

**MINUTES OF
THE REGULAR MEETING
OF THE BOARD OF DIRECTORS
OF CITIZENS ENERGY GROUP
HELD SEPTEMBER 16, 2009**

Pursuant to notice duly given and posted as required by law, the Regular Meeting of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis convened at 7:50 a.m. EST, Wednesday, September 16, 2009, at the principal office of the Utility, 2020 North Meridian Street, Indianapolis, Indiana.

Board members present: Anita J. Harden, Dorothy J. Jones, Martha D. Lamkin, James M. McClelland, Anne Nobles, and Lawrence A. O'Connor, Jr. Board Trustee Daniel C. Appel was also present.

Present from the Utility: President and CEO Carey B. Lykins, Senior Vice President and CFO John R. Brehm, Senior Vice President and General Counsel and Assistant Secretary John R. Whitaker, Senior Vice President and Chief Administrative Officer M. Jean Richcreek, Senior Vice President Operations William A. Tracy, Associate Counsel Aaron D. Johnson, Vice President, Community Relations Yvonne Perkins, General Manager, Strategic Growth Initiatives Barbara Smith, and Manager, Financial Analysis Donald S. Lukes.

Others present: Michael B. Cracraft of Hackman Hulett & Cracraft, Richard J. Thrapp, Philip C. Genetos, Tyler J. Kalachnik, and Joseph E. DeGross of Ice Miller, Jennie Huang, Perry Offutt, and Richard Weiss of Morgan Stanley, Holly Burton, Melissa Moran, and Amy Smitley of Malcolm Pirnie, Thomas Flaherty of Booz & Co.

The meeting was called to order by Chairman Lamkin.

Ms. Lamkin greeted Mr. Appel as a new director and welcomed him to the meeting.

The minutes of the Regular Meeting of the Joint Meeting of the Board of Directors and the Board of Trustees held August 12, 2009, were approved as submitted.

The meeting then proceeded to the election of officers. By due nomination and election, the following individuals were elected to serve as officers of the Board of Directors until their respective successors have been elected and qualified:

Martha D. Lamkin	President/Chairman
Anne Nobles	Vice President/Vice Chair
Dorothy J. Jones	Secretary
Lawrence A. O'Connor, Jr.	Treasurer

Ms. Lamkin indicated that it is customary to appoint three (3) of the Directors to function as an Executive Committee, and to fix compensation for their attendance at meetings of the Executive Committee. After discussion, the following resolution was unanimously adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That Martha D. Lamkin, Anne Nobles and James M. McClelland be and are hereby appointed to serve as the Executive Committee of the Board of Directors until their successors have been elected and qualified, and

That Martha D. Lamkin is appointed President/Chairman of said Executive Committee, and

That Anne Nobles is appointed its Vice President/Vice Chair, and

That each member of the Executive Committee be compensated at the following rate for each meeting of the Executive Committee such member attends:

Chairman	\$2,600.00
Vice Chair	\$1,690.00
Executive Committee member	\$1,325.00

Ms. Lamkin led a Board discussion regarding the J.P. Morgan Chase \$75,000,000 line of credit. In July 2008, a \$75,000,000, 364 day revolving credit facility was initiated with J.P. Morgan Chase to supplement working capital requirements. During the time that Citizens was evaluating the facility for renewal, a determination was made that a shorter term would result in significant cost savings. Regardless of the actual facility usage during the summer months, Citizens does not anticipate needing the line of credit during the summer months, thereby, eliminating 6 months of unused fee payments, which would result in a savings of \$131,250. After discussion, the following resolution was unanimously adopted:

Recitals

WHEREAS, pursuant to Indiana Code 8-1-11.1, as amended (the "Act"), the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, d/b/a Citizens Energy Group (the "Board"), is authorized and empowered to borrow moneys by issuing a certificate of indebtedness pursuant to IC 8-1-11.1-23 to finance working capital to pay the expenses of operation of utility property; and

WHEREAS, the Board has determined that it is necessary and desirable and in the best financial interests of the Board that the Board obtain working capital funds for its Gas Utility Distribution System by entering the Credit Agreement dated as of September 1, 2009, between JPMorgan Chase Bank, N.A. and the Board (the "Agreement") and the Revolving Credit Note related thereto (the "Note"); and

WHEREAS, substantially final forms of the Agreement and the Note are presented to this meeting of the Board; and

WHEREAS, the Board has taken all actions, and desires to take all such further actions, as may be necessary to approve and effect the Agreement and the Note and authorize and direct the execution and delivery of the Agreement and the Note, and to make the Agreement and the Note, when executed and delivered, valid obligations of the Board in accordance with their respective terms;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS:

1. The foregoing Recitals are incorporated into this Resolution by this reference.

2. Terms used in this Resolution are used with the respective meanings ascribed to such terms in the following paragraphs (unless otherwise provided):

"Act" means Indiana Code 8-1-11.1, *et seq.*, as amended.

"Agreement" means the Credit Agreement dated as of September 1, 2009, between JPMorgan Chase Bank, N.A. and the Board.

"Board" means Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, d/b/a Citizens Energy Group.

"Gas Utility Distribution System" means all assets and properties, including any and all interests therein, whether real or personal or tangible or intangible, held or operated by the Board in trust or otherwise and used directly to provide gas utility service, the rates and charges for which are subject to regulation by the Indiana Utility Regulatory Commission ("IURC") or, in the absence of IURC regulation, under rates and charges established by the Board pursuant to Indiana Code 8-1.5-3-8 or any successor provision of law. Neither the portion of the gas utility system not within the Gas Utility Distribution System nor the Thermal Energy System is part of the Gas Utility Distribution System.

"Note" means the Revolving Credit Note, which constitutes a certificate of indebtedness pursuant to IC 8-1-11-1-23, evidencing the obligations of the Board under the Agreement.

"Officers" means the President, the Vice President, the Secretary and each Assistant Secretary of the Board and the President, the Senior Vice President and Chief Financial Officer, any Vice President and the Treasurer of the Utility.

"Thermal Energy System" means all assets and properties, including any and all interests therein, whether real or personal or tangible or intangible, held or operated by the Board in trust or otherwise and used to provide steam utility and chilled water and related services and products.

"Utility" means Citizens Energy Group.

3. The Board hereby authorizes the Agreement and the Note and directs that they be effected, all as provided in and pursuant to this Resolution, the Act, the Agreement and the Note. The Note shall be issued as a certificate of indebtedness.

4. The Agreement, including the Note, is hereby approved, and the Officers are, and each singularly is, hereby authorized, by and on behalf of the Board, to make any and all further amendments, changes, revisions and

supplements thereto that such Officer or Officers, in their sole discretion, may deem necessary or advisable, and to enter into any additional agreements (or deliver any certificates) necessary or advisable to effect the transactions contemplated by this Resolution (all such documents, certificates and papers referred to in this paragraph are collectively hereinafter referred to as the "Transaction Documents").

5. This Resolution is intended to grant the broadest permissible discretion to the Officers to make any and all necessary or advisable amendments, changes, revisions and supplements to the Transaction Documents and to undertake all other acts necessary or advisable to effect the transactions contemplated by this Resolution, all as provided in this Resolution.

6. The Officers are, and each of them singularly is, hereby authorized on behalf of the Board, to execute any and all Transaction Documents, including any and all amendments, changes, revisions and supplements thereto; *provided, however*, that the President and the Secretary of the Board are the only Officers authorized to execute and attest the Note.

7. In the event that any provision of this Resolution is determined to be invalid or unenforceable, the validity and enforceability of the remaining provisions shall not in any way be affected or impaired.

Ms. Lamkin reported on matters discussed at the September 9, 2009 Executive Committee meeting.

Mr. Brehm presented and asked for Board approval of Citizens Energy Group's Fiscal Year 2010 Budget and 2009–2014 Forecast, attached as Exhibit "A." The following resolution was unanimously adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That Citizens Energy Group's Fiscal Year 2010 Budget and 2009–2014 Forecast, attached as Exhibit "A," is authorized and approved, and

That a Capital Expenditures Budget of \$34,085,000 is hereby authorized and approved, and

That after review of the recommendations of management and the Executive Committee for Fiscal Year 2010, an Operating Budget comprised of \$458,367,000 in operating consolidated Trust expenses, \$27,501,000 in interest charges, and a \$8,951,000 net income is accepted as a guide for Citizens Energy Group, and

That a Dues Expenditures Budget of \$537,648 and a Community Investment/Contributions Budget of \$1,401,000, \$65,000 of which shall be paid by Citizens Energy Group and \$1,336,000 of which shall be paid by non-regulated sources, is hereby approved for Fiscal Year 2010 with the expectation that Citizens Investment Collaboration on Neighborhoods, Inc. shall budget \$300,000 for a combined Community Investment/Contributions Budget of \$1,701,000, and

That the necessary officials of Citizens Energy Group are hereby authorized and directed to take such actions consistent with the budgets accepted herein, and to periodically report to the Board of Directors on significant variances from these accepted budgets.

Mr. Brehm requested Board approval to file a gas rate decrease to reflect the Customer Benefit Policy distribution approved by the Board, which represents an overall rate decrease of \$861,000 for 2010. The following resolution was unanimously adopted:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis:

That the necessary and appropriate officers of Citizens Energy Group are hereby authorized and directed to file a gas rate decrease to reflect the Customer Benefit Policy distribution approved by the Board, which represents an overall rate decrease of \$861,000 for 2010.

Mr. Brehm responded to questions regarding the financial reports.

Mr. Lykins responded to questions regarding the Monthly Operational Status Report.

There being no further business, the meeting adjourned at 9:30 a.m. EST.



Martha D. Lamkin, Chairman



John R. Whitaker, Assistant Secretary