

**MINUTES OF THE JOINT MEETING  
OF THE BOARDS OF DIRECTORS OF  
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.  
HELD DECEMBER 14, 2016**

Pursuant to notice duly given and posted as required by law, the joint meeting of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (d/b/a Citizens Energy Group) and the Board of Directors of CWA Authority, Inc. (jointly referred to as the “Board” unless otherwise noted) convened at 8:30 a.m. EST, Wednesday, December 16, 2016, at the Langsdale offices of Citizens Energy Group (“Citizens”), 2150 Dr. Martin Luther King, Jr. Street, Indianapolis, Indiana.

Board members were present: Daniel C. Appel (Chair), Jeffrey E. Good, Anita Harden, Christia Hicks, J.A. Lacy, Anne Nobles, Phillip A. Terry, and Joseph E. Whitsett. Moira M. Carlstedt was unable to attend the meeting.

Present from Citizens: President and Chief Executive Officer, Jeffrey A. Harrison; Senior Vice President and Chief Financial Officer, John R. Brehm; Senior Vice President and General Counsel, Jennett M. Hill; Senior Vice President and Chief Customer Officer, Michael D. Strohl; Vice President of Energy Operations, Christopher H. Braun; Vice President of Capital Programs and Engineering, Mark Jacob; Vice President and Controller, Sabine Karner; Vice President of Information Technology, John Lucas; Vice President of Customer Operations, Curtis Popp; Vice President of Regulatory and External Affairs, LaTona Prentice; Vice President of Human Resources, Safety and Security, Jodi Whitney; Vice President of Water Operations, Jeffrey Willman; Director of Treasury, Sara Mamuska-Morris; Director of Environmental Stewardship, Ann McIver; and Manager of Risk, Insurance, and Claims, Paul Grocki.

The meeting was called to order by the Chair.

The Chair acknowledged the passing of Ms. Yvonne Perkins, retired Vice President of Corporate Communications and Chief Diversity Officer. He then recited a resolution previously adopted by the Board that recognized Ms. Perkins' 46 years of loyal and dedicated service to Citizens Energy Group.

The Chair requested Board members to recuse themselves from any action items on the agenda if they identified a conflict. No items were identified.

The Board considered the minutes of its previous meetings. Upon a motion duly made and seconded, the Board unanimously approved the minutes of the joint meetings of the Boards of Directors of Citizens Energy Group and CWA Authority, Inc. held September 15, 2016, September 28, 2016 and November 16, 2016.

The Board authorized and appointed Mr. Appel to serve as the proxy of and for the Board of Directors of Citizens Energy Group, as the owner of the issued and outstanding capital stock of Citizens By-Products Coal Company d/b/a Citizens Resources, to vote such stock at the January 9, 2017 Annual Meeting of the Shareholders of that corporation, or any adjournment of such meeting, with full power and authority to act for the Board in voting for all the nominees for directors of that corporation, consisting of the those individuals currently serving as members of this Board, and in the transaction of such other business as may come before that meeting, with full power of substitution and revocation, and further to execute such proxy appointment form(s) or other documents, as may be necessary to carry out the authority so granted by the Board

The Chair addressed management's request to approve the energy efficiency filing set forth in the Fuel Cost Adjustment (FAC 44) and Operating Expense Rate Adjustment (OPERA). Upon a motion duly made and seconded, the Board unanimously approved the following:

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that FAC 44, attached as Exhibit “A”, is hereby ratified, confirmed, and approved;

FURTHER RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that OPERA, attached as Exhibit “B”, is hereby ratified, confirmed, and approved.

Next, the Chair invited Mr. Good to provide a report from the Audit and Risk Committee (the “Audit Committee”). He acknowledged that the Audit Committee was satisfied with the Fiscal Year 2016 Year End Financial Statements and recommended approval to the Board. He also noted that all business units contributed to the revenue, including the water utility for the first time since acquisition. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the Fiscal Year 2016 Year End Financial Statements.

Mr. Good also recognized that the Audit Committee accepted the risk based Internal Audit Plan for Citizens Energy Group for ensuing year 2017 and recommended approval to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the risk based Internal Audit Plan for Citizens Energy Group for 2017.

Next, the Chair invited Mr. Terry to provide a report of the Compensation and Finance Committee (the “Committee”). He reported that Ms. Whitney presented to the Committee for consideration and approval the proposed executive compensation Short Term Incentive Plan (“STIP”) distributions for officers and the proposed final model for the 2017 STIP measures and metrics for officers. Mr. Terry acknowledged that the Committee was satisfied with the executive compensation components as presented by management and recommended approval to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously adopted the following resolution:

WHEREAS, the Compensation and Finance Committee (“Committee”) evaluated the 2016 incentive and deferred compensation of executives (the

Officers of Citizens Energy Group) employed by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (“Board”) that, if payable, must be approved by the Board;

WHEREAS, in evaluating the Officers’ 2016 incentive and deferred compensation, the Committee received from its delegates the estimated payments to the Officers (stated as maximum potential amounts) that are payable under the Fiscal Year 2016 Short Term Incentive Plan (“STIP”), under the Restoration Policy for Citizens Energy Group (as amended and restated effective January 1, 2016) (“Restoration Policy”), and to Officers for taxes in the grandfathered deferred compensation arrangement under the Revised Citizens Energy Group Severance Pay Plan (effective October 1, 2010) (“Severance Plan”), all as identified on Exhibit “C” hereto;

WHEREAS, the Committee reviewed the model for the Fiscal Year 2017 Short Term Incentive Plan (“2017 STIP”), which was revised to reflect a change in how Citizens Energy Group must account for pension and benefits liabilities, and determined that the proposed final model is proper for the 2017 STIP;

WHEREAS, at a meeting duly called and conducted on December 14, 2016, the Committee determined to recommend that the Board adopt a resolution approving (i) all 2016 STIP payments due to Officers, (ii) all 2016 Restoration Policy payments due to Officers, (iii) all payments for taxes under the Severance Plan due in 2016 to Officers, and (iv) the final model for the 2017 STIP;

WHEREAS, the Board has determined that all 2016 STIP distributions are due and payable to Officers;

WHEREAS, the Board has determined that all 2016 Restoration Policy payments are due and payable to Officers;

WHEREAS, the Board has determined that all payments for taxes under the Severance Plan due in 2016 to Officers are due and payable;

WHEREAS, the Board has also determined that the final model proposed by the Committee for the 2017 STIP is appropriate; and

WHEREAS, the Board desires to authorize the payments and distributions due to Officers for 2016 under STIP, the Restoration Policy, and the Severance Plan, and approve the use of the final model for the 2017 STIP.

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, that:

SECTION 1. The 2016 STIP distribution for each Citizens Energy Group Officer is hereby approved;

SECTION 2. The Restoration Policy distributions due to Citizens Energy Group Officers for 2016 are hereby approved;

SECTION 3. The payments for taxes under the Severance Plan due in 2016 to Officers of Citizens Energy Group are hereby approved; and

SECTION 4. The final model for the 2017 STIP, as reviewed and recommended by the Committee, is hereby approved.

Mr. Terry also recognized that the Committee was satisfied with the work of Willis Towers Watson and recommended that the Board retain Willis Towers Watson through 2017. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the following:

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, that the retention of Willis Towers Waters through 2017 is hereby authorized and approved.

The Chair then invited Ms. Nobles to provide a report on behalf of the Water Resources Executive Committee and Wastewater Resources Executive Committee (jointly referred to as the “Executive Committees”). She reported that the Executive Committees held a joint meeting on November 16, 2016 and reviewed the financial highlights for the water and wastewater utility systems with Mr. Brehm. Then, the Executive Committees received an update from Mr. Willman regarding the transition of wastewater operations from Suez to Citizens Energy Group. She noted that insourcing the management of wastewater operations should provide for over \$4 million in anticipated savings to the utility. She also noted that the Executive Committees received updates pertaining to water operations, the consent decree, and Partnership for Safe Water (a collaboration with other utilities to set the standards for water treatment and quality).

Next, Mr. Brehm reviewed the quarterly financial highlights for Citizens Energy Group and CWA Authority, Inc. Following Mr. Brehm’s report, Mr. Harrison presented the “Promise of

the Trust” report to the Board and highlighted various organizational accomplishments achieved in 2016.

Then, Ms. McIver presented Citizens’ Sustainability report to the Board. She affirmed that the environment, business, and community continue to be the primary focus for Citizens’ commitment to sustainability. She noted that the natural gas conversion for the steam plant currently generates more electricity than it uses and the plant has reduced greenhouse gas emission by approximately thirty percent.

Thereafter, the Chair invited Ms. Mamuska-Morris to provide an update about Citizens Energy Group’s insurance and risk program. She reviewed with the Board the benchmarking data and insurance analysis completed for Citizens Energy Group.

The Chair thanked management for the reports provided to the Board. He remarked that the achievements highlighted in 2016 regarding affordability are in alignment with the Board of Trustees of Citizens Energy Group. He also noted the Board’s anticipation of a successful new quality program implementation--the Citizens Lean and Six Sigma (CLASS) program.

The Chair invited public comment. There being no public comment, the Board addressed certain governance matters. Following discussion and upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

RESOLVED, by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that each of the individuals listed below are hereby appointed to serve as a director of the Board of Directors of Warm Heart Warm Home Foundation, Inc. for a term of one (1) year, or until his or her successor is appointed and qualified:

- Michael Allen
- Jeff Ford
- Korlon Kilpatrick
- Mary Owen
- Paul Puckett
- Gregory Sawyers

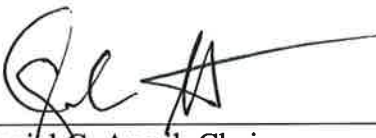
Jodi Whitney

RESOLVED, by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that each of the individuals listed below are hereby appointed to serve as a director of the Board of Directors of Citizens Investment Collaboration on Neighborhoods, Inc. for a term of one (1) year, or until his or her successor is appointed and qualified:

Debi Bardhan  
Christopher H. Braun  
Rhonda Harper  
Shannon Stahley  
Lauren Toppen  
John Trypus  
Jeffery A. Willman  
Phil Zbojniewicz

RESOLVED, by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that, and pursuant to its recognition and continued maintenance of the Service Advisory Board (SAB), David C. George is hereby appointed to serve as the Chair of the SAB for a term of one (1) year or until his successor is appointed and qualified.

With there being no further business, the meeting was adjourned.

  
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Daniel C. Appel, Chair

  
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Jennett M. Hill, Assistant Secretary