



**SA ENERGY ACQUISITION PUBLIC FACILITY CORPORATION MEETING**  
**TO BE HELD ON MARCH 4, 2024**  
**LOCATION: CPS ENERGY BOARD ROOM (500 MCCULLOUGH AVE)**

*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.*

**PFC Members**

Ms. Janie Gonzalez, President  
 Mr. Rudy Garza, Assistant Vice President  
 Dr. Willis Mackey, Director  
 Mr. John Steen, Director

Dr. Francine Romero, Vice President  
 Mayor Ron Nirenberg, Director  
 Mr. Cory Kuchinsky, Director

**AGENDA**

| ITEM                                                                                                                                                                                                                                                  | TOPIC                                                                                                                                                                                | ACTION  | PRESENTER / SPONSOR |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|---------------------|
| <b>1</b>                                                                                                                                                                                                                                              | <b>CALL TO ORDER</b>                                                                                                                                                                 | Execute | Ms. Janie Gonzalez  |
| <b>2</b>                                                                                                                                                                                                                                              | <b>PUBLIC COMMENT</b><br>Pre-Registration is from Wednesday, February 28, 2024, 5:00 PM – Friday, March 1, 2024, 1:00 PM @ (210) 353-4662 or publiccommentregistration@cpsenergy.com | Discuss | Ms. Janie Gonzalez  |
| <b>CONSENT AGENDA</b>                                                                                                                                                                                                                                 |                                                                                                                                                                                      |         |                     |
| <b>3</b>                                                                                                                                                                                                                                              | <b>APPROVAL OF CONSENT ITEMS:</b><br>A. Minutes of the PFC Meeting held on 7/31/2023<br>B. Financial Authorization and Approvals Policy for Banking & Investing                      | Vote    | Ms. Janie Gonzalez  |
| <b>REGULAR AGENDA</b>                                                                                                                                                                                                                                 |                                                                                                                                                                                      |         |                     |
| <b>4</b>                                                                                                                                                                                                                                              | <b>RESOLUTION FOR ELECTION OF OFFICERS</b><br>(Ms. Shanna Ramirez)                                                                                                                   | Vote    | Ms. Janie Gonzalez  |
| <b>5</b>                                                                                                                                                                                                                                              | <b>CLOSE-OUT:</b><br>Review Action Items from this meeting                                                                                                                           | Discuss | Ms. Julie Johnson   |
| <b>6</b>                                                                                                                                                                                                                                              | <b>ADJOURNMENT</b>                                                                                                                                                                   | Execute | Ms. Janie Gonzalez  |
| If the PFC meeting has not adjourned by 3:55 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. |                                                                                                                                                                                      |         |                     |

Draft for Review and Approval  
at the March 4, 2024 meeting



**Minutes of Meeting of  
Board of Directors  
July 31, 2023**

A regular meeting of the Board of Directors of SA Energy Acquisition Public Facility Corporation ("PFC" or "Corporation"), held in the Board Room on the First Floor of the CPS Energy headquarters located at 500 McCullough, San Antonio, Texas, was called to order on Monday, July 31, 2023, at 3:50 p.m. by Board President Gonzalez.

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

Ms. Janie Gonzalez, President  
Dr. Francine Romero, Vice President  
Mr. Rudy Garza, Assistant Vice President  
Dr. Willis Mackey  
Mr. John Steen  
Mayor Ron Nirenberg  
Mr. Cory Kuchinsky

Also, in attendance during the meeting were:

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

**I. WELCOME / CALL TO ORDER**

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

**II. PUBLIC COMMENT**

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

Draft for Review and Approval  
at the March 4, 2024 meeting

### III. CONSENT AGENDA

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

- A. Board Meeting Minutes from February 27, 2023
- B. Directors & Officers (D&O) Insurance Program Approval

### IV. PFC AUDIT RESULTS

Ms. Julie Johnson, Vice President of Finance & Accounting & Asst. Treasurer, introduced the audit results and introduced Ms. Caroline Garcia from KPMG. Ms. Gracia presented the audit results, noting that CPS Energy received a clean, unmodified audit.

The audit report noted that PFC uses the redemption price method of amortizing its bond premium in place of the effective interest method per Generally Accepted Accounting Principles (GAAP). Trustee Steen noted his concerns about the PFC's non-GAAP policy, and belief that the PFC should follow GAAP. In response, Ms. Johnson noted that the PFC has had the policy since 2007, and it assists in ensuring the PFC's reports are not confusing. Ms. Garcia noted it is not unusual for organizations to have different approaches than their auditors over how things are reported, and she emphasized that KPMG issued a clean opinion and would not have done so had they believed this was a material issue. Mayor Nirenberg noted that it would cost ratepayers a significant sum to change the way we report and audit and wanted to note that this conversation was detracting from the fact that the PFC received a clean report.

### V. CLOSE-OUT

No action items were captured.

### ADJOURNMENT

There being no further business to come before the Board of Directors, upon motion by Board Member Mackey and seconded by Assistant Vice President Garza, the meeting was adjourned by President Gonzalez at 4:07 p.m.

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Shanna M. Ramirez  
Secretary of the Board

## Executive Summary

### San Antonio Energy Acquisition Public Facility Corporation Financial Policy Annual Approval March 04, 2024 Board Consent Agenda Item

#### **ACTION REQUIRED:**

- Board approval of San Antonio Energy Acquisition Public Facility Corporation's Financial Policy Resolution
- Should you have any questions or need any additional information, please contact
  - Julie Johnson at 210-353-2462 (office) / 210-289-3490 (cell)
  - Cory Kuchinsky at 210-353-5176 (office) / 210-415-2941 (cell)

#### **BACKGROUND:**

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

| Administrative | Organizational | Procedural | Substantive |
|----------------|----------------|------------|-------------|
| None           | None           | None       | None        |

This Policy:

- Designates San Antonio Energy Acquisition Public Facility Corporation officers ("Officers") and other staff who are authorized to approve various banking, investing and hedging transactions and relationships
- Designates Investment Officers for the San Antonio Energy Acquisition Public Facility Corporation, as defined by the Texas Public Funds Investment Act ("PFIA")
- Authorizes Officers to act in the name of San Antonio Energy Acquisition Public Facility Corporation to perform duties such as establishing, maintaining and closing bank accounts; authorizing or approving investment and banking transactions; and establishing, maintaining and closing trading authorizations for the investment of San Antonio Energy Acquisition Public Facility Corporation funds

#### **SUMMARY OF CHANGES:**

Updated the effective date of the FAAP Policy as a result of the annual renewal.

#### **CONTENTS:**

- Board Resolution: San Antonio Energy Acquisition Public Facility Corporation's "Financial Authorizations & Approvals Policy for Banking & Investing"
- Clean and redlined versions of policy

Board of Directors

March 04, 2024



**FINANCIAL AUTHORIZATION AND APPROVALS POLICY  
FOR BANKING AND INVESTING  
(POLICY EFFECTIVE FEBRUARY 28, 2024)**

**BANKING**

**Accounts**

The SA Energy Acquisition Public Facility Corporation Officers listed below ("Officers"), or any persons appointed to fill those positions in an interim capacity, are authorized to act in the name of SA Energy Acquisition Public Facility Corporation (the "PFC") to establish, maintain and close bank and/or trust accounts:

Assistant Vice-President  
Assistant Secretary  
Treasurer

Authority to open or close any bank or trust account at a designated financial institution requires the signatures of at least two Officers. Signatures evidencing such authorization will be provided to financial institutions, including banks, investment firms, etc. upon establishment and termination of a relationship.

**Financial Transactions**

Any two Officers are authorized to sign checks drawn on PFC bank accounts. In addition, any two Officers may authorize and approve other financial transactions, including electronic funds transfers ("EFT") or investment of funds. EFT's may be executed verbally with personal identification codes, by signed letter or facsimile, or by electronic banking system transmission, provided that adequate segregation of system administration functions exists.

Any two Officers may designate other authorized representatives ("Authorized Representatives"). An Authorized Representative may authorize and approve financial transactions when, and only when, joined by at least one Officer. A list of Officers and, when applicable, Authorized Representatives will be provided to approved financial institutions along with specimen signatures. The Officers and Authorized Representatives who authorize and approve a financial transaction are prohibited from executing that transaction.

**Collateral**

In the event cash balances exceed levels insured by the Federal Deposit Insurance Corporation, the trustee, as defined by Texas Property Code Sec. 111.004(18) and hereinafter referred to as "Trustee", will pledge collateral in accordance with the Texas Public Funds Collateral Act and the Trust Indenture dated June 1, 2007 securing Gas Supply Revenue Bonds, Series 2007 ("Indenture"). Currently, Bank of New York Trust Company, N.A. serves as Trustee for the PFC. Two Officers will be required to approve collateral pledges or releases.

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**INVESTMENT****Investment Authorization**

The above-listed Officers, or any persons appointed to fill those positions in an interim capacity, are authorized to act in the name of the PFC to establish, maintain and close investment relationships with the Trustee, investment managers, money market funds, and depository institutions for the investment of PFC funds. The signature of any two Officers will be required to open or terminate such investment relationships. The Treasurer and the Assistant Secretary are designated as the PFC's Investment Officers and will maintain the requisite number of investment training hours as specified in the Texas Public Funds Investment Act ("PFIA").

**Investment Emphasis and Strategy**

Investment of PFC funds will be in accordance with the PFIA, the Trust Indenture, and agreement(s) relating to the issuance of any of the PFC's bonds.

The investment emphasis and strategy describe its objectives based on the following order of importance:

1. Understanding of the suitability of the investment to the financial requirements of the entity;
2. Preservation and safety of principal;
3. Liquidity;
4. Marketability of the investment if the need arises to liquidate the investment before maturity;
5. Diversification of the investment portfolio; and
6. Yield

The majority of the PFC's funds will be invested in a Guaranteed Investment Contract (GIC) with J. Aron as the GIC provider. Goldman Sachs guarantees the obligations of its wholly-owned subsidiary, J. Aron (the gas supplier). The PFC Bond's credit ratings reflect the lower of the ratings of Goldman Sachs, CPS Energy, and the Royal Bank of Canada (the swap counterparty). Liquid funds (e.g., cash) in the Debt Service Fund, Revenue Fund, and General Fund are all currently in approved Government Money Market Funds.

The strategy for investment of PFC's funds is to ensure timely deposit of all debt service funds with the GIC provider.

Emphasis for investment of PFC funds should be placed on safety of principal and liquidity followed by emphasis on earning investment income at market rates.

Investment of funds not related to debt service will have a maximum maturity of one year or less to ensure adequate operating liquidity in the event early liquidation is required for cash flow purposes.

Market values of investments will be attained from sources deemed reliable by industry standard and will be reviewed no less than quarterly. All eligible securities will be settled on a delivery versus payment method.

Other available funds beyond debt service will be timely invested in authorized investments to earn market yields, with emphasis on safety and liquidity for operational requirements.

**Authorized Investments**

PFC funds may be invested in "Qualified Investments" as defined in the Indenture. With the exception of GICs or Repurchase Agreements, the PFC will own no greater than 10% of the outstanding issued amount for any one CUSIP or money market mutual fund. All investments are to be made consistent with this Policy, the Indenture, the PFIA, and other legal agreements and federal income tax

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requirements. Any two Officers may authorize the Trustee or investment manager to invest funds in said instruments without day-to-day oversight or additional authorization by those Officers.

No investment transaction shall be made that would cause the portfolio to be out of compliance with this Policy. The impact that an investment transaction would have on the portfolio will be evaluated prior to executing a transaction. However, it is possible for the portfolio to become out of compliance with this Policy due to regulatory changes, etc. Action will be taken to move the portfolio back into compliance within a period of 90 days from the date upon which the non-compliance event occurred or was discovered. Additional time periods may be granted in the event temporary market conditions are not seen as favorable for taking corrective action.

**Standard of Care**

Directors and Officers of the PFC, Authorized Representatives and the Trustee will be required to operate under the prudent-person rule, *i.e.*, managing financial transactions, investments and diversification of investments "shall be made with judgment and care, under prevailing circumstances, that a person of prudence, discretion and intelligence would exercise in the management of the person's own affairs, not for speculation, but for investment, considering the probable safety of capital as well as the probable income to be derived."

**Investment Reporting**

Reports of investment activity will be prepared and submitted to the PFC Officers on a quarterly basis in accordance with PFIA requirements. In addition, this Financial Authorization and Approvals Policy for Banking and Investing will be reviewed and approved by the Officers of the PFC not less than annually, during the fiscal year. If brokers are engaged in investment transactions for the PFC, the Investment Officers will review and approve a list of qualified brokers on an annual basis.

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**RESOLUTION FOR APPROVAL OF THE FINANCIAL AUTHORIZATION AND APPROVAL  
POLICY FOR BANKING AND INVESTING**

The following resolution relating to the banking and investing activities of the City of San Antonio, Texas acting by and through San Antonio Energy Acquisition Public Facility Corporation ("PFC") was presented for consideration and approval by the Board of Directors ("Board"):

**WHEREAS**, the Board of Directors of the PFC, is required to designate and authorize specific PFC Officers and staff to conduct financial transactions on behalf of the PFC; and

**WHEREAS**, a PFC Financial Authorization and Approval Policy for Banking and Investing ("the Policy") must be provided to banks, investment firms, brokers, and other counterparties to conduct transactions in the daily operations of the PFC; and

**WHEREAS**, PFC has a proposed procedural change to the Policy in addition to the effective date.

**NOW THEREFORE BE IT RESOLVED** that the Board hereby approves the attached PFC Financial Authorization and Approval Policy for Banking and Investing, effective February 28, 2024.

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Shanna M. Ramirez, Secretary



### **RESOLUTION FOR ELECTION OF OFFICERS**

**WHEREAS**, Article VII of the Corporation's Articles of Incorporation stipulates that "No person shall be appointed as a director of the Corporation unless that person is also appointed as a member of the Board of Trustees of CPS Energy or serves as the President and CEO or Chief Financial Officer of CPS Energy; provided that a director whose term on the Board of Trustees of CPS Energy or whose employment at CPS Energy concludes before the expiration of the term as a director of the Corporation shall also conclude their term as a director of the Corporation"; and

**WHEREAS**, on December 1, 2022, the San Antonio City Council reappointed the members of the CPS Energy Board of Trustees along with the President & Chief Executive Officer and the Chief Financial Officer of CPS Energy to the SA Energy Acquisition Public Facility Corporation Board of Directors for terms to commence February 1, 2023 and expiring on January 31, 2025; and

**WHEREAS**, on February 27, 2023 the Board of Directors elected a slate of officers to serve the Corporation for terms that expire January 31, 2024; and

**WHEREAS**, the Corporation's by-laws call for the election of a president, a vice president, a secretary, and an executive director and authorize the board of directors to establish and fill other offices that it determines to be necessary; and

**NOW, THEREFORE, BE IT RESOLVED**, that the following persons shall serve as officers of the Corporation, in positions as identified below, for a term ending January 31, 2025, provided that an officer whose term on the Board of Trustees of CPS Energy concludes before the expiration of the term as an officer of the corporation shall also conclude his/her term as an officer of the corporation:

|                                         |                     |
|-----------------------------------------|---------------------|
| President <sup>(1,3)</sup>              | Janie Gonzalez      |
| Vice President <sup>(1,3)</sup>         | Dr. Francine Romero |
| Assistant Vice President <sup>(1)</sup> | Rudy Garza          |
| Secretary                               | Shanna Ramirez      |
| Assistant Secretary <sup>(2)</sup>      | Julie Johnson       |
| Treasurer <sup>(2)</sup>                | David Ramirez       |
| Executive Director                      | Kevin Pollo         |

**Notes:**

- 1) Also serves as a Director of the Corporation. Other Trustees of CPS Energy not specified above also serve as Directors of the Corporation.
- 2) Serves as an Authorized Financial Officer for Banking & Investing of the Corporation.
- 3) The President and Vice President positions in the Corporation are aligned to be consistent with the Chair and Vice Chair positions on the CPS Energy Board.

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Shanna Ramirez, Secretary