

**MINUTES OF THE JOINT MEETING  
OF THE BOARDS OF DIRECTORS OF  
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.  
HELD FEBRUARY 15, 2017**

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 9:55 a.m. EST, Wednesday, February 15, 2017, at the Langsdale offices of Citizens Energy Group ("Citizens"), 2150 Dr. Martin Luther King, Jr. Street, Indianapolis, Indiana.

Board members present were: Daniel C. Appel (Chair), Moira M. Carlstedt, Jeffrey E. Good, Anita J. Harden, Christia Hicks, J.A. Lacy, Anne Nobles, and Joseph E. Whitsett. Phillip A. Terry 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 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 A. Willman; Associate General Counsel, Michael E. Allen; Director of Brand Development, Jeff Brown; Director of Environmental Stewardship, Ann McIver; Director of Customer Relationships, Greg Sawyers; and Manager of Environmental Compliance Programs, Cheryl Carlson.

Others present were: Michael B. Cracraft, Partner with the law firm of Ice Miller LLP; and Kevin Flynn, President of Caldwell VanRiper.

The meeting was called to order by the Chair of the Board.

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

The Board considered the minutes of its previous meetings. Upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the minutes of the annual meeting held January 9, 2017. Thereafter, and upon a motion duly made and seconded, the Board of Directors of CWA Authority, Inc. unanimously approved the minutes of the annual meeting held January 9, 2017.

The Chair then addressed management's request to approve the energy efficiency filing set forth in Gas Cost Adjustment 133 (GCA 133). 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 GCA 133, attached as Exhibit A, is hereby ratified, confirmed, and approved.

Next, the Chair opened a Public Hearing of CWA Authority, Inc. and invited Ms. Carlson to discuss the proposed amendments to resolutions. Ms. Carlson noted that two amendments were proposed: Resolution No. CWA 2-2011, a resolution establishing uniform requirements for discharges into, the construction of, and additions to the wastewater collection and treatment system owned and operated by CWA and Resolution No. CWA 3-2011, a resolution authorizing enforcement of violations and establishing an administrative adjudication process for violations. Then, the Chair noted there were no written comments received and called for any public comments related to the procedure consistent with the legal notice of hearing published on

December 16, 2016. There being no public comments, the Chair requested a motion from the Board of Directors of CWA Authority, Inc. to adopt the proposed resolutions. Following discussion, and upon a motion duly made and seconded, the Board of Directors of CWA Authority, Inc. unanimously approved amendments to CWA Authority Resolution No. 2-2011, attached as Exhibit B. Thereafter, upon a motion duly made and seconded, the Board of Directors of CWA Authority, Inc. unanimously approved amendments to CWA Authority Resolution No. 3-2011, attached as Exhibit C. There being no other business, the Chair closed the Public Hearing of CWA Authority, Inc.

Next, the Chair invited Mr. Braun to provide a report on Energy Operations. He requested that the Board consider and authorize execution of the Gas Transportation Agreement between Citizens Gas and Citizens Thermal. Following discussion, and upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

WHEREAS, the Board of Directors for Utilities of the Department of Public Utilities (the "Board") of the City of Indianapolis (the "City") operates the gas utility providing gas utility services to customers in the City (the "Gas Utility") and the steam utility providing steam utility services to customers in the City (the "Steam Utility"); and

WHEREAS, the Steam Utility is faced with concentration risk of its largest customers, which customers have competitive options to the continued purchase of steam utility services, including switching to alternative space conditioning and process sources, as well as relocating customer facilities to other cities; and

WHEREAS, the Steam Utility therefore desires to lower its gas transportation costs to mitigate the risk of one or more large steam utility customers terminating the purchase of steam utility services; and

WHEREAS, the Steam Utility is one of the largest customers of the Gas Utility, and the Gas Utility therefore desires to take steps to prevent the loss of transportation revenues it receives from the Steam Utility that would be caused by the Steam Utility's loss of one or more of its largest customers; and

WHEREAS, pursuant to the Gas Utility's current tariff, approved by the Indiana Utility Regulatory Commission ("Commission"), the Steam Utility is eligible to enter into a special contract with the Gas Utility under Gas Rate No. 30, Retail Power Generation Gas Service; and

WHEREAS, Board employees responsible for the management of the Gas Utility and Board employees responsible for the management of the Steam Utility have negotiated at arms' length and have agreed to a Gas Transportation Agreement (the "Agreement") under Gas Rate No. 30 that achieves the objectives of the Steam Utility and the Gas Utility described above; and

WHEREAS, the Board now finds that the rates, charges, terms and conditions set forth in the Agreement (i) will allow the Gas Utility to recover its incremental cost of providing service to the Steam Utility and provide a contribution to the recovery of the Gas Utility's fixed costs; and (ii) are reasonable and should be approved; and

WHEREAS, the Board further finds that certain rates, charges, terms and conditions in the Agreement contain trade secrets that are confidential and proprietary and exempt from public access and disclosure requirements under Indiana law.

NOW THEREFORE, BE IT RESOLVED that:

(i) The Officers of the Board are hereby authorized to enter into and execute on behalf of the Board a contract substantially in the form of the Agreement with such changes as management of the Board determines to be advisable; and

(ii) The Officers of the Board are hereby authorized to execute and file on behalf of the Board a Petition requesting approval of the Agreement by the Commission; and

(iii) Employees responsible for the management of the Gas Utility and employees responsible for the management of the Steam Utility shall prepare and file such testimony and exhibits as necessary to support the relief requested in such Petition and take such other actions as management of the Board determines advisable in order to obtain the Commission's approval of the Agreement and protect the confidentiality of the rates, charges, terms and conditions in the Agreement that contain trade secrets that are confidential and proprietary and exempt from public access and disclosure requirements under Indiana law.

Then, 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

preliminary Fiscal Year 2017 First Quarter (Q1) Financial Statements and recommended approval to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the preliminary Fiscal Year 2017 Q1 Financial Statements.

Next, he reported that the Audit Committee considered the Deloitte and Touche LLP (Deloitte) proposal of its 2017 Audit Engagement Letter Addendum and 2017 Schedule of Audit Fees and then recommended approval of the same to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved Deloitte's 2017 Audit Engagement Letter Addendum and 2017 Schedule of Audit Fees.

Mr. Good also reviewed with the Board the Audit Committee's recommendation to seek authorization from the Indiana State Board of Accounts ("SBOA") to opt-out of examinations by the SBOA and instead have such examination conducted by an independent auditor all consistent with new statutory provisions. Such a request also requires the Audit Committee to amend the Board's "Audit & Risk Committee Charter" and to qualify some or all of the members of the Audit & Risk Committee to serve as an "audit committee" for purposes of engaging a certified public accountant. Following discussion, and upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

WHEREAS, the books, accounts, records and transactions of the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, as successor trustee of a public charitable trust, d/b/a Citizens Energy Group ("Citizens" or the "Board") are subject to "examination, audit and supervision by the [Indiana] state board of accounts to the same extent as the books, accounts, records and transactions of other municipal governments or officers or departments of municipal government are subject thereto" under Ind. Code § 8-1-11.1-17; and

WHEREAS, the State Board of Accounts has contacted Citizens and indicated it wants to conduct annual audits of the Board under Ind. Code § 8-1-11.1-17; and

WHEREAS, representatives of Citizens recently met with the State Board of Accounts to discuss the audit request and indicated that, while Citizens technically is an “audited entity” within the meaning of Ind. Code §§ 2-5-1.1-6.3(a)(2) and 5-11-1-24.4(a), it has not, to the best of its knowledge, been audited by the State Board of Accounts but annually engages an independent auditor to perform that function; and

WHEREAS, on September 28, 2016, Citizens provided the State Board of Accounts with a copy of the 2015 audit by independent auditor Deloitte & Touche LLP, which audit, per the State Board of Accounts, complied with the guidelines established by the State Board of Accounts; and

WHEREAS, Deloitte & Touche LLP has also conducted and recently completed the audit of the Board’s books for 2016, which Citizens submitted to the State Board of Accounts on December 20, 2016; and

WHEREAS, the State Board of Accounts has advised Citizens it could formally request in writing that the State Board of Accounts authorize Citizens to: (1) opt-out of examinations by the State Board of Accounts; and (2) engage a certified public accountant to conduct its examinations in accordance with Ind. Code § 5-11-1-24.4(b); and

WHEREAS, under Ind. Code § 8-1-11.1-3.1 the Board also operates as the municipal legislative body; and

WHEREAS, the Board has established an Audit & Risk Committee consisting of at least three (3) members of the Board who are knowledgeable in financial and auditing matters; and

WHEREAS, the Audit & Risk Committee assists the Board in assessing the integrity of Citizens’ financial statements, annually selects and engages independent auditors on behalf of the Board, evaluates the performance of the independent auditors, insures the Board’s compliance with legal and regulatory requirements and presents the results of the annual audit to the Board; and

WHEREAS, under Ind. Code § 5-11-1-24.4(b) an audited entity such as the Board may request in writing that the State Board of Accounts authorize it to opt-out of examinations by the State Board of Accounts and engage a certified public accountant to conduct the examinations; and

WHEREAS, based upon the recommendation of the Audit & Risk Committee, the Board has selected Deloitte & Touche LLP to conduct the audit of Citizens for 2017; and

WHEREAS, in its capacity as the municipal legislative body, the Board believes it should opt-out of the examination of its books by the State Board of

Accounts and be authorized to engage a certified public accountant to conduct such annual examinations; and

WHEREAS, the Board and the Board of Trustees of Citizens previously adopted "Operating Guidelines" that authorize the Board to establish committees "to accomplish the goals and perform the programs of Citizens Energy Group . . . with such responsibilities and powers as the Board of Directors shall specify"; and

WHEREAS, the Board previously adopted an "Audit & Risk Committee Charter" establishing the Audit & Risk Committee and defining its responsibilities and powers, including authority "annually . . . [to] engage independent auditors for CEG and present the results of the annual audit to the Board of Directors"; and

WHEREAS, the Board desires to amend the "Audit & Risk Committee Charter" to coordinate that document with the specific requirements of Ind. Code § 5-11-1-24.4(e) and to qualify some or all of the members of the Audit & Risk Committee as an "audit committee" described in Ind. Code § 5-11-1-24.4(e) for purposes of engaging a certified public accountant under Ind. Code § 5-11-1-24.4(b).

NOW, THEREFORE, BE IT RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis, that a representative of the Audit & Risk Committee or its designee be authorized to prepare and submit to the Indiana State Board of Accounts a written request under and in accordance with Ind. Code § 5-11-1-24.4(b) that the State Board of Accounts authorize the Board to: (1) opt-out of examinations by the State Board of Accounts; and (2) engage a certified public accountant to conduct annual examinations of the books and records of the Board.

FURTHER, BE IT RESOLVED the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis hereby amends the Board's "Audit & Risk Committee Charter," as described at this meeting, to coordinate that document with the specific requirements of Ind. Code § 5-11-1-24.4(e) and to qualify some or all of the members of the Audit & Risk Committee as an "audit committee" described in Ind. Code § 5-11-1-24.4(e) for purposes of engaging a certified public accountant under Ind. Code § 5-11-1-24.4(b).

After further discussion, and consistent with Ind. Code § 5-11-1-24.4(e), upon a motion duly made and seconded, the Board unanimously confirmed and approved the following Committee member roles:

Audit and Risk Committee

Jeffrey E. Good

Certified Public Accountant and Chair

Anita J. Harden	Nominated by the Board of Directors of Citizens Energy Group
J.A. Lacy	Appointed by Jeffrey A. Harrison, President and Chief Executive Officer of Citizens Energy Group
Joseph E. Whitsett	Non-voting Member (for purposes of Ind. Code § 5- 11-1-24.4; voting member for all other purposes)

Then, Mr. Brehm reviewed the quarterly financial highlights for Citizens Energy Group and CWA Authority, Inc. Following Mr. Brehm’s report, Mr. Harrison provided a quarterly report to the Board. He discussed the successful transition of in-sourcing wastewater operations on January 1, 2017 and noted that the transition costs were lower than projected. Mr. Harrison also highlighted Citizens’ Sharing the Dream community service project renovating Riverside Park over three days (January 11-13, 2017). He reported that Citizens, along with numerous community partners, contributed in-kind services and materials valued at almost one million dollars. Additionally, more than 300 employees volunteered well-over 1,000 hours to refurbish the 35,000 square-foot Family Recreation Center. He concluded his report to the Board by providing an update on Citizens Energy Group’s former coke and manufactured gas plant site on Prospect Street (“Prospect”). He commented that on January 31, 2017, the Mayor of City of Indianapolis, Joe Hogsett, announced the selection of Prospect as the desired location for a new community justice center campus. Mr. Harrison noted that Citizens is very pleased to be working with the City and believes the community justice center will be an attractive campus that will provide a number of good paying jobs in the community. The Board thanked Mr. Harrison for his report and that it was pleased with Citizens’ ongoing commitment to address environmental impacts at Prospect in an effort to further enhance the livability of the neighborhood.

Next, the Chair invited Mr. Brown to present Citizens’ 2017 Integrated Communication Plan. He addressed the objectives and strategies for 2017, including educating stakeholders about the benefits of the Public Charitable Trust.



The Chair invited public comment. There being no public comment and no further business, the meeting was adjourned.



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Daniel C. Appel, Chair  
Board of Directors



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Jennett M. Hill, Assistant Secretary  
Board of Directors