

**CPS ENERGY**  
**MINUTES OF REGULAR MEETING OF THE BOARD OF TRUSTEES**  
**HELD ON NOVEMBER 16, 2020**

The Regular Meeting of the Board of Trustees of CPS Energy for the month of November was held on Monday, November 16, 2020 by telephone conference in order to advance the public health goal of limiting face-to-face meetings (also called “social distancing”) to slow the spread of the Coronavirus (COVID-19). There was no in-person public access to the meeting. Chair John Steen called the meeting to order at 1:00 p.m.

Present via phone were Board members:

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

Also present via phone were:

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

**I. ROLL CALL OF BOARD MEMBERS**

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

**II. SAFETY MESSAGE**

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

Mayor Nirenberg provided a brief COVID-19 update. He noted an uptick in new positive cases in the community. He reminded individuals to continue to follow public health guidance, such as wearing masks and limiting outside gatherings. He mentioned that he is in quarantine but has tested negative for COVID-19. He emphasized that it is critically important to follow protocols and maintain social distancing if exposed.

Ms. Gold-Williams echoed key points raised by Mayor Nirenberg in calling for vigilance to protect against exposure to COVID-19. The COVID-19 numbers continue to rise within CPS Energy, with 136

diagnosed as COVID-19 positive and zero employee deaths since the start of the pandemic. Currently there are 113 employees in quarantine, and four employees are hospitalized. Ms. Gold-Williams announced she is self-quarantining in conformance with CPS Energy protocols after attending a meeting with more than ten attendees.

### III. INVOCATION

An invocation was delivered by Mr. Daniel Elias, Interim Director Chief of Staff, Financial Services.

### IV. PUBLIC COMMENT

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

1. Mr. Richard Perez, President & CEO, San Antonio Chamber of Commerce, praised the competency of CPS Energy and its CEO. He expressed opposition to changing CPS Energy's governance model.
2. Ms. Alice Canestaro-Garcia spoke in favor of conservation and public participation in the utility's policy-making process and expressed her support of the recall petition.
3. Mr. Greg Harman expressed support of the recall petition and was critical of CPS Energy leadership's response to the recall petition and to reform proposals.
4. Ms. Sherri Chaudhry, CEO, Chaudhry Consulting, expressed her interest in collaborating with CPS Energy to decrease homelessness and expressed concern about ending the suspension of disconnects.
5. Ms. Suzanne Green expressed support for the Rate Advisory Committee (RAC) proposal. She noted that when she thinks about power, she believes that she represents nature. She recited a poem titled, "What Holds Me."

### V. CEO'S REPORT

Ms. Gold-Williams provided context for several agenda items. She discussed CPS Energy's **Guiding Pillars**, with a focus on **Affordability** and **Reliability**. She addressed CPS Energy's sustainability successes and how CPS Energy bills compare to other markets. She highlighted the wholesale business and renewable complexities. She also discussed major differences between business and residential billing. She emphasized embracing change, progress, and the importance of cooperation. She stressed her desire to speak with everyone in the community to obtain their input regarding CPS Energy's initiatives.

Ms. Gold-Williams described the **Flexible Path**<sup>SM</sup> strategy as being designed to protect the community from price spikes and stressed that there has been only one rate increase in ten years. She recounted CPS Energy's history of environmental responsibility going back over twenty years. She explained CPS Energy's goal of decarbonizing its entire energy portfolio by 80 percent by 2040, following the decision to close two older coal units during 2018. She highlighted the award-winning CPS Energy Save for Tomorrow Energy Plan (STEP) which achieved demand reduction of 771 MWs ahead of schedule and under budget.

Ms. Gold-Williams highlighted that CPS Energy has been a leader in shifting energy sources to renewables and that about 20 percent of CPS Energy's capacity is renewable. She reported that a recent

study ranked CPS Energy first in solar energy capacity in Texas and fifth in the nation. She also stressed that CPS Energy's wind production contributions make Texas number 1 in wind energy generation.

Ms. Gold-Williams also explained how CPS Energy has been driven to provide value for its customers, while also searching for environmental solutions. It has balanced the costs of its \$82 million conservation program and its \$296 million renewable energy program, while maintaining some of the lowest average utility bills in the nation and the state for its customers. She emphasized the importance of managing risk while ensuring **Reliability** and **Affordability** and recognized the current challenges to reliably harness solar and wind energy.

She discussed ERCOT wholesale pricing trends which could raise issues with investments in power generation infrastructure in the future, including CPS Energy's recent drop in wholesale revenue in FY2021, which indicates that we may be entering a period of low pricing going forward for several years. She also mentioned that increases in the percentage of power generated by wind and solar power could affect reliability in the future.

Ms. Gold-Williams expressed her desire for the **FlexPOWER Bundle**<sup>SM</sup> to be part of a renaissance to put more solar power in the market. Currently there is a lag in battery storage in comparison to wind and solar, and there is a need for more energy storage and firming capacity to complement wind and solar energy. She emphasized that the timing and velocity of our journey to solar and renewable energy matter.

Ms. Gold-Williams discussed the important role of wholesale sales and how low wholesale pricing could impact energy costs for the community. She also described the importance of commercial customers in creating revenue and how pricing must be balanced so as to not negatively impact the economy and the growth of jobs and businesses in the community.

Ms. Gold-Williams discussed the importance of credit ratings for CPS Energy and the City of San Antonio (CoSA) and corrected a mischaracterization that CPS Energy's plans on combating carbon are perceived as insufficient and hurting credit ratings. She also discussed the importance of balancing the timing of investment to ensure bills remain affordable. She emphasized CPS Energy's willingness to engage with the public to find solutions and noted additional public discussions on important issues, including the impacts of energy efficiency, renewables, storage technologies, fossil fuels, and customer assistance, will take place.

Trustee Kelley and Chair Steen complimented Ms. Gold-Williams' presentation for dealing with facts. Chair Steen added that in his experience, customers' priorities are **Reliability** and **Affordability**. The Board members discussed their desire to increase the visibility of the CEO Report and bill comparison data.

## VI. ADDITIONAL UPDATES

### Cost Savings: E-invoice Automation

Mr. Gold introduced Mr. Elias, who presented to the Board on the E-Invoice automation project. The project, which was deployed in January 2020, will result in estimated cost savings of approximately \$81,000 and \$127,000 respectively for fiscal years 2021 and 2022. The processing improvements include electronic invoicing, automated scanning of NPO invoice requests, automated scanning of paper travel expense reports, an upgrade to a cloud-based version of character recognition software, and enhanced reporting. Ms.

Bouet provided additional insight on utilizing robotic processing automation character recognition to eliminate many elements of manual processing.

Mr. Elias explained that before the enhancements, CPS Energy received more than 70,000 paper invoices via US mail in 2020, which were manually processed. Before the automation improvements were introduced, this process required two dedicated employees to open, date stamp, sort, and scan all invoices. Now that process can be performed by one employee.

Mr. Elias noted that because of the enhancements, most vendors now email their invoices and they are automatically posted. Mr. Elias highlighted efficiencies and cost savings achieved through the automation process that benefit the entire enterprise, including a seventy percent reduction in paper invoice batches and a reduction of time spent processing invoices, which has dropped from twenty hours to ten hours per week. Manual invoice posting has been reduced by thirty percent and equipment maintenance has been reduced due to less paper being handled by the staff. Additionally, the overall process has strengthened vendor relationships. This automation process was a collaborative effort between Financial Services and Enterprise IT.

### **FlexPOWER Bundle Update**

Dr. Eugster provided an update on CPS Energy's **FlexPOWER Bundle**, which will replace capacity from aging power plants, with up to 900 MWs of solar power and up to 50 MWs of energy storage capacity and include an all-source firming capacity. Dr. Eugster provided a summary of CPS Energy's **Flexible Path** journey and highlighted key insights from the recently completed request for information (RFI). He also provided information on CPS Energy's community outreach efforts tied to the **FlexPOWER Bundle**.

Dr. Eugster explained that the recently completed RFI received over 200 responses from across the globe with numerous responses coming from within Texas. Dr. Eugster noted that Texas is seeing many solar and energy storage projects in the queue for ERCOT.

In response to the RFI, CPS Energy has received information on a variety of energy storage technologies such as battery storage, thermal, compressed air, liquid air, and hydrogen. Nevertheless, the challenge of long duration storage remains. Dr. Eugster stressed the importance that the technologies must demonstrate both long duration storage today with sufficient viability to replace a physical power plant.

In exploring various energy options to meet these goals, CPS Energy has partnered with key industry leaders, including Dr. Arshad Mansoor, of Electric Power Research Institute (EPRI), Dr. Ernie J. Moniz, former Secretary of Energy, and Clint Vince, Chair of the US Energy Practice for Denton's.

Dr. Eugster explained that Operations has partnered with Customer Engagement to stimulate public dialogue and gain input from the community on the **FlexPOWER Bundle** process and on our **Flexible Path**. He identified several recent community conversations that have occurred in the last year, including **People First** Virtual Community Fairs, and the State of the Utilities event sponsored by the Hispanic Chamber of Commerce and our recently released Sustainability Report. Feedback on the **FlexPOWER Bundle** from local chambers of commerce, manufacturer associations, and environmental stakeholder groups has been positive.

Dr. Eugster explained that CPS Energy hopes to launch the request for proposal (RFP) this year, receive responses through the early part of next year and be under contract by September 2021.

Dr. Eugster also mentioned that CPS Energy is reaching out to the public to get feedback from stakeholders and community through the process. A Facebook live chat on the **FlexPOWER Bundle** is scheduled for December 3, 2020.

Dr. Mackey complimented the proposal of the **FlexPOWER Bundle** and expressed interest in accelerating the timeline so that contracts are underway in July 2021. Mayor Nirenberg echoed Dr. Mackey's sentiments in seeking to expedite the RFP timeline process for awarding contracts. He expressed his belief that this RFP process would make CPS Energy number 1 in solar in the United States.

Dr. Eugster responded that CPS Energy will try to accelerate the timeline.

Trustee Kelley asked for clarification of the term "all-source firming capacity". Dr. Eugster responded that CPS Energy is looking at energy storage options with specifications comparable to the capacity of a "peaker," a plant that runs primarily during periods of peak demand, usually hot summer days. Ms. Gold-Williams added that CPS Energy is currently operating aging-peakers to firm up its solar and wind energy and they will eventually need to be replaced.

Trustee Kelley expressed his preference for using proven firming resources rather than unproven, cutting-edge technologies.

Ms. Gold-Williams responded that CPS Energy will investigate and compare various types of technology and bring them back to the Board.

Dr. Mackey added that he is currently more interested in technologies that are proven to work.

In response to an inquiry by Chair Steen, the Board discussed the likely positive impact of the **FlexPOWER Bundle** on CPS Energy's ranking for solar production.

Chair Steen also expressed interest in accelerating the **FlexPOWER Bundle**<sup>SM</sup> timeline and asked for a report during the December meeting on an updated timeline.

## VII. PROCUREMENT PREVIEW

### Professional Services – Context for item 8D1: Electric & Gas Distribution Engineering Services

Mr. Garza introduced Ms. Trish Villa, Director, Customer Engineering, who reported on the Customer Engagement Design professional services procurement item on the Consent Agenda.

Ms. Villa explained that the requested funds are for professional services related to service design, field support, customer engagement, quality assurance, quality control and as-built processing, and will ensure that CPS Energy will be able to support our community's continued rapid growth.

The request for qualifications (RFQ) issued for this project received 20 proposals, all of which included local offices. CPS Energy has the potential to award the contract to 14 contractors, including three

diverse or small business contracts. Larger contractors will use and mentor small and diverse subcontractors. Overall, the project has the potential expense of approximately \$40 million over three years.

### VIII. APPROVAL OF CONSENT ITEMS:

Dr. Mackey moved that the Consent Agenda be approved, and Mayor Nirenberg seconded. Dr. Mackey thanked the Mayor for providing additional information about CPS Energy's \$351 million contribution to the City's general fund. Chair Steen noted that the updated Audit & Finance Committee Charter was being removed from the Consent Agenda. Dr. Mackey changed his motion to exclude that item, Trustee Kelley seconded, and upon affirmative vote by all members present, the Consent Agenda was unanimously approved.

#### Approval of Minutes

Minutes of the Regular Board Meeting held on September 21, 2020 were approved as submitted.

#### Approval of Payment to the City of San Antonio for October 2020

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 2020 is based on actual gross revenue per the New Series Bond Ordinance of \$184,095,644.96, less applicable exclusions. The revenue for the month of October 2020 is calculated as follows:

Gross revenue per CPS Energy financial statements	
Electric revenue	\$177,742,999.22
Gas revenue	11,899,094.05
Interest and other income	(905,198.73)
Gross revenue per CPS Energy financial statements	<u>188,736,894.54</u>
Excluded revenue	
School and hospital revenue per City Ordinance 55022	(4,202,127.21)
LVG revenue per City Ordinance 100709	0.00
Fuel cost component of off-system nonfirm energy sales per City Ordinance 61794 and revenue for wholesale special contracts	(10,014,061.04)
Noncash and other income, GASB 31 investment market value change, miscellaneous interest income, gas billing adjustment and unbilled Revenue	<u>9,574,938.67</u>
Total excluded revenue	<u>(4,641,249.58)</u>
Gross revenue per New Series Bond Ordinance subject to 14% payment to the City	<u>\$184,095,644.96</u>
City payment per Bond Ordinance for October 2020 based upon October 2020 revenue	\$25,773,390.29

City payment per memorandum of understanding (MOU) regarding wholesale special contracts	630,669.94	
Wholesale Special Contract Annual True Up	(59,249.94)	
City Payment reduction per gas customer billing adjustment MOU	(12,500.00)	
City payment per Bond Ordinance plus adjustments for memorandums of understanding	26,332,310.29	<b>A</b>
Utility services provided to the City for October 2020	(2,408,163.23)	
Net amount to be paid from October 2020 revenue to the City in November 2020	<u>\$23,924,147.06</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 2020	Actual	Budget	Variance	
Current Month* <b>A</b>	\$26,332	\$27,956	(\$1,624)	-5.8%
Year-to-Date*	\$258,033	\$281,723	(\$23,690)	-8.4%

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

Approval of the following resolution is requested:

**"BE IT RESOLVED** by the CPS Energy Board of Trustees that payment to the City of San Antonio in the amount of \$23,924,147.06, representing 14% of applicable system gross revenues for the month of October 2020, such payment being net of City utility services (\$2,408,163.23), is hereby approved."

### **Audit & Finance Committee Charter Update**

The updated Audit & Finance Committee Charter was removed from the Consent Agenda and not considered.

### **Approval of Procurement Items – November**

*One (1) Non-Competitively Sensitive Item*

<b>Purchase Category:</b>	Professional Services
<b>Supplier:</b>	Atwell, LLC
	Binkley & Barfield, Inc.
	C&D Utility Consulting, LLC
	Cobb, Fendley & Associates, Inc.
	EN Engineering, LLC
	HBK Engineering, LLC
	HMI Services, Inc. DBA HMI Technical Solutions, LLC
	Merrick & Company
	Pape-Dawson Engineers Inc.
	PhaseLink Utility Solutions, LLC
	POWER Engineers, Inc.

Schneider Engineering, LTD.  
Select Power Systems, LLC  
TRC Engineers Inc.

\*The listed Procurement Item to be attached as Attachment "A".

## IX. COMMITTEE REPORTS

### Audit & Finance (A&F) Committee Meeting

Dr. Mackey stated that the report on the A&F Committee meeting, which took place on September 19, 2020, was posted with the public notice of this meeting and will be attached (as Attachment "B") to the meeting minutes.

### Employee Benefits Oversight Committee (EBOC) Meeting

Dr. Mackey stated that the report on the EBOC meeting, which took place on September 19, 2020, was posted with the public notice of this meeting and will be attached (as Attachment "C") to the meeting minutes.

### A&F and EBOC Aligned Risk Sub-Committee Meeting

Dr. Mackey stated that the report on the A&F and EBOC Aligned Risk Sub-Committee meeting, which took place on September 19, 2020, was posted with the public notice of this meeting and will be attached (as Attachment "D") to the meeting minutes.

## X. STEP BRIDGE EXTENSION

Mr. Rick Luna, Director, Technology & Product Innovation, provided an update on the **STEP Bridge**. Mr. Luna explained that CPS Energy is asking for an extension to the **STEP Bridge** timeline and for an additional \$70 million in funds because of COVID-19 impacts and to align with the **FlexPOWER Bundle**. The requested proposal would remove the original end date of January 31, 2021, add language to exhaust the funding currently allocated to **STEP Bridge**, and allow an additional \$70 million in spending, with a goal to save an additional 75 Megawatts (MW) of demand. The proposal will also require City Council approval.

Mr. Luna explained that COVID-19 has negatively impacted the weatherization program and CPS Energy's ability to reach the **STEP Bridge** goals over the last year. He asked for additional time to gather feedback and for the opportunity to come back with a recommendation to the Board for a long-term program.

Mr. Luna summarized the outreach that has been conducted to date on this program, including outreach to City Council members, the **FlexSTEP** Survey, meetings with the Executive Solar Committee, Environmental Stakeholders, Citizens' Advisory Committee (CAC), Greater San Antonio Builders Association, CoSA's Office of Sustainability, the San Antonio Optimist Club, the Urban Land Institute and meetings with the Sierra Club and Environment Texas. Mr. Luna explained that CPS Energy has received feedback from environmental stakeholders on **FlexSTEP** and shared areas of agreement and differences. The main difference is the scale of goals and the size of the program, which the environmental groups recommend increasing. Mr. Luna also shared estimated bill impacts from increasing the size of the program.

In conclusion, Mr. Luna requested Board approval to amend the STEP ordinance by removing the **STEP Bridge** end date of January 31, 2021 and adding language to exhaust current program funding and extend **STEP Bridge** to spend an additional \$70 million to achieve an additional 75 MW of demand reduction. He noted that City Council approval is required.

Dr. Mackey moved to approve the request, expressing confidence in the program, and Mayor Nirenberg seconded.

In doing so, Mayor Nirenberg noted his support of the extension but asked about the efforts made to move the new STEP program forward. He encouraged continued diligence, saying we are in a march against time. He wants to guard against complacency.

Trustee Kelley asked how much of the project's \$70 million allocation was spent to achieve 52 MW savings. Mr. Luna responded that approximately \$35 million has been spent so far and that CPS Energy projects \$60 million will be spent by the end of the fiscal year to achieve nearly 70 MW of reduction. Mr. Luna noted that roughly \$800 million has been spent on the project since its inception in 2009.

Trustee Kelley thereafter requested an independent audit of energy savings that have been achieved to date and a pro forma as to how much will continue to be achieved going forward. He indicated that he would abstain from a vote on for the motion without such information.

Ms. Gold-Williams explained that she would be taking Trustee Kelley's request as an action item and that CPS Energy is already working on obtaining such an audit of the program. Trustee Kelley asked that the Board be consulted to ensure independence of the selected auditor.

In response to an inquiry by Chair Steen, Mr. Luna noted that CPS Energy had communicated with all Council Members regarding the **STEP** program. He also explained how CPS Energy has engaged with the Sierra Club and Environment Texas concerning the **STEP** program. Ms. Gold-Williams added additional context around discussions between environmental groups and CPS Energy.

Dr. Mackey recast his earlier motion to include a required independent audit of STEP results to date and a pro forma of expected MW savings to be performed by a third-party auditor acceptable to the Board. Mayor Nirenberg seconded the motion. Chair Steen called for a vote and upon affirmative vote by all members present, the motion was unanimously approved.

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

Ms. Shellman provided an update on the development of the proposed RAC, the framework of the committee and progress that has been made. She also discussed ways that have been, and will be used, to receive input from the public, confirmed the budget and provided next steps.

Ms. Shellman emphasized that CPS Energy continues to focus on several work streams using only internal resources and no external costs have been incurred for these activities to date. The framework may be tweaked at the end of the process based on feedback received from the Board.

She provided a summary of CPS Energy's efforts to select a rate consultant. Interviews have been completed and scoring is almost finalized. She also confirmed that no money will be spent on consultants unless the Board decides to proceed with the RAC.

Ms. Shellman noted that an RFP for a facilitator is still open. Conversations with City Staff have confirmed that a facilitator is a good idea and we look forward to having good options to choose from.

Ms. Shellman summarized input received from Doug Melnick, Chief Sustainability Officer for CoSA, and Assistant City Manager, David McCary. They stressed the importance of educating the committee on current issues, clearly explaining the objectives of each meeting, getting input from each member and the benefits of the facilitator function. She reiterated that no dollars have been spent on RAC so far, except for CPS Energy internal costs.

Ms. Shellman described recent public input efforts including **People First** Community Fairs, in which we are asking questions about whether participants are aware of the RAC and encouraging them to call the telephone number for public input, as well as participate in town halls, chamber meetings, focus groups, and the Board Meeting Public Input Session. Ms. Shellman gave examples of the types of questions which could be asked of focus groups. She mentioned that CPS Energy will continue to seek public input if the Board feels it will be helpful to the process.

Mayor Nirenberg read a statement into the record concerning the benefits of the RAC. Mayor Nirenberg mentioned that the proposed RAC would enhance transparency and provide an avenue to study and provide input on the important issues of rate design and generation planning. He emphasized that the RAC would not change CPS Energy governance structure and would only be advisory in nature. Mayor Nirenberg proposed that the establishment of the RAC be added to the December Board Meeting for a vote.

Dr. Mackey stated that he believes the CAC can fulfill the functions of the proposed RAC; however, if the RAC can provide additional value as a type of check and balance on transparency, he is supportive of it. Further, he opposes the expenditures of funds on the RAC and stressed that CPS Energy should find other ways to administer it.

Trustee Gonzalez agreed with Dr. Mackey. She stated she was in favor of promptly moving forward with a decision on the RAC but questioned the need to spend money on it.

Trustee Kelley reiterated his reservations about the need for another committee in addition to the CAC. He noted that even if funds are not spent on third-party resources, the RAC will require the unnecessary allocation of staff resources. He requested that the Board be provided a cost estimate on what funds have been spent on the RAC proposal to date and what will be spent in the future.

Trustee Gonzalez questioned the consistency of Board support for funding initiatives.

Chair Steen noted that the RAC will be further discussed at the December Board meeting.

Mayor Nirenberg stressed that the RAC request has come from the public he serves and from fellow Council Members to make a stronger utility under CPS Energy's strong leadership. He agrees that there is a need to reduce expenses on consulting fees, but that the Board will have an opportunity to vote to move forward on the item in December.

## **XII. EXECUTIVE SESSION**

At approximately 4:20 p.m., Chair Steen announced that the required notice had been posted and that the Trustees, with only necessary parties in attendance, would convene into Executive Session, pursuant to the provisions of Chapter 551 of the Texas Government Code, for discussion of the following posted items:

- Attorney-Client Matters (§551.071)
- Real Property (§551.072)

The Board reconvened in open session at 5:10 p.m. Ms. Shellman reported that only Attorney-Client Matters and Real Property Matters, and no others, were discussed and no votes were taken in Executive Session.

## **XIII. REAL PROPERTY MATTER**

Mr. Almaraz provided a briefing on the resolution of a strategic purchase of property. On a motion duly made by Trustee Kelley and, seconded by Trustee Gonzalez, and upon affirmative vote by all members present, the following resolution was approved:

### **RESOLUTION APPROVING THE PURCHASE OF REAL PROPERTY**

**WHEREAS**, CPS Energy has periodic strategic needs to improve its electric and gas infrastructure to efficiently and reliably supply electric and gas services to its customers, and

**WHEREAS**, the acquisition of strategic property sites that have been identified by CPS Energy Staff (“Strategic Properties”) will support CPS Energy’s infrastructure to provide reliable services to its customers, and

**WHEREAS**, the proposed acquisition is consistent with the strategic plan for the development of our system’s infrastructure.

### **NOW, THEREFORE BE IT RESOLVED:**

1. The recitals to this Resolution are hereby incorporated by reference.
2. The CPS Energy Board finds that the acquisition of the Strategic Properties is in the best interest of the customers and community to provide them reliable services.
3. The CPS Energy Board hereby authorizes, but does not obligate the President and CEO, or her designees, to negotiate and execute agreements consistent with the direction of the CPS Energy Board, and to take such action as is deemed necessary and appropriate to carry out the purposes and intent of this resolution and complete the acquisition transaction regarding the Strategic Properties.

**XIV. ADJOURNMENT**

There being no further business to come before the Board, upon a motion duly made by Dr. Mackey, and seconded by Trustee Gonzalez, and upon an affirmative vote by all members present, the meeting was unanimously adjourned at 5:16 p.m. by Chair Steen.



Carolyn E. Shellman  
Carolyn E. Shellman  
Secretary of the Board

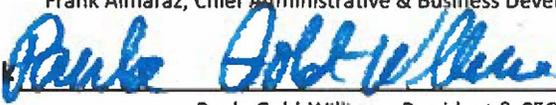


CPS Energy Board of Trustees Meeting  
November 16, 2020  
**APPROVAL of PROCUREMENT ITEMS**  
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*One (1) Non-Competitive Sensitive Item*

1.	<b>Item Description:</b>	<b>Electric and Gas Distribution Engineering Services</b>
	<b>Purchase Category:</b>	<b>Professional Services</b>
	<b>Supplier:</b>	Atwell, LLC
	<b>Supplier:</b>	Binkley & Barfield, Inc.
	<b>Supplier:</b>	C&D Utility Consulting, LLC
	<b>Supplier:</b>	Cobb, Fendley & Associates, Inc.
	<b>Supplier:</b>	EN Engineering, LLC
	<b>Supplier:</b>	HBK Engineering, LLC
	<b>Supplier:</b>	HMI Services, Inc. DBA HMI Technical Solutions, LLC
	<b>Supplier:</b>	Merrick & Company
	<b>Supplier:</b>	Pape-Dawson Engineers Inc.
	<b>Supplier:</b>	PhaseLink Utility Solutions, LLC
	<b>Supplier:</b>	POWER Engineers, Inc.
	<b>Supplier:</b>	Schneider Engineering, LTD.
	<b>Supplier:</b>	Select Power Systems, LLC
	<b>Supplier:</b>	TRC Engineers Inc.

**Approval:** Almaraz, Frank T. Digitally signed by Almaraz, Frank T.  
Date: 2020.11.11 21:12:21 -06'00'  
Frank Almaraz, Chief Administrative & Business Development Officer

**Approval:**   
Paula Gold-Williams, President & CEO



**CPS Energy Board of Trustees Meeting  
November 16, 2020  
PROCUREMENT FORM 1**

Item Description	Electric and Gas Distribution Engineering Services
<b>Purchase Order Value</b>	<b>\$40,300,000</b>
Purchase Category	Professional Services
Department	Customer Engineering
VP Customer Value Optimization	Karma Nilsson
Chief Customer Engagement Officer	Rudy Garza

**What we plan to do & why it is of value to our customers & company**

These contracts are required to provide engineering design services to continue supporting the economic growth in CPS Energy’s service area by providing electric and gas services to commercial and residential customer projects. The contracts will enable CPS Energy to maintain customer relationships and increase revenue streams by completing work in a timely manner. The new revenue generated by these new electric and gas services will provide value to CPS Energy and the City of San Antonio in addition to supporting economic growth. This is a recurring procurement item. These contracts will have a three year term and will expire in November 2023.

**Subcontracting opportunities associated with the contracts**

- Binkley & Barfield, Inc. plans to subcontract a portion of work to Mendez Engineering, PLLC, a local, small, veteran-owned, minority-owned business, Raba Kistner, Inc., a local business, and Baseline Corporation, a local, small business.
- Cobb, Fendley & Associates, Inc. plans to subcontract a portion of work to Terradyne Engineering, Inc., a minority-owned business.
- HBK Engineering LLC plans to subcontract a portion of work to Ardmore Roderick, a minority-owned business, Strata Earth Services, a woman-owned business, McGray & McGray, a small, woman-owned business and Primera Engineers, a woman-owned business.
- HMI Services, Inc. dba HMI Technical Solutions, LLC plans to subcontract a portion of work to LightPath Communications, a small, woman-owned, veteran-owned business, Cobb, Fendley & Associates, Inc., a local business, and Integrated Testing and Engineering Company (InTEC), a local, minority-owned business.
- TRC Engineers Inc. plans to subcontract a portion of work to Binkley & Barfield, Inc., a local business.

**ON-BOARDING, TRAINING & MENTORING FOR ALL CONTRACTORS**

- We actively engage all contractors and provide them mentoring opportunities while building relationships that support and drive their success.
- We provide meaningful guidance and feedback that ensures continuous growth for their businesses and employees.
- We have an internal network of subject matter experts supporting and collaborating with our contractors.
- New contractors go through a structured training program that includes Overhead, Underground and Gas Service designs.
- Each training program is between 2-4 weeks and an assessment exam is required after each training module, followed by a debrief.



**CPS Energy Board of Trustees Meeting  
November 16, 2020  
PROCUREMENT FORM 1 (continued)**

<b>Recommended Supplier(s) &amp; Spend</b>						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
<b>NEW</b> Atwell, LLC	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$1,000,000	2193045	
<b>NEW</b> C&D Utility Consulting, LLC	Local / Diverse	Male, <b>Sml,Vet, Hispanic American</b>	3 Years	\$1,000,000	2193034	<b>Corporate headquarters based in San Antonio Metropolitan Area</b>
<b>NEW</b> HMI Services, Inc. DBA HMI Technical Solutions, LLC	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$1,000,000	2193046	<b>Subcontracting opportunity for local/small/diverse businesses</b>
<b>NEW</b> PhaseLink Utility Solutions, LLC	Local / Diverse	<b>Woman,Sml,No Hub/Vet,Asian American</b>	3 Years	\$1,000,000	2193039	<b>Corporate headquarters based in San Antonio Metropolitan Area</b>
<b>NEW</b> Schneider Engineering, LTD.	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$1,000,000	2193042	<b>Corporate headquarters based in San Antonio Metropolitan Area</b>
<b>NEW</b> Select Power Systems, LLC	Local / Diverse	<b>Woman,Sml,No Hub/Vet,Non Minority</b>	3 Years	\$1,000,000	2193043	



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<b>Recommended Supplier(s) &amp; Spend</b>						
Supplier Name	SBA Classification	SBA Classification Details	PO Term	PO Value	PO #	Comments
Binkley & Barfield, Inc.	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$1,500,000	2193033	<b>Subcontracting opportunity for local/small/diverse businesses</b>
Cobb, Fendley & Associates, Inc.	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$2,550,000	2193035	<b>Subcontracting opportunity for diverse business</b>
EN Engineering, LLC	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$9,750,000	2193036	
HBK Engineering LLC	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$1,000,000	2193041	<b>Subcontracting opportunity for small and diverse businesses</b>
Merrick & Company	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$5,000,000	2193037	
Pape-Dawson Engineers Inc.	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$5,500,000	2193038	<b>Corporate headquarters based in San Antonio Metropolitan Area</b>
POWER Engineers, Inc.	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$5,000,000	2193040	
TRC Engineers Inc.	Local / Non-Diverse	Male,Lrg,No Hub/Vet,Non Minority	3 Years	\$4,000,000	2193044	<b>Subcontracting opportunity for local business</b>
<b>Total</b>				<b>\$ 40,300,000</b>		



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 PROCUREMENT FORM 1 (continued)**

Annual Funds Budgeted						
FY	Funding Method	Corporate Annual Budget	Projected FY21 PO Spend	% Of Annual Corp Budget	Projected FY22 PO Spend	Projected FY23 & FY24 PO Spend
21	Capital	\$684,100,000	\$1,800,000	0.26%	\$11,600,000	\$26,900,000
21	Non-Fuel O&M	\$712,800,000	\$0	0.00%	\$0	\$0

This procurement item is not competitively sensitive; therefore, there are no restrictions on disclosure to the public.

