

**MINUTES OF THE MEETING OF  
THE BOARD OF DIRECTORS OF  
CWA AUTHORITY, INC.  
HELD AUGUST 10, 2011**

Pursuant to notice duly given and posted as required by law, the Meeting of the Board of Directors for CWA Authority, Inc. convened at 9:15 a.m. EST, Wednesday, August 10, 2011, at the principal office of the Utility, 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Daniel C. Appel, Anita J. Harden, Dorothy J. Jones, Martha D. Lamkin, James. M. McClelland, Anne Nobles, and Jeffrey E. Good.

Present from the Utility: President and Chief Executive Officer Carey B. Lykins, Senior Vice President and Chief Financial Officer John R. Brehm, Senior Vice President and General Counsel and Assistant Secretary John R. Whitaker, Senior Vice President, Chief Administrative Officer M. Jean Richcreek, Senior Vice President, Operations William A. Tracy, Vice President, Integration and Associate Counsel Aaron D. Johnson, Vice President, Human Resources Robert J. Hummel, Vice President, Community Relations Yvonne Perkins, Vice President, Information Technology John F. Lucas, Vice President of Market Development Michael D. Strohl, Director of Environmental Stewardship Ann McIver, Executive Director, Regulatory Affairs, LaTona S. Prentice, General Manager of Gas Operations Christopher H. Braun, Associate Counsel Michael E. Allen, Counsel Ruth A. Hardy, and Manager, Corporate Communication Dan C. Considine.

Guests present: Philip C. Genetos and Richard J. Thrapp of Ice Miller.

The meeting was called to order by Chairman Lamkin.

The minutes of the Meeting of the Board of Directors held April 13, 2011, were approved as submitted.

Mr. Lykins reported on all individuals who have been authorized to co-sign checks, who have access to deposit accounts, and who may initiate wire transfers on behalf of the Utility. He submitted to the Board the memorandum to him dated July 25, 2011, listing all such individuals. A copy of this memorandum is attached to and made a part of these minutes as Exhibit "A." The Board approved the individuals authorized to co-sign checks and initiate wire transfers.

Mr. Thrapp led a discussion and asked for Board approval, confirmation and ratification of all actions related to the acquisition of the Wastewater System by CWA Authority, Inc. that have been taken and will be taken by the authorized officers, including actions taken on or after the August 2010 resolution. This resolution supplements the resolution adopted on

August 11, 2010, in which the CWA Authority, Inc. Board approved, confirmed and ratified actions by certain officers of CWA Authority, Inc. related to the acquisition of the wastewater system by CWA Authority, Inc. After discussion, the following resolution was unanimously adopted:

**RESOLVED**, the Board of Directors of CWA Authority, Inc. (the "Authority") hereby approves, confirms and ratifies the decisions, actions, agreements, amendments, waivers, documents, certifications, instruments, statements, adjustments, modifications and other items made or undertaken by the Chair, Vice Chair, President, any Vice President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary of the Authority (collectively, the "Authorized Officers" and each an "Authorized Officer") singly or otherwise, determined to be necessary or appropriate for the completion of the sale and transfer of the Wastewater System to the Authority, including without limitation those reflected in or undertaken to comply with the Order of the Indiana Utility Regulatory Commission approving such sale and transfer, the various agreed substantial payments to be made from the Cash Escrow Amount, the management of the City's Stormwater System as negotiated by the City and the Authority and Citizens Energy Group and, prior to the delegation from EPA to the Authority of an Approved POTW Pretreatment Program, the Authority's operation of the City's Approved POTW Pretreatment Program.

**RESOLVED**, the Authorized Officers, and each of them, continue to be fully authorized to take such further actions and execute and deliver such further agreements, amendments, waivers, documents, certificates, instruments, statements, adjustments, modification and other items determined to be necessary or appropriate to complete the sale and transfer of the Wastewater System to the Authority.

**RESOLVED**, the taking of any such action or the execution of any such agreements, amendments, waivers, documents, certificates, instruments, statements, adjustments, modifications and/or other items determined to be necessary or appropriate to complete the sale and transfer of the Wastewater System to the Authority by an Authorized Officer directly or indirectly in connection with the carrying out of the foregoing resolutions, or any prior resolution of this Board with respect to the acquisition of the Wastewater System, shall be conclusive of such Authorized Officer's determination that the same was necessary or appropriate for the completion of the sale and transfer of the Wastewater System to the Authority, and thereby necessary to serve the best interests of the Authority.

(CWA5-2011)

Mr. Allen led a Board discussion and asked for approval of the rate and charges and Terms and Conditions filed with the IURC. On July 13, 2011, the Commission issued an Order in Cause No. 43936 (the "Acquisition Order") approving, among other relief: (i) the Authority's adoption of the rates and charges in effect for the wastewater utility at the time of Closing, including implementation of increases by the wastewater utility of 10.75 percent annually in 2012 and 2013; (ii) the proposed general terms and conditions for wastewater service, as well as the terms of certain agreements for wastewater treatment and disposal service; and (iii) an Environmental Compliance Plan ("ECP") under which the Authority may seek approval of an ECP Recovery Mechanism for wastewater rates and charges to provide timely recovery of costs

incurred to comply in whole or in part with the Safe Drinking Water Act and/or Clean Water Act. In anticipation of the need to have rates and charges and Terms and Conditions for Wastewater Service in place as of Closing, as that term is defined in the Wastewater Agreement, management has caused to be prepared schedules of rates and charges and Terms and Conditions for Wastewater Service that conform to the provisions of the Acquisition Order. The rates and charges and Terms and Conditions for Wastewater Service, as well as the rates and charges and terms and conditions set forth in the agreements for wastewater treatment and disposal service, approved by this Resolution will be effective immediately upon Closing. Management also has prepared and timely filed with the Commission a Petition seeking approval of the details of an ECP Recovery Mechanism, which is one means by which the Authority will be able to periodically recover the costs of the Commission-approved ECP. After discussion, the following resolution was unanimously adopted:

**WHEREAS**, CWA Authority, Inc. (the “Authority”), is a nonprofit public benefit corporation established pursuant to Ind. Code § 23-17, et. seq., Ind. Code § 36-1-7 and Ind. Code § 8-1-11.1 and the “Interlocal Cooperation Agreement for the Provision of Utility Services (Wastewater)” (the “Interlocal Agreement”) among the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group (“Citizens Energy Group”), acting by and through the Board of Directors for Utilities, the City of Indianapolis (the “City”) and the Sanitary District of the City of Indianapolis, acting by and through the Board of Public Works (the “District”); and

**WHEREAS**, the persons who are members of the Citizens Energy Group Board of Directors constitute the Board of Directors of the Authority (the “Board”) pursuant to the provisions of the Interlocal Agreement and the Authority’s Articles of Incorporation; and

**WHEREAS**, on August 11, 2010, the City, the District, Citizens Energy Group and the Authority entered into an Asset Purchase Agreement (the “Wastewater Agreement”) providing for the Authority's acquisition of the wastewater collection, transportation and treatment system, including without limitation, the Belmont and Southport wastewater treatment facilities, currently owned and operated by the City and the District (the “Wastewater System”); and

**WHEREAS**, the Wastewater Agreement provides that the obligations of the Authority and Citizens Energy Group to consummate the acquisition are contingent upon Indiana Utility Regulatory Commission (“Commission”) approval of the terms and conditions of the Wastewater Agreement; and

**WHEREAS**, the Wastewater Agreement further provides that the obligations of the Authority and Citizens Energy Group to consummate the acquisition are contingent upon the Commission’s approval of the “City’s then current wastewater rates as approved by the City-County Council, which rates shall increase no more than 10.75% annually through 2013;” and

**WHEREAS**, on August 11, 2010, the Board adopted a Resolution authorizing management of Citizens Energy Group and the Authority to file with the Commission, a Verified Joint Petition seeking approval of the Wastewater Agreement and certain additional related relief, including approval of the City’s and the District’s current wastewater rates and charges; and

**WHEREAS**, in accordance with the foregoing Resolution, the Authority, Citizens Energy Group, along with the City, the District and certain other parties (collectively, the “Joint Petitioners”) filed a Verified Joint Petition with the Commission on August 11, 2010 seeking approval of: (i) the Wastewater Agreement and the transactions contemplated therein; (ii) the use by the Authority of the schedule of rates and charges currently applicable to the provision of wastewater utility service by the District; (iii) the terms of certain agreements for wastewater treatment and disposal service and the use by the Authority of the terms and conditions of service now in effect for wastewater utility service provided by the District; (iv) an adjustment mechanism for wastewater rates and charges as part of the environmental compliance plan to provide timely recovery of costs necessary for the Authority to comply with the Safe Drinking Water Act and/or Clean Water Act; and (v) certain other described relief.

**WHEREAS**, the Commission docketed the foregoing proceeding as Cause No. 43936; and

**WHEREAS**, in the months following August 11, 2010, Citizens Energy Group, the Authority and the other Joint Petitioners filed with the Commission extensive evidence in support of the relief requested in Cause No. 43936 and participated in nine days of evidentiary hearings before the Commission; and

**WHEREAS**, among the evidence presented by Citizens Energy Group and the Authority were seven agreements for wastewater treatment and disposal service entered into among the City, the District and wastewater utilities serving areas surrounding the City; and

**WHEREAS**, on April 12, 2011, Joint Petitioners entered into, and filed with the Commission in Cause No. 43936, a Settlement Agreement with the Indianapolis Water Service Advisory Board, the Indiana Office of Utility Consumer Counselor and the Indianapolis Water/Sewer Industrial Group (collectively, the “Settling Parties”); and

**WHEREAS**, the Settlement Agreement provides that Commission approval thereof will “constitute approval and authority for Citizens and the Authority to implement the . . . rates and charges in effect for the wastewater utility at the time of Closing, including implementation of increases by the wastewater utility of 10.75 percent annually in 2012 and 2013;” and

**WHEREAS**, the Settlement Agreement further provides that subject to certain specifically delineated changes, the Settling Parties recommend that the Commission “authorize . . . the Authority to implement the Terms and Conditions for . . . wastewater utility service proposed by Joint Petitioners in their case-in-chief testimony, until such time as the Commission approves revised Terms and Conditions for service;” and

**WHEREAS**, the Settling Parties also recommended that “the Commission authorize the assignment to the Authority of any franchise rights held by the Sanitary District and any interlocal agreements the Sanitary District is a party to with respect to the treatment or disposal of wastewater;” and

**WHEREAS**, on July 13, 2011, the Commission issued an Order in Cause No. 43936 approving the terms of the Settlement Agreement with certain minor modifications and approving, among other relief: (i) the Authority’s adoption of the rates and charges in effect for the wastewater utility at the time of Closing (as the term is defined in the Wastewater System Agreement), including implementation of increases by the wastewater utility of 10.75 percent annually in 2012 and 2013; (ii) Joint Petitioners’ proposed general terms and conditions for wastewater service, until such time as the Settling Parties agree upon and the Commission approves revised terms and conditions for service, as well as the terms of certain agreements for wastewater treatment and disposal service; and

(iii) an Environmental Compliance Plan (“ECP”) under which the Authority may seek approval of an ECP Recovery Mechanism for wastewater rates and charges to provide timely recovery of costs incurred to comply in whole or in part with the Safe Drinking Water Act and/or Clean Water Act; and

**WHEREAS**, at Closing, the Wastewater System will be owned by the Authority; and

**WHEREAS**, in anticipation of the need to have rates and charges and Terms and Conditions for Wastewater Service in place as of Closing, management has caused to be prepared, schedules of rates and charges and Terms and Conditions for Wastewater Service that conform to the provisions of the Settlement Agreement and the Order in Cause No. 43936, which are attached hereto as Attachment “A;” and

**WHEREAS**, in accordance with the terms of the Commission’s July 13, 2011 Order in Cause No. 43936, management caused to be prepared and filed with the Commission a Petition seeking its approval of the details of an ECP Recovery Mechanism, which, beginning in 2014, will permit the Authority to adjust wastewater rates on an annual basis or more or less frequently as needed by the Authority in order to have funds available to pay for costs incurred to comply in whole or in part with the Safe Drinking Water Act and/or Clean Water Act; and

**WHEREAS**, the Interlocal Agreement provides that “[a]t Closing, Citizens shall delegate to and vest in, the Authority all of its powers that are necessary, useful or appropriate to acquiring, owning and operating the [Wastewater] System. . . .;” and

**WHEREAS**, pursuant to the foregoing provision, the Board will have, at Closing, the Board of Directors for Utilities’ statutory powers to adopt rates and charges for the provision of wastewater utility service under Ind. Code § 8-1-11.1-3(c)(9); and

**WHEREAS**, rates and charges of utilities adopted pursuant to Ind. Code § 8-1-11.1-3(c)(9) “shall be in effect only after the rules and rates have been filed with and approved by the Commission and only after determining compliance of the rates of service with IC 8-1.5-3-8 and IC 8-1.5-3-10;” and

**WHEREAS**, rates and charges established under I.C. 8-1.5-3-8 “are subject to the approval of: (1) the municipal legislative body by ordinance; and (2) the commission . . . .;” and

**WHEREAS**, pursuant to I.C. 8-1-11.1-3.1 the Board operates as the municipal legislative body of the wastewater utility for the purposes of I.C. 8-1.5-3-8; and

**WHEREAS**, pursuant to I.C. 8-1-11.1-3(c)(9) the Board has further authority to prescribe rules for service and rates for wastewater utility service subject to approval by the Commission; and

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR CWA AUTHORITY, INC. that:

SECTION 1. Pursuant to the Interlocal Agreement, I.C. 8-1.5-3-8, I.C. 8-1-11.1-3.1 and I.C. 8-1-11.13(c)(9), the schedule of rates and charges and Terms and Conditions for Wastewater Service attached hereto as Attachment “A” are hereby approved and adopted as and for the rates and charges and Terms and Conditions for Wastewater Service to be used by the Authority in providing wastewater service to customers.

SECTION 2. The rates and charges and terms and conditions set forth in the agreements for wastewater treatment and disposal service filed with the Commission in Cause No. 43936 are hereby approved.

SECTION 3. The rates and charges and Terms and Conditions for Wastewater Service attached to and approved by this Resolution will be effective immediately upon Closing as that term is defined in the Wastewater Agreement.

SECTION 4. The actions taken by the management of the Authority in executing and filing a Petition requesting Commission approval of the details of an ECP Recovery Mechanism are hereby ratified and management of the Authority is further authorized to prepare such testimony and exhibits as necessary to support the relief requested in the Petition and take such other actions as they may determine to be advisable in order to successfully prosecute any proceedings on the Petition.  
(CWA6-2011)

Mr. Genetos led a Board discussion regarding the revenue obligations of Citizens Energy Group. The Resolution of the Authority Board supplements the resolution adopted on April 13, 2011, with respect to revenue obligations of the Authority. The Resolution provides more detailed direction with respect to the Authority's revenue obligations and approves financing documents which were not approved in April due to certain terms of such revenue obligations being unknown at that time. The Resolution confirms the approval of the issuance of revenue obligations of the Authority to provide necessary funds to (1) satisfy and replace the outstanding debt of the Sanitary District of the City of Indianapolis and The Indianapolis Local Public Improvement Bond Bank, (2) pay the purchase price for the Wastewater System as provided in the Asset Purchase Agreement (including the deferred payment referred to in the Asset Purchase Agreement), (3) fund capital improvements and working capital needs for the Wastewater System, (4) fund debt services reserves and (5) pay for expenses in connection with the issuance of such revenue obligations and the costs of issuance of the bonds (the "IFA Bonds") issued by the Indiana Finance Authority (the "IFA") to purchase the Authority's bonds. The Resolution approves the delivery of the Authority's bonds to the IFA. Finally, the Resolution approves substantially final forms of the documents related to the Authority's revenue obligations and the IFA Bonds, including the Preliminary Official Statement for the IFA Bonds. After discussion, the following resolution was unanimously adopted:

WHEREAS, the City of Indianapolis (the "City"), the Sanitary District of the City (the "District"), acting by and through the Board of Public Works and the Department of Public Utilities of the City d/b/a Citizens Energy Group ("Citizens"), acting by and through the Board of Directors for Utilities (the "Citizens Board") entered into an Interlocal Cooperation Agreement for the Provision of Utility Services (Wastewater) (the "Interlocal Agreement") dated as of August 9, 2010, establishing CWA Authority, Inc. (the "Authority") for the purpose of acquiring, owning and operating the wastewater treatment facilities of the City and the District (the "Wastewater System") and exercising all of

Citizens', the City's and the District's powers (except as set forth in the Interlocal Agreement, the City's power of taxation and taxing authority) that are necessary, useful or appropriate to the acquisition, ownership and operation of the Wastewater System; and

WHEREAS, the City, the District, acting by and through the Board of Public Works, the Authority and Citizens have executed and entered into the Asset Purchase Agreement dated as of August 11, 2010 (the "APA") providing for the acquisition of the Wastewater System by the Authority upon the occurrence of certain conditions contained in the APA and upon approval of the Indiana Utility Regulatory Commission as set forth in Section 12.03 of the APA; and

WHEREAS, the District has issued several series of bonds to finance and refinance the Wastewater System (the "District Bonds"); and

WHEREAS, The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") issued several series of its bonds (the "Bond Bank Bonds") to purchase certain series of the District Bonds and in turn the Bond Bank sold the related Bond Bank Bonds to the Indiana Finance Authority (as administrator of the State Revolving Fund Program) (the "IFA"); and

WHEREAS, the Bond Bank, the District and the IFA entered into several Financial Assistance Agreements providing for the terms of loans from the IFA to the District in connection with the purchase of the Bond Bank Bonds by the IFA; and

WHEREAS, the APA provides that as a condition to the acquisition of the Wastewater System by the Authority, the Authority will issue bonds in replacement or satisfaction of the Bond Bank Bonds and the District Bonds as described in the APA; and

WHEREAS, the APA further provides that as a condition to the acquisition of the Wastewater System by the Authority, the Authority will pay an acquisition price as specified in the APA; and

WHEREAS, the Authority Board at a meeting held on April 13, 2011 (the "April Meeting") previously approved by resolution (the "April Resolution") the issuance and sale of several series of its bonds and approved the execution and delivery of documents to be utilized in connection therewith for the purpose of fulfilling the conditions of the APA and providing the funds necessary in connection with the acquisition of the Wastewater System and costs related thereto; and

WHEREAS, notice of the April Meeting was published on April 1, 2011, in accordance with Indiana Code 5-3-1; and

WHEREAS, the Authority now desires to provide further detail and directives regarding the issuance of bonds and other securities in connection with the acquisition of the Wastewater System; and

WHEREAS, the Authority has determined that it is beneficial and convenient for the Authority to issue all of its bonds contemplated in this resolution to the IFA and such bonds, except the Series 2011SRF First Lien Bonds (as defined below), shall evidence a loan of proceeds (the "Loan") from the IFA to the Authority; and

WHEREAS, the IFA will issue one or more series of its First Lien Wastewater Utility Revenue Bonds, Series 2011 (CWA Authority Project) (the "IFA First Lien Bonds") and one or more series its Second Lien Wastewater Utility Revenues Bonds, Series 2011 (CWA Authority Project) (the "IFA Second Lien Bonds" and with the IFA First Lien Bonds, the "IFA Bonds") in order to provide the proceeds of the Loan to the Authority; and

WHEREAS, the Authority will enter into one or more loan agreements (the "Loan Agreements") with the IFA in order to evidence the obligation of the Authority to repay the Loan; and

WHEREAS, if an agreement with the IFA can be secured for the replacement and satisfaction of a portion of the Bond Bank Bonds and the District Bonds held by the IFA under its State Revolving Fund Program (the "SRF Program"), the Authority desires to issue its First Lien Wastewater Revenue Bonds, Series 2011SRF (the "Series 2011SRF First Lien Bonds") pursuant to the First Lien Master Trust Indenture (the "First Lien Master Indenture") as supplemented by the Series 2011SRF First Lien Supplemental Trust Indenture (the "2011SRF First Lien Supplemental Indenture"); and

WHEREAS, the Authority desires to issue its First Lien Wastewater Revenue Bonds, Series 2011A (the "Series 2011A First Lien Bonds") pursuant to the First Lien Master Indenture as supplemented by the Series 2011A First Lien Supplemental Indenture (the "2011A First Lien Supplemental Indenture"); and

WHEREAS, the Authority desires to issue its Second Lien Wastewater Revenue Bonds, Series 2011B (the "Series 2011B Second Lien Bonds") and its Second Lien Wastewater Revenue Bonds, Series 2011C (the "Series 2011C Second Lien Bonds"), pursuant to the Second Lien Master Trust Indenture (the "Second Lien Master Indenture") as supplemented by the Series 2011B/C Second Lien Supplemental Trust Indenture (the "Series 2011B/C Second Lien Supplemental Indenture"); and

WHEREAS, bonds and obligations of the Authority are protected by the provisions of Indiana Code 5-1-14 et. seq.; and

WHEREAS, it is anticipated that in connection with the Series 2011SRF First Lien Bonds, the Authority and the IFA will execute one or more Financial Assistance Agreements in connection therewith; and

WHEREAS, notice has been published on or before August 1, 2011, in accordance with Indiana Code 5-3-1 of a hearing on the adoption of this Resolution and to consider the matters addressed in this Resolution; and

WHEREAS, the Authority Board conducted a public hearing to consider testimony for all interested members of the public and to consider the evidence presented at the hearing; and

WHEREAS, the Authority Board, after considering all such testimony and evidence, desires to adopt this Resolution; and

WHEREAS, the Authority acts in accordance with the Acts and the Interlocal Agreement; and

WHEREAS, all bonds, certificates of indebtedness and revenue obligations issued in accordance with and pursuant to the April Resolution and this Resolution shall be limited obligations of the Authority, payable solely as provided in the First Lien Trust Indenture and the Second Lien Trust Indenture, as applicable and each as hereafter defined;

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE AUTHORITY that:

**SECTION 1. RECITALS.** The foregoing recitals, the Articles of Incorporation of the Authority, the bylaws of the Authority, the provisions of the Interlocal Agreement and the provisions of the APA are incorporated herein by reference.

**SECTION 2. RATIFICATION.** The April Resolution is hereby ratified and approved in all respects and the provisions thereof are further supplemented by this Resolution. To the extent that any of the provisions of the April Resolution

directly conflict with the provisions of this Resolution, the provisions of this Resolution shall control.

**SECTION 3. DEFINITIONS.** Terms used in this Resolution are used with the respective meanings ascribed to such terms in the following paragraphs and in the recitals above (unless otherwise provided):

"Acts" means the Nonprofit Act, Indiana Code 36-9-25, et. seq., Indiana Code 36-1-7, et. seq., Indiana Code 5-1-14 et. seq., Indiana Code 8-1-11.1, et. seq., Indiana Code 4-4-10.9 and 11, et. seq. and Indiana Code 13-18-13, et. seq., each as amended from time to time.

"Bond Documents" means (a) the First Lien Master Indenture, (b) the Second Lien Master Indenture, (c) the Series 2011 Supplemental Indentures, (d) the Series 2011SRF First Lien Bonds, (e) the Series 2011A First Lien Bonds, (f) the Series 2011B Second Lien Bonds, (g) the Series 2011C Second Lien Bonds, (h) the Financial Assistance Agreement, (i) the Loan Agreements, (j) the Continuing Disclosure Undertaking Agreements and (k) the Contract of Purchase.

"Continuing Disclosure Undertaking Agreements" means (a) the Continuing Disclosure Undertaking Agreement, in connection with the Series 2011A First Lien Bonds, Series 2011B Second Lien Bonds and Series 2011C Second Lien Bonds and (b) the Continuing Disclosure Undertaking Agreement, in connection with the Series 2011SRF First Lien Bonds.

"Contract of Purchase" means the Bond Purchase Agreement or Agreements providing for the sale of the IFA Bonds to the Purchaser.

"Executive Officer" means the President of the Authority Board, the Vice President of the Authority Board, the President of the Authority, any Vice President of the Authority or the Chief Financial Officer and Assistant Treasurer of the Authority.

"Financial Assistance Agreement" means the Financial Assistance Agreement or Agreements relating to the Series 2011SRF First Lien Bonds.

"First Lien Trust Indenture" means the First Lien Master Trust Indenture as supplemented by the Series 2011SRF First Lien Supplemental Indenture and the Series 2011A First Lien Supplemental Indenture.

"Loan Agreements" means the Loan Agreement or Agreements between the IFA and the Authority relating to the purchase of the Series 2011A First Lien Bonds, Series 2011B Second Lien Bonds and Series 2011C Second Lien Bonds by the IFA.

"Master Trust Indentures" means the First Lien Master Trust Indenture and the Second Lien Master Trust Indenture.

"Official Statement" means the Official Statement of the IFA and the Authority for the offering of the IFA Bonds.

"Purchaser" means Morgan Stanley & Co., LLC, as the representative of the initial purchasers of the IFA Bonds.

"Second Lien Trust Indenture" means the Second Lien Master Trust Indenture, as supplemented by the Series 2011B/C Second Lien Supplemental Indenture.

"Series 2011 Bonds" means the Series 2011 First Lien Bonds and Series 2011 Second Lien Bonds.

"Series 2011 First Lien Bonds" means the Series 2011SRF First Lien Bonds and the Series 2011A First Lien Bonds.

"Series 2011 Second Lien Bonds" means the Series 2011B Second Lien Bonds and the Series 2011C Second Lien Bonds.

"Series 2011 Supplemental Indentures" means the Series 2011SRF First Lien Supplemental Indenture, the Series 2011A First Lien Supplemental Indenture and the Series 2011B/C Second Lien Supplemental Indenture.

"Transactions" means the transactions contemplated by the April Resolution, this Resolution and the Bond Documents.

**SECTION 4. LIMITED OBLIGATIONS.** The Series 2011 Bonds are limited obligations of the Authority and are payable as provided therein and in the Master Trust Indentures and the applicable Series 2011 Supplemental Indentures. The Series 2011 Bonds do not now, and shall never, constitute a charge against the general credit of the City, the IFA, the State of Indiana or any other political subdivision thereof, including Citizens.

**SECTION 5. SERIES 2011 FIRST LIEN BONDS.** The Authority Board authorizes any Executive Officer to approve the issuance, execution, sale and delivery of the Series 2011 First Lien Bonds, subject to the further provisions of this Section 5 and pursuant to the Acts, by and on behalf of the Authority. The Authority shall issue the Series 2011 First Lien Bonds in an aggregate principal amount not to exceed \$750,000,000 and sufficient to (a) replace and satisfy those Bond Bank Bonds and District Bonds selected by any Executive Officer as such Executive Officer shall determine to be in the best interests of the Authority (b) provide a portion of the funding for the acquisition of the Wastewater System as specified in the APA, (c) fund capital improvements of the Wastewater System, (d) fund a debt service reserve for the Series 2011 First Lien Bonds and (e) pay costs of issuance of the IFA First Lien Bonds and Series 2011 First Lien Bonds. The Series 2011 First Lien Bonds shall bear interest at an initial rate or at one or more interest rates not to exceed seven percent (7%) per annum. The Series 2011 First Lien Bonds shall mature not later than December 31, 2052. The Series 2011 First Lien Bonds shall be subject to redemption in the manner determined by an Executive Officer. The Series 2011A First Lien Bonds shall be sold to the IFA in order to evidence the Loan made therefor as described in the First Lien Loan Agreement between the IFA and the Authority with respect to the Series 2011A First Lien Bonds. If an agreement with the IFA can be secured for the replacement and satisfaction of a portion of the Bond Bank Bonds and the District Bonds held by the IFA under its State Revolving Fund Program, as determined by an Executive Officer, the Series 2011SRF First Lien Bonds will be issued to the IFA to replace and satisfy such bonds pursuant to the terms of the Financial Assistance Agreement. The Series 2011 First Lien Bonds shall be secured by the First Lien Trust Indenture. Notwithstanding anything in this Resolution to the contrary, the Authority may issue the Series 2011 First Lien Bonds in more than one series, designated as provided in the First Lien Trust Indenture.

**SECTION 6. SERIES 2011 SECOND LIEN BONDS.** The Authority Board authorizes any Executive Officer to approve the issuance, execution, sale and delivery of the Series 2011 Second Lien Bonds, subject to the further provisions of this Section 6 and pursuant to the Acts, by and on behalf of the Authority. The Authority shall issue the Series 2011 Second Lien Bonds in an aggregate principal amount not to exceed \$450,000,000 and sufficient to (a) provide a portion of the funding of costs of the acquisition of the Wastewater System, (b) fund a debt service reserve for the Series 2011B Second Lien Bonds, (c) pay costs of issuance of the IFA Second Lien Bonds and the Series 2011 Second Lien Bonds, and (d) fund additional capital improvements, working capital and initial start-up needs of the Authority related to the operation of the Wastewater System. The Series 2011 Second Lien Bonds shall bear interest at an initial rate or at one or more interest rates not to exceed seven percent (7%) per annum. The Series 2011 Second Lien Bonds shall mature not later than December 31, 2052. The Series 2011 First Lien Bonds shall be subject to redemption in the manner determined by an Executive Officer. The Series 2011 Second Lien Bonds shall be sold to the IFA in order to evidence the Loan made therefor as described in the Second Lien Loan Agreement between the

IFA and the Authority with respect to the Series 2011 Second Lien Bonds. The Series 2011 Second Lien Bonds shall be secured by the Second Lien Trust Indenture. Notwithstanding anything in this Resolution to the contrary, the Authority may issue the Series 2011 Second Lien Bonds in more than one series, designated as provided in the Second Lien Trust Indenture. To further support the issuance of the portion of the Series 2011 Second Lien Bonds that fund the purposes set forth in clause (d) above, which Bonds are intended to be issued with a single maturity, the Authority Board finds and determines that, to the extent needed to fund the payment of those Bonds at maturity, the Executive Officers shall, to the extent those Bonds will not be paid in the normal course, take appropriate steps to be prepared to issue additional revenue bonds to refund or roll over those Bonds before they mature.

**SECTION 7. DOCUMENTS, EXECUTION, DELIVERY.** The Bond Documents are approved by and on behalf of the Authority substantially in the forms presented to this meeting, with such changes to such documents as may be subsequently approved by and on behalf of the Authority Board by any Executive Officer. No further approval of the Authority Board is required with respect to the Bond Documents. Any Executive Officer and the Secretary or the Assistant Secretary of the Authority Board are authorized and directed to complete, execute and deliver the Bond Documents, by and on behalf of the Authority, as contemplated by this Resolution and the Acts. Approval of any such changes and completion of the documents shall be evidenced by their execution and delivery. The Mayor, City Controller, City Clerk of the City and any Executive Officer are authorized to execute and deliver the Series 2011 Bonds and any other document, agreement or certificate deemed necessary by any Executive Officer or bond counsel to properly issue the Series 2011 Bonds.

**SECTION 8. OFFICIAL STATEMENT.** (a) The Authority Board ratifies and approves the actions taken by the Executive Officers with respect to the preliminary Official Statement, including any Executive Officer deeming by and on behalf of the Authority the preliminary Official Statement final for purposes of Rule 15c2-12 of the Securities and Exchange Commission (except as permitted by such rule), and ratifies and approves the publication and distribution, by any Executive Officer by and on behalf of the Authority, in cooperation with the IFA, of the preliminary Official Statement to potential purchasers of the IFA Bonds; provided, however, that:

(i) in cooperation with the IFA, any Executive Officer is authorized and directed by and on behalf of the Authority to (A) complete the Official Statement and (B) make such changes in the Official Statement in preparing the final Official Statement for the IFA Bonds as may be appropriate, desirable or necessary, the approval of which shall be evidenced by its execution and delivery; and

(ii) any Executive Officer is authorized and directed to distribute by and on behalf of the Authority the final Official Statement, including any amendments or supplements, to the purchasers of the IFA Bonds, as applicable.

(b) Notwithstanding anything in this Resolution to the contrary, only one of the Executive Officers is required to execute and deliver the final Official Statement, and each is authorized and directed to do so by and on behalf of the Authority.

**SECTION 9. SUBORDINATE SECURITIES.** Any Executive Officer is authorized to take all actions necessary to assume, on behalf of the Authority, the line of credit currently held by the Bond Bank with Wells Fargo Bank, National Association, if such Executive Officer determines such assumption to be in the best interests of the Authority or to secure a replacement line of credit, if such Executive Officer determines such replacement to be in the best interest of the Authority. The form of the credit agreement currently existing which evidences the obligation of the City with respect to such line of credit is approved by and on behalf of the Authority with such changes to such agreement to reflect the Authority's obligations thereunder and as may be subsequently approved by and on behalf of the Authority Board by any Executive Officer. Any Executive Officer and the Secretary or the

Assistant Secretary of the Authority Board are authorized to complete, execute and deliver such credit agreement by and on behalf of the Authority, as contemplated by this Resolution and the Acts. Approval of any such changes and completion of the credit agreement shall be evidenced by its execution and delivery. Payments by the Authority on such line of credit will be made on a subordinate basis to payments on the Series 2011 Bonds. Any certificates of indebtedness or revenue obligations issued in connection with such line of credit shall be executed by the President and Secretary of the Authority Board if issued pursuant to Indiana Code 8-1-11.1-23 or by the Mayor of the City and the City Controller of the City if issued pursuant to Indiana Code 8-1-11.1-8.

Any Executive Officer is authorized to take all actions necessary to evidence the Authority's obligation to make a deferred payment to the City under the APA, if such Executive Officer determines such to be in the best interests of the Authority. Any Executive Officer and the Secretary or the Assistant Secretary of the Authority Board are authorized to complete, execute and deliver such obligation on behalf of the Authority, as contemplated by this Resolution, the APA and the Acts. Approval of the obligation shall be evidenced by its execution and delivery. Payments by the Authority on such obligation will be payable on a subordinate basis to payments on the Series 2011 Bonds. Any certificates of indebtedness or revenue obligations issued in connection with such obligation shall be executed by the President and Secretary of the Authority Board if issued pursuant to Indiana Code 8-1-11.1-23 or by the Mayor of the City and the City Controller of the City if issued pursuant to Indiana Code 8-1-11.1-8.

**SECTION 10. FURTHER ACTS.** Any Executive Officer is authorized and directed by and on behalf of the Authority to do any and all further acts by and on behalf of the Authority, to execute any and all further agreements, certificates, contracts, documents or papers and to publish any such notice or notices appropriate, desirable or necessary in connection with the Transactions, including the execution and delivery of the Bond Documents and any other certificates or agreements which may be required by the IFA or bond counsel in connection with the replacement of the Bond Bank Bonds and the District Bonds as provided in Section 5 hereof and assisting the IFA in the sale of IFA Bonds. Any Executive Officer is authorized and directed to make, for and on behalf of the Authority, each of the findings required to be made by the Master Trust Indentures or the Series 2011 Supplemental Indentures in advance of, or in connection with, the issuance and sale of the Series 2011 Bonds.

**SECTION 11. DEBT SERVICE RESERVE.** The debt service reserves required for the Series 2011 Bonds may be funded from proceeds of the Series 2011 First Lien Bonds and/or the Series 2011 Second Lien Bonds, as applicable, or in lieu of using such proceeds, any Executive Officer is authorized and directed by and on behalf of the Authority to enter into a surety or guaranty agreement providing for the funding of such a reserve or reserves with a document or instrument such as a surety bond or letter of credit and any Executive Officer is further authorized and directed to use proceeds of the sale of the Series 2011 First Lien Bonds and/or the Series 2011 Second Lien Bonds, as applicable, or the Net Revenues of the Wastewater System as contemplated in the Master Trust Indentures to pay for such document or instrument, including costs and expenses in connection therewith.

**SECTION 12. FINDINGS.** The findings made by the Bond Documents, with such changes as are necessary to accommodate the issuance of the Series 2011 Bonds, are incorporated into this Resolution by this reference, and are made by the Authority Board for and on behalf of the Authority as if set forth in this Section 12.

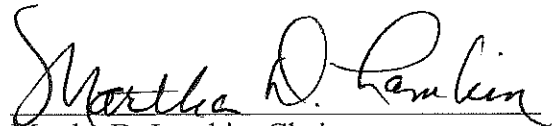
**SECTION 13. SEVERABILITY.** If any provision (or any portion thereof) of this Resolution is found by a court of competent jurisdiction to be prohibited or unenforceable, it shall be ineffective only to the extent of such prohibition or unenforceability, and such prohibition or unenforceability shall not invalidate any other provision (or any portion thereof) of this Resolution, all of which remaining provisions (or any portions thereof) shall be liberally construed to effect the purposes of this Resolution and the Transactions.

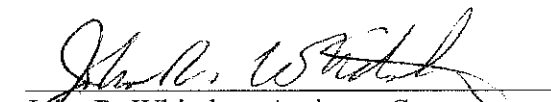
**SECTION 14. EFFECTIVE DATE.** This Resolution will be effective immediately upon its passage by the Authority Board.

ADOPTED AND APPROVED this 10<sup>th</sup> day of August, 2011.  
(CWA7-2011)

Ms. Lamkin asked for public comment.

There being no further business, the meeting adjourned at 9:25 a.m. EST.

  
Martha D. Lamkin, Chairman

  
John R. Whitaker, Assistant Secretary