository services for CPS Energy and the Request for Proposal (RFP) process. She requested Board approval for a contract with JPMorgan Chase for our primary depository services. The Board of Trustees discussed and asked questions. Mayor Nirenberg moved approval of the contract, which was seconded by Vice Chair Romero, and the motion was unanimously approved.

VIII. GRANTS AND PARTNERSHIPS

Mr. Jonathan Tijerina, Vice President of Corporate Development, provided a presentation on grant opportunities for CPS Energy to pursue local partnerships. He noted that the funding opportunities will help us de-risk and accelerate investments to benefit our customers and community. Finally, he highlighted grants CPS Energy has applied for or been awarded. The Board of Trustees asked questions and discussed the presentation.

IX. COMMUNITY INPUT WORKING GROUP UPDATE

Ms. DeAnna Hardwick, Chief Customer Strategy Officer, noted the Community Input Working Group met three times and provided valuable feedback to shape how we share information on our rate request with the community. She also noted that a full summary of feedback will be provided to the Board of Trustees.

X. CEO RECOGNITION

Ms. Elaina Ball, on behalf of Mr. Rudy Garza, President & CEO, recognized the Emerging Leaders Cohort which is a 9-month program for leadership development.

Ms. Ball also shared information on how customers can provide feedback and encouraged customers to share their opinions with us.

Finally, she noted that CPS Energy is ranked within the top 20 businesses committed to conservation by Texan by Nature.

XI. REVIEW OF ACTION ITEMS

Ms. Ramirez reviewed the open action items and noted they will all close by board communication or before December. She also reviewed the action items from today's meeting.

XII. EXECUTIVE SESSION

At approximately 2:20 p.m., Ms. Ramirez announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of a number of posted items, including the following:

- Consultation concerning Security Personnel or Devices (§551.076)
- Attorney-Client Matters (§551.071)
- Competitive Matters (§551.086)

The Board reconvened in open session at 3:00 p.m. The quorum was re-established, and all members were present. Ms. Ramirez reported that only the matters cited above, and no others were discussed, and no votes were taken in Executive Session.

XIII. ADJOURNMENT

There being no further business to come before the Board, upon a motion duly made by Trustee Dr. Mackey, seconded by Mayor Nirenberg, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 3:00 p.m. by Chair Janie Gonzalez.



Shanna M. Ramirez
Secretary of the Board



CPS Energy Board of Trustees Meeting November 13, 2023 APPROVAL of PROCUREMENT ITEMS Table of Contents

1. Item Description: Purchase Category: Supplier:	Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation
	General Services
	Accenture, LLP
	Capgemini America, Inc.
	E Source Companies, LLC dba E Source
	Fujitsu North America, Inc.
	HCL America Inc.
	Hitachi Energy USA Inc.
	Infosys Limited
	Pricewaterhouse Coopers Advisory Services LLP

Approval:

**Lewis, Lisa
D**

Digitally signed by
Lewis, Lisa D
Date: 2023.11.06
20:24:37 -06'00'

Lisa Lewis, Chief Administrative Officer

Approval:

**Garza,
Rudy D.**

Digitally signed by
Garza, Rudy D.
Date: 2023.11.08
09:28:59 -06'00'

Rudy Garza, President & CEO



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Procurement Form 1

Item Description	Specialized Ecosystem of IT Service Providers to Support Our Digital Transformation
Purchase Order Value	\$60,000,000
Purchase Category	General Services
Department	IT Infrastructure & Operations
VP IT Infrastructure & Operations	Anand Vedapuri
Chief Information Officer	Evan O'Mahoney

Detailed Description

CPS Energy staff recommend that a contract be awarded to E Source Companies, LLC dba E Source, a diverse business, Accenture, LLP, Capgemini America, Inc., and Pricewaterhouse Coopers Advisory Services LLC, all local businesses, and Fujitsu North America, Inc, HCL America Inc., Hitachi Energy USA Inc. and Infosys Limited, as the respondents who will provide the services at the best value for CPS Energy based on the evaluation criteria set forth below.

This contract provides technical, analytical, strategic, and implementation services related to business transformation with initiatives in IT service management, OT communications transformation, data ecosystem and analytics, data center and cloud transformation, SCADA transformation, application modernization and integration transformation, ERP ecosystem transformation, and digital strategy transformation. This contract will expire on November 15, 2027.

Subcontracting Opportunities

All businesses awarded a contract have committed to subcontract a portion of the services to one or more diverse businesses.

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

Evaluation Criteria	Points
Experience and qualifications to perform Services	51
Safety records and training program	20
The overall cost	10
Economic Development (local & diverse consideration)	10
The ability to meet CPS Energy's requirements	6
The financial soundness of the Respondent	3
TOTAL	100



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Procurement Form 1

Recommended Respondent(s) & Award

Respondent Name	SBA Classification & Details	Score	PO Value	PO #	Comments
Hitachi Energy USA Inc.		87	\$10,000,000	2215299	
Infosys Limited		86	\$10,000,000	2215303	
Fujitsu North America, Inc		81	\$10,000,000	2215302	
Capgemini America, Inc.	Local	76	\$8,000,000	2215300	
Pricewaterhouse Coopers Advisory Services LLP	Local	71	\$8,000,000	2215304	
HCL America Inc		69	\$8,000,000	2215301	
E Source Companies, LLC dba E Source	Diverse (Small)	68	\$3,000,000	2215305	
Accenture LLP	Local	61	\$3,000,000	2215298	
		TOTAL	\$60,000,000		

Forty-One (41) additional respondents were not recommended for award: AgreeYa Solutions, Inc, Amanda Andrews Personnel Corp DBA VIP Staffing and VIP Technology Consultants, Apex Systems, LLC., Bridgehead I.T. Inc, Brymer Communication Services, LLC, Brymer Communication Services, LLC, CGI Technologies and Solutions Inc, Cyber Group, Inc, Deloitte Consulting, LLP, Dilligent Consulting, Inc, Diversified Technical Services, Inc, DXC Technology Services LLC, Experis US Inc, Huron Consulting Services LLC, Insight Global, LLC, Interaction Development Corporation, Johnson, Smith and Associates LLC, Kyndryl, Inc, Maleko Personnel, Mobius Partners, LLC, Modis Inc, NCR Solutions, LLC, Netsync Network Solutions, Inc, New World Cyber Solutions, Power Costs, Inc, Presidio Networked Solutions Group LLC, Radiant Digital Solutions, Inc, Randstad Technologies LLC, RSM US LLP, Sapiient Corporation of Boston Massachusetts, SEL Engineering Services, Inc, Sentinel Technologies, Inc, SimRobotics, Corp, Sirius Computer Solutions, inc, Sistem Technologies, Inc, Tech Mahindra Americas Inc, TMG Consulting, Inc, Triencon Services, Inc, Veralogics, Inc, Weaver and Tidwell, L.L.P., and Solid Border, Inc.

Annual Funds Budgeted

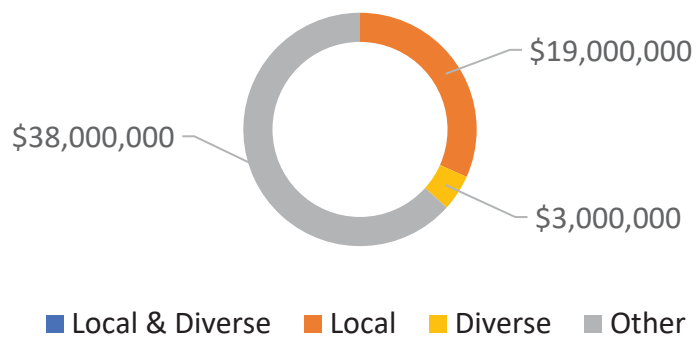
Corporate Annual Budget	Funding Method	Projected FY2024 PO Spend	% of FY2024 Annual Corp Budget	Projected FY2025 PO Spend	Projected FY2026 PO Spend	Projected FY2027 PO Spend
\$940,520,261	Capital	\$2,000,000	0.02%	\$12,000,000	\$12,000,000	\$12,000,000
\$773,000,000	Non-Fuel O&M	\$500,000	0.06%	\$3,000,000	\$3,000,000	\$3,000,000

Our current approved budget and latest estimates support these new purchase orders.



CPS Energy Board of Trustees Meeting November 13, 2023 Procurement Form 1

Procurement Item: General Services





AUDIT & FINANCE COMMITTEE (A&F)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 16, 2023 MEETING

PREPARED FOR CHAIR JANIE GONZALEZ

FOR REPORT AT THE NOVEMBER 13, 2023 BOARD OF TRUSTEES MEETING

The Audit & Finance Committee met on October 16, 2023. As part of the Audit & Finance Committee agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 20, 2023.
- B. Provided an overview of the Single Audit performed by KPMG related to a FEMA grant we received. No findings were identified.
- C. Received a presentation from KPMG Lead Audit Partner regarding the financial statement audit, testing to be performed, and estimated FY2024 audit fees and actual FY2023 audit fees. Informed additional discussion related to inquiries would be made by KPMG during the closed session of the Committee meeting.
- D. Provided a review of a list of audit and non-audit services provided by KPMG and received approval.
- E. Received an update on the Ethics Program, including a summary of the types and numbers of cases that were opened and closed from February 1, 2023 through September 20, 2023, and a trend analysis based on case category for FY2023 second Quarter versus FY2024 second Quarter. Informed the Ethics team has a list of questions which are posed when an individual makes an inquiry regarding whether an item can be accepted per our policies.
- F. Received update on the 2023 NERC audit. Only one finding was identified. This finding had been self-reported and a remediation put in place before the audit started. The final report was issued on August 31, 2023.
- G. Provided a preview of the financial policies, including proposed changes. The financial policies will be provided for approval at the October 31, 2023 Board meeting.
- H. Provided a preview of the nuclear decommissioning trust investment management (IM) agreement renewals, including proposed changes. The nuclear decommissioning IM agreement renewals will be provided for approval at the October 31, 2023 Board meeting.
- I. Provided a procurement preview of contracts needing additional funding, new contracts, and future funding requests.
- J. Provided a review of project count, audit coverage, and project feedback metrics. Received a review of the results of three completed projects. Informed that contract negotiations are in progress with two vendors selected for the Audit Services partner firm contract. Also, Audit Services management hired an auditor and has extended an offer to another candidate for an auditor position.

The next meeting of the Audit & Finance Committee will be held in January 2024.



EMPLOYEE BENEFITS OVERSIGHT COMMITTEE (EBOC)

EXECUTIVE SUMMARY AND CHAIR REPORT FROM THE OCTOBER 16, 2023 MEETING PREPARED FOR COMMITTEE CHAIR JANIE GONZALEZ FOR REPORT AT THE NOVEMBER 13, 2023 BOARD OF TRUSTEES MEETING

The EBOC met on October 16, 2023. As part of the EBOC agenda, the Committee:

- A. Approved meeting minutes from the prior meeting held on July 20, 2023.
- B. Reviewed the Action Items list from the meeting held on July 20, 2023.

The Committee also received presentations regarding:

- C. A Benefit Plans Administrative & Financial Update, which highlighted the following topics: governance overview and calendar review, performance by class review, investment strategy overview, investment manager watch list update, and investment performance for the year to date through August 2023.
- D. A recommendation from the Administrative Committee on proposed revisions to the Investment Policy (IP) and Statement of Governance (SoG). The EBOC approved these recommendations. The SoG proposed revisions were also approved by the Board of Trustees during the October 31st meeting.

The next meeting of the EBOC will be held in January 2024.