

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD MAY 16, 2018**

Pursuant to notice duly given and posted as required by law, a 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 10:15 a.m., EST, Wednesday, May 16, 2018, at the offices of Citizens Energy Group (“Citizens”), 2150 Dr. Martin Luther King, Jr. Street, Indianapolis, Indiana.

All Board members were present at the meeting: Daniel C. Appel (Chair), Moira M. Carlstedt, Jeffrey E. Good, Christia Hicks, J.A. Lacy, Anne Nobles, Maria M. Quintana, Phillip A. Terry, and Joseph E. Whitsett.

Present from Citizens: President and Chief Executive Officer, Jeffery 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 and Controller, Sabine Karner; Vice President of Regulatory and External Affairs, LaTona Prentice; Vice President of Human Resources and Chief Diversity Officer, Jodi Whitney; Vice President of Water Operations, Jeffrey A. Willman; Director of Corporate Affairs, Jeff Brown; Director of Customer Relationships, Gregory Sawyers; Associate General Counsel, Michael E. Allen; and Senior Manager of Internal Audit, John Siefer.

Also present at the meeting was Tyler Kalachnik, Partner with the law firm of Ice Miller LLP.

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 last 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 February 21, 2018 and April 18, 2018.

The Chair certified that the subjects discussed during the Executive Sessions of the Board held on April 18, 2018 and May 16, 2018 were limited solely to the items set forth in the Public Notices, attached as Exhibits "A" and "B".

The Chair addressed management's request to approve the energy efficiency filing set forth in Fuel Cost Adjustment (FAC) 49. Upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES that FAC 49, attached as Exhibit "C", is hereby ratified, confirmed, and approved.

The Chair also addressed management's request to approve the energy efficiency filing set forth in Gas Cost Adjustment (GCA) 138. Upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES that GCA 138, attached as Exhibit "D", is hereby ratified, confirmed, and approved.

Next, the Chair opened the Citizens Energy Group public hearing regarding the proposed lease and transfer of certain property located on Prospect Street (Pleasant Run Crossing) to the Consolidated City of Indianapolis and Marion County, Indiana, as indicated in the Public Notice, attached as Exhibit "E". Ms. Prentice summarized the public notice process and advised the Board that no comments were received by Citizens Energy Group during the public notice period. Ms. Prentice also discussed the terms of the proposed agreement noting that the lease and transfer of certain property to the City of Indianapolis was for the purpose of constructing a Community Justice Campus in support of reform and economic development efforts. The Chair acknowledged the tremendous value of this development to the community and commended management and the City for this proposed solution. He then requested comments from the public. Receiving none, and upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

WHEREAS, the Department of Public Utilities of the City of Indianapolis ("City"), acting by and through the Board of Directors for Utilities of the Department of Public Utilities (the "Board") as successor trustee of a public charitable trust d/b/a

Citizens Energy Group ("Citizens Energy Group" or "Citizens") is vested by Indiana Code 8-1-11.1 (the "Act") with the exclusive government, management, regulation and control of certain utility operations and properties located in the City and Marion County, Indiana; and

WHEREAS, in 1887, a group of citizens in the City formed Consumers' Gas Trust Company (the "1887 Company") to resist a threatened monopoly by the Indianapolis Gas Company, a privately-owned company and sole supplier of natural gas to the City at that time; and in 1905, however, it was determined that the 1887 Company could no longer carry out its purposes and the City was entitled to acquire its mains and other assets; and

WHEREAS, in 1906, the Citizens Gas Company (the "1906 Company") was created pursuant to General Ordinance No. 72, issued by the City's Common Council, to acquire the assets of the 1887 Company and supply natural and manufactured gas to the City and its inhabitants; and

WHEREAS, the decision in the Todd v Citizens' Gas Co. of Indianapolis, 46 F.2d 855 (7th Cir. 1931), held, based on the circumstances surrounding the 1906 Company that its assets were subject to a public charitable trust (the "Energy Trust"); and

WHEREAS, the Department of Public Utilities of the City, acting by and through the Board, became the successor trust of the Energy Trust in 1935 when it acquired the assets of the 1906 Company and the City expressly accepted the Energy Trust and terms thereof under General Ordinance No. 82 of the Common Council of the City; and

WHEREAS, beginning in 1935 the Board has operated properties under its control as a gas utility known as "Citizens Gas & Coke Utility" ("Citizens Gas") and in accordance with the purposes of the Energy Trust has provided gas distribution service to the City and its inhabitants; and

WHEREAS, among those properties under the Board's control was a manufacturing plant (the "Manufacturing Plant") that used coal to manufacture gas as part of a mixture with natural gas that together was distributed for many years to customers utilizing the Board's gas distribution system (the "System"), constituting an integral portion of its gas utility serving customers in the City and Marion County (the "Manufacturing Division"); and

WHEREAS, the property on which the Manufacturing Plant was located, together with adjoining parcels supporting the operations of the Manufacturing Plant, consisting of approximately 140 acres (the "Citizens Prospect Property"), are generally depicted on Exhibit A attached hereto, was not original corpus from 1906 of the public charitable trust, but rather was acquired in segments, with the initial acquisition in 1913, as additional property of the public charitable trust; and

WHEREAS, in 2006, as a result of various factors negatively impacting the viability of continuing the business of the Manufacturing Division, the Board undertook substantial and extensive efforts to sell the Manufacturing Plant and the other related portions of the Citizens Prospect Property; and

WHEREAS, despite these efforts, the process to sell the Manufacturing Plant and the other related portions of the Citizens Prospect Property proved unsuccessful, and the Board subsequently ceased all manufacturing and business operations at and decommissioned the Manufacturing Plant, which since then has been demolished and removed from the site; and

WHEREAS, these actions were determined by the Board to be in the best interests of the Energy Trust and its beneficiaries; and

WHEREAS, as a result of the site's historical use of coal to manufacture coke oven gas and metallurgical coke, portions of the Citizens Prospect Property identified on Exhibit A as Pleasant Run Crossing North, Pleasant Run Crossing South, Pleasant Run Crossing (the "Core Properties") and Prospect Place East ("PPE") contain materials that must be addressed in a manner consistent with Citizens' Remediation Work Plans submitted under the Indiana Department of Environmental Management's ("IDEM") Voluntary Remediation Program (the "VRP"). The Remediation Work Plan for PPE was submitted to IDEM on April 30, 2010, and was approved on March, 1, 2011 (the "2011 RWP"). The Remediation Work Plan for the Core Properties was submitted to IDEM on July 31, 2017, which was amended on November 3, 2017 (the "RWP"), and was approved by IDEM on December 18, 2017. In a manner consistent with completing the requirements of the VRP, Citizens will obtain a Certificate of Completion issued by IDEM and a Covenant Not To Sue executed by the Office of the Governor of the State of Indiana; and

WHEREAS, on December 12, 2016, a task force created by the Mayor of Indianapolis, known as the Indianapolis Criminal Justice Reform Task Force, produced a report recommending a series of reforms to the criminal justice system in the City and Marion County that would require the construction of several new public facilities (the "Community Justice Campus" or "CJC") as part of a criminal justice reform and economic development project (the "Project"), which the City desires to locate on all or portions of the Citizens Prospect Property; and

WHEREAS, on December 17, 2017, Citizens Energy Group and the City entered into (1) a Project Agreement (the "Project Agreement") to facilitate the City's construction and completion of the Project, the approval and completion of the RWP and the 2011 RWP, and the transfer and conveyance of the Citizens Prospect Property to the City, in accordance with, and subject to, the terms and conditions set forth in that agreement, and (2) a related environmental agreement (the "Environmental Agreement"); and

WHEREAS, the Project Agreement contains the following terms with respect to transferring the fee title of the Core Properties to the City: (1) Citizens Energy Group shall retain title to the Core Properties solely for the purpose of implementing the RWP while leasing and eventually conveying fee title of the Core Properties to the City pursuant to a ground lease (the "CJC Transfer Agreement"), (2) as consideration for the CJC Transfer Agreement, the City shall pay Citizens a one-time fee of Two Million One Hundred Thousand Dollars (\$2,100,000) for the lease and eventual conveyance of the Core Properties (the "Transfer Agreement Fee"), (3) the CJC Transfer Agreement shall require Citizens Energy Group to convey the fee title to the Core Properties for no further consideration upon the earlier of the completion of the RWP, the City's request as set forth in the Project Agreement or the last day of the thirty fourth (34th) year after the

execution of the CJC Transfer Agreement, and (4) the City shall have the right to develop, own and operate portions of the Project on the Core Properties and shall be responsible for property taxes, maintaining insurance and all other responsibilities of property ownership, except for such rights that are necessary for Citizens Energy Group to implement the RWP, prior to Citizens Energy Group's conveyance of the Core Properties to the City (1 through 4, collectively the "Transfer Agreement Terms"); and

WHEREAS, Will L. Stump and Phillip J. Trimpe, Indiana Certified General Appraisers of Will L. Stump & Associates, have provided a report to Citizens Energy Group that concludes the fair market value of the fee simple title to the Core Properties as of December 27, 2017, is approximately \$2,548,300 (the "Stump Appraisal"); and

WHEREAS, Michael C. Lady and Larry J. Allison, Indiana Certified General Appraisers of Integra Realty Resources, have provided a report to the City, which in turn was provided to Citizens Energy Group, that concludes the fair market value of the fee simple title to the Core Properties as of December 1, 2017, could range from \$1,380,000 to \$1,895,000, with a mid-point average of \$1,637,500 (the "Integra Appraisal"); and

WHEREAS, the average of the Stump Appraisal and the Integra Appraisal is approximately the Transfer Agreement Fee; and

WHEREAS, on January 29, 2018, the City-County Council (the "Council") of the City formally determined, after investigation, that there exists in the City a need for real estate suitable for the construction of the Community Justice Campus as contemplated, and by action approved unanimously by the Council, approved the acquisition of the Citizens Prospect Property, appropriated funds for land acquisition expenses for that purpose, and appointed the Purchasing Administrator for the City as leasing agent (the "City Agent") for the limited leasehold component of the CJC Transfer Agreement; and

WHEREAS, the Board of Public Health and Safety of the City of Indianapolis and Marion County, Indiana (the "Public Health Board"), on April 19, 2018 did, after publication of notice pursuant to IC 5-3-1, hold a public hearing in the same manner as contemplated by IC 36-1-10-13 on behalf of the City regarding whether execution of the CJC Transfer Agreement is necessary and whether the terms and payments called for thereunder are fair and reasonable; and

WHEREAS, on April 19, 2018, the Public Health Board and the City Agent adopted resolutions confirming and authorizing the execution of the CJC Transfer Agreement in substantially the form of the document denominated Ground Lease presented to the Public Health Board at its meeting in the same manner as contemplated by IC 36-1-10-13 and to authorize the transfer to the City of the Citizens Prospect Property as contemplated by and pursuant to the CJC Transfer Agreement and IC 36-1-11-8; and

WHEREAS, the Board, in its business judgment based on, among other things, the considerations and circumstances contemplated by the Project Agreement, the Environmental Agreement, the CJC Transfer Agreement, the Stump Appraisal and the Integra Appraisal, has determined that the transfer of the Core Properties pursuant to the CJC Transfer Agreement, as well as the sale of the other portions of the Citizens Prospect Property by its affiliate(s), and the entering into of the CJC Transfer Agreement, the

Project Agreement and the Environmental Agreement are in the best interests of Citizens, its customers, the Energy Trust and its beneficiaries, and the City and its inhabitants; and

WHEREAS, pursuant to the Trust Indenture between Citizens Energy Group and the Bank of New York Mellon Trust Company, N.A. (as indenture trustee) dated as of July 1, 1986, the Board confirms that it has determined that the Citizens Prospect Property, including the Core Properties, have become unserviceable, inadequate, uneconomic, obsolete, worn out, unfit and/or unadapted for use in connection with the operation of properties of the System (as defined in the Indenture), and the Citizens Prospect Property does not exceed five percent (5%) of the depreciated book value of the Gross Plant (as defined in the Indenture), and further has determined that the transfer, sale or other disposition of the Citizens Prospect Property meets one or more other provisions under which assets or property may be sold or leased under the Indenture, including without limitation determination that those assets and properties of the System not sold or disposed of will be capable of continued operation in an efficient manner and that such sale or disposition will not impair or destroy the ability of such continued operation, and that terms and conditions of the sale or other disposition are in its judgment, fair and reasonable; and

WHEREAS, the Board also has determined that, in the exercise of its fiduciary duty, and based on an Order of the Marion County Probate Court dated January 21, 1976, it has the implied power to sell or otherwise dispose of real estate when it is no longer needed and useful for its business, including such real estate (like the Citizens Prospect Property) as was not part of the original corpus of the Energy Trust and when the proceeds from such sale or other disposition are to be used in furtherance of the purposes of the trust; and

WHEREAS, the Board has further determined that the sale or other disposition of the Citizens Prospect Property, including by way of the CJC Transfer Agreement, is in the best interests of the beneficiaries of the Energy Trust;

NOW, THEREFORE, BE IT RESOLVED, BY THE BOARD OF DIRECTORS FOR UTILITIES, AS FOLLOWS:

Section 1. The foregoing recitals are incorporated herein by reference and are ratified, confirmed and approved.

Section 2. The Board hereby approves, ratifies, confirms and authorizes execution of the Project Agreement and CJC Transfer Agreement and the lease and conveyance of the Core Properties in accordance with the Transfer Agreement Terms, all as contemplated by IC 36-1-11-8, IC 8-1-11.1-3 and any other applicable provisions of law, including, without limitation those applicable to the City. The proceeds of the aforementioned transfer shall be used in furtherance of the purposes of the Energy Trust.

Section 3. The Board hereby approves, ratifies, confirms and authorizes execution of the CJC Transfer Agreement in the form substantially presented to the Board at this meeting, and further approves, ratifies, confirms and authorizes the Project Agreement and Environmental Agreement, as each is referenced in the CJC Transfer Agreement.

Section 4. The Board hereby authorizes Citizens' officers and each of them to take any and all actions necessary to carry out the purposes and intent of this Resolution,

the Project Agreement and the Environmental Agreement, including without limitation the execution and delivery of the CJC Transfer Agreement and such other documents as may be determined necessary or desirable to carry out the terms and conditions of these Resolutions.

Following the adoption of the resolution, the Chair closed the public hearing portion of the meeting.

The Chair invited Mr. Braun to provide a report from Energy operations. Mr. Braun requested that the Board consider and authorize execution of a gas transportation agreement between Citizen Gas and the Indiana Municipal Power Agency. 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 of the City of Indianapolis (the "Board"), through its Citizens Gas utility ("Citizens Gas"), pursuant to a prior agreement, as amended (the "Prior Transportation Agreement"), currently provides transportation service for the delivery of natural gas owned by Indiana Municipal Power Agency ("IMPA") to IMPA for the purpose of electric power generation at certain of IMPA's facilities; and

WHEREAS, IMPA and Citizens Gas desire to terminate the Prior Transportation Agreement and enter into a new agreement pursuant to which Citizens Gas will provide firm transportation service to IMPA for the delivery of natural gas owned by IMPA for the purpose of electric power generation at IMPA's electric generation units at the Georgetown facility located in Indianapolis, Indiana (the "Georgetown Facility"); and

WHEREAS, management of the Board and IMPA have negotiated a proposed Capacity Reservation and Gas Transportation Agreement (the "Agreement") containing rates, charges, terms and conditions that management recommends the Board approve; and

WHEREAS, the Board now finds that the rates, charges, terms and conditions set forth in the Agreement (i) will allow Citizens Gas to recover its incremental cost of providing service to the Georgetown Facility and provide a contribution to the recovery of Citizens Gas'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, individually or jointly, 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, individually or jointly, to execute and file on behalf of the Board a Petition requesting approval of the Agreement by the Indiana Utility Regulatory Commission (“Commission”); and

(iii) Management of the Board also shall prepare and file such testimony and exhibits as necessary to support the relief requested in such Petition and take such other actions as it 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.

Next, Mr. Good provided a report from the Audit and Risk Committee (the “Audit Committee”).

He acknowledged that the Audit Committee was satisfied with the preliminary Fiscal Year 2018 Second Quarter 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 2018 Second Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc.

Mr. Good also reported that the Audit Committee received a report from the external audit firm, Deloitte and Touche LLP (“Deloitte”). He reported that representatives from Deloitte reviewed the scope of the audit plan for 2018 and had no concerns to report to the Audit Committee related to the preliminary results of their second quarter audit review.

Mr. Good reported that the Audit Committee received a quarterly update from internal auditors, noting that internal audit activities planned for 2018 remained on track. He concluded his report noting that, per a request from a previous Board meeting, the Audit Committee reviewed coverage limits and benchmark data for Citizens’ excess liability programs. He noted that the Audit Committee will continue to review such coverage going forward.

Following Mr. Good’s report, the Chair invited Mr. Lacy to provide a report from the Wastewater Resources Executive Committee (the “Wastewater Committee”). Mr. Lacy reported that the Wastewater Committee held a meeting on April 18, 2018 and reviewed financial highlights for the wastewater utility system, noting that Citizens was in compliance with debt coverage obligations. He discussed the report the Wastewater Committee received that focused on efficiency improvements and the operational Deep

Rock Tunnel Connector Pump Station which has already captured approximately 250 million gallons of sewer overflow, measured between February and April 2018.

The Board reviewed financial highlights for Citizens Energy Group. Mr. Brehm informed the Board that Citizens is ahead of budget for both revenue and expenses. The Board inquired on the impact of customer rates considering the amount of debt financing and rising interest rates. Mr. Brehm reminded the Board that Citizens' issues 30-year bonds thereby locking in interest rates on these debt obligations.

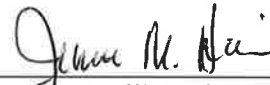
Next, the Chair invited Mr. Harrison to present a report on second quarter activities. Mr. Harrison highlighted, among other achievements, the progress of the DigIndy Tunnel System and the receipt of the Mayor's Diversity Award for Leadership for Citizens' ongoing Diversity and Inclusion program. He also reported on Citizens' continued progress on its initiatives to make it easier for its customers to do business with us. He noted that customer bills include barcodes affording customers the opportunity to scan and pay for their utility services at the local grocery store.

The Board thanked the management team for continuing to collaborate with community partners and other stakeholders relating to the work at Pleasant Run Crossing and eventual development of the Community Justice Campus by the City of Indianapolis.

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



Daniel C. Appel, Chair
Board of Directors



Jennett M. Hill, Assistant Secretary
Board of Directors