

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD DECEMBER 12, 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 8:50 a.m., EST, Wednesday, December 12, 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 of Capital Programs and Engineering, Mark Jacob; Vice President and Controller, Sabine Karner; Vice President of Information Technology, John Lucas; 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 Treasury, Sara Mamuska-Morris; and Director of Environmental Stewardship, Ann McIver.

Also present at the meeting was Michael B. Cracraft, 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 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 on September 26, 2018 and November 14, 2018.

As the owner of the issued and outstanding capital stock of Citizens By-Products Coal Company d/b/a Citizens Resources, the Board authorized and appointed Mr. Appel to serve as proxy of and for the Board of Directors of Citizens Energy Group, to vote such stock at the January 14, 2019 Annual Meeting of the Shareholder of that corporation, or any adjournment of such meeting. Mr. Appel will have full power and authority to act for the Board in voting for all the nominees for directors of that corporation consisting of 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 filing set forth in Fuel Cost Adjustment (FAC) 52. 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 the FAC 52 rate of \$0.44799 to be effective February 1, 2019, subject to approval by the IURC, is hereby ratified and approved.

The Chair also addressed management's request to approve the filing set forth in Gas Cost Adjustment (GCA) 140. 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 the updated filing of the proposed GCA rates in Cause No. 37399 GCA 140 with the IURC for the months of December 2018, January and February 2019 is hereby ratified and approved. Pursuant to the terms of the monthly GCA mechanism, the management and staff hereby are authorized to modify the GCA rates for each of the months December 2018, January and February 2019 in accordance with the terms of the GCA 75 Order and the Order in Cause No. 37399 GCA 140, which was approved by the IURC on November 28, 2018.

Next, the Chair invited Mr. Good to provide a report from the Audit and Risk Committee (the "Audit Committee"). Mr. Good reported that there was positive net income across all systems. He noted that the systems were still highly leveraged demonstrating a need to continue to generate income to service the debt. He acknowledged that the Audit Committee was satisfied with the preliminary Fiscal Year 2018 Year-End Financial Statements for Citizens Energy Group and CWA Authority, Inc. and recommended approval to the Board. He also noted that the external audit firm, Deloitte and Touche LLP, had substantially completed its audit of the 2018 financials and had no concerns to report to the Audit Committee. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the preliminary Fiscal Year 2018 Year-End Financial Statements for Citizens Energy Group and CWA Authority, Inc. Mr. Good also reported that the Audit Committee received a report from internal audit highlighting internal audit's activities during 2018. Mr. Good informed the Board about changes to the internal audit planning cycle in an effort to better align with strategic planning and enterprise risk management cycles. He concluded his report to the Board by noting that the Audit Committee received its annual report from the Ethics Committee wherein there were no concerns to report.

The Chair next invited Mr. Terry to provide a report from the Compensation and Finance Committee (the "Committee"). He reported that Ms. Whitney presented to the Committee the proposed executive compensation distributions for eligible officers, including an overview of the results for the 2018 Short-Term Incentive Plan performance measures (overall customer satisfaction, cost containment, and safety) along with budgeted EBITDA. Mr. Terry also highlighted that from 2012 – 2018, total compensation had reduced significantly as a result of the consolidation of functions and changes to the compensation program. Following discussion and upon a motion duly made and seconded, the Board unanimously approved the following:

WHEREAS, the Compensation and Finance Committee ("Committee") evaluated the 2018 incentive and deferred compensation of executives employed by the Board of Directors ("Board") for Utilities of the Department of Public Utilities of the City of Indianapolis (d/b/a Citizens Energy Group) that, if payable, must be approved by the Board; and

WHEREAS, in evaluating the Officers' 2018 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 2018 Short Term Incentive Pay ("STIP") Plan, 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 Program (effective October 1, 2010) ("Severance Program"), all as identified on Exhibit A hereto; and

WHEREAS, at a meeting duly called and conducted on December 12, 2018, the Committee determined to recommend that the Board adopt a resolution approving (i) all 2018 STIP payments due to Officers, (ii) all 2018 Restoration Policy payments due to Officers, and (iii) all payments for taxes under the Severance Program due in 2018 to grandfathered officers; and

WHEREAS, the Board has determined that all FY2018 STIP distributions are due and payable to officers; and

WHEREAS, the Board has determined that all 2018 Restoration Policy payments are due and payable to officers; and

WHEREAS, the Board has also determined that all payments for taxes under the Severance Program due in 2018 to grandfathered officers are due and payable; and

WHEREAS, the Board desires to authorize the payments and distributions due to officers for 2018 under STIP, the Restoration Policy, and the Severance Program.

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 FY2018 STIP distribution for each Citizens Energy Group officer is hereby approved;

SECTION 2. The Restoration Policy distributions due to Citizens Energy Group officers for 2018 are hereby approved; and

SECTION 3. The payments for taxes under the Severance Program due in 2018 to grandfathered officers of Citizens Energy Group are hereby approved.

Mr. Terry also recognized that the Compensation Committee was satisfied with the work of Willis Towers Watson and recommended that the Board retain Willis Towers Watson through 2019. 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 Watson through 2019 is hereby authorized and approved.

Mr. Willman provided a report from Water operations. He reviewed a proposal to approve the sale of a portion of the Harding Street Property to the Indianapolis Marion County Public Library ("IMPCL"). He reported that Citizens Water operations determined that this portion of real estate was not essential for business operations. Furthermore, he commented that authorizing the proposed sale of the parcel to IMPCL for the construction of a public library represented good community use of the property. Following discussion, and upon a motion duly made and seconded, the Board of Directors for 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 trustee of a public charitable trust for the water system ("Citizens Energy Group," "Citizens" or "CEG") 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 and around Marion County, Indiana; and

WHEREAS, the Board owns real property that is commonly referred to as 6710 S. Harding Street, Indianapolis, Indiana, containing 5.95 acres (the "Property") that has previously been used in the operation of a water system (the "System"); and

WHEREAS, the Board has determined CEG's ownership of the Property is no longer necessary, useful or cost effective for the operation of the System, provided easements are reserved for certain on-site utility facilities related to the operation of the System and other utility systems owned and operated by CEG or its affiliates (collectively, the "Utility Easements"); and therefore the Property should be declared surplus property; and

WHEREAS, the Indianapolis Marion County Public Library ("IMCPL") has offered to purchase the Property for the construction of a public library; and

WHEREAS, CEG and IMCPL procured three independent appraisals to determine the fair market value of Property, which averaged \$61,300 per acre for an approximate fair market value of \$365,000 (collectively, the "Fair Market Value"); and

WHEREAS, CEG and IMCPL executed a non-binding letter of intent on June 25, 2018, whereby IMCPL agreed : (i) to pay the Fair Market Value for the Property, (ii) to not disturb any existing utility facilities related to the operation of the System and other utility systems located on the Property in the course of IMCPL's development, construction and operation of a public library on the Property, (iii) to grant the Utility Easements, and (iv) to rezone the Property in such a fashion as to permit CEG to continue to utilize any utility facilities owned and operated by CEG or its affiliates (collectively, the "IMCPL Offer"); and

WHEREAS, CEG and IMCPL are in the process of negotiating a definitive, binding agreement regarding the sale of the Property upon the terms described in the

IMCPL Offer that is anticipated to close mid-year 2019 (the "IMCPL Agreement"), subject to the Board's approval of this transaction; 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 and other property when it is no longer needed and useful for its business, including the Property 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 Property, pursuant to the terms of the IMCPL Offer is in the best interests of the beneficiaries of the 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 finds the Property is not necessary, useful or cost effective for the operation of the System and constitutes surplus property subject to reservation of the Utility Easements.

Section 3. The Board hereby approves, ratifies, confirms and authorizes the negotiation, execution, delivery and performance of the IMCPL Agreement based upon the terms of the IMCPL Offer and the conveyance of the Property in accordance with the negotiated terms of the IMCPL Agreement, all as contemplated by Indiana Code 36-1-11-8, Indiana Code 8-1-11.1-3 and any other applicable provisions of law, including, without limitation those applicable to the IMCPL. The proceeds of the aforementioned transfer shall be used in furtherance of the purposes of the System.

Section 4. The officers of the Board and each of them are authorized to take any and all actions necessary to carry out the purposes and intent of this Resolution, the IMCPL Offer and the IMCPL Agreement including without limitation the execution and delivery of such other documents as may be determined necessary or desirable to carry out the terms and conditions of these Resolutions.

The Chair invited Ms. Hicks to provide a report from the Water Resources Executive Committee (the "Water Committee"). Ms. Hicks reported that the Water Committee held a joint meeting with the Wastewater Resources Executive Committee (the "Wastewater Committee") on November 14, 2018 and reviewed the financial highlights for the water and wastewater utility systems. She informed the Board that Mr. Willman reviewed with the Water and Wastewater Committees the integrated water resource plan and the status of various projects underway, including projects for the Harbor Treatment Plant

Transmission Main and Citizens Reservoir. She also noted the longer term projects underway including the exploration of water re-use. Ms. Hicks congratulated the team of achieving sewer rate failures.

Ms. Nobles, on behalf of the Wastewater Committee, also reported that Phase 1 of the Deep Rock Tunnel Connector, extending over 10 miles, was completed and has opened enabling additional 500 million gallons capture of combined sewer overflows (referred to as CSOs).

Following these reports, Mr. Appel provided a report from the Energy Resources Executive Committee (the "Energy Committee"). He reported that the Energy Committee held a meeting on December 10, 2018 and reviewed the year-to-date financials for the energy utility system. He reported that the Energy Committee received a report from Mr. Braun pertaining to continuous improvement efforts and peer reviews to align with best practices for the industry. He also reported that the Energy Committee received a summary of the National Transportation Safety Board's preliminary report of the Columbia Gas of Massachusetts incident on September 13, 2018. He noted that initial findings indicated issues with low pressure lines resulting in the unfortunate incident in Massachusetts. Mr. Appel reported that Citizens Gas removed all low pressure lines in 2009, but that the team reviewed the existing systems and safety procedures to substantiate its safe and reliable systems.

The Board then reviewed the fiscal year 2019 financial highlights for Citizens Energy Group. Mr. Brehm noted that trends were positive across all business units, but it was too early to draw any conclusions.

Mr. Harrison was invited to present highlights from the "Promise of the Trust" report that he delivered to the Board of Trustees. Mr. Harrison reaffirmed the mission of the Trust and its three core areas of focus: lowest possible rates for customers, benefits to the community, and safe and reliable service. He commented about various savings that were passed along to customers, including savings that were achieved through insourcing wastewater operations. He also noted bond upgrades from the major rating agencies. Mr. Harrison also acknowledged some challenges, such as the sewer failures in 2018, which have since been addressed.

Following Mr. Harrison's report, Ms. McIver presented Citizens' annual Sustainability Report to the Board. She reviewed the commitments and accomplishments for the sustainability program, including Citizens' commitment to the environment by participating in community events such as the 30th annual White River Cleanup Day and collaboration with the Jewish Community Center (JCC) Community Earth Day. She reported that Citizens was recognized as the 2018 Environmental Champion among the utility industry. This is based on a survey of customer perceptions of their utilities' dedication to the environment and reported by Cogent Reports. Ms. McIver also discussed the 2019 sustainability initiatives by outlining six focus areas to leverage commitments, including promotion of energy and water efficiency opportunities.

The Chair then invited public comment. There being no public comment, the Chair reported that on December 3, 2018, the Board of Trustees of Citizens Energy Group held its annual meeting and all Directors were appointed to serve on the Board of Directors for Citizens Energy Group, effective January 1, 2019. In addition, the Trustees, along with the Chair, expressed appreciation for their service to the Trust. The Board next 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
Melissa Lawson
Mary Owen
Gregory Sawyers
Jodi Whitney

FURTHER 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
Jessica Castellanos
Rhonda Harper
Lauren Toppen
John Trypus
Jeffery A. Willman
Phil Zbojniewicz

FURTHER 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.

There being no further business, the meeting was adjourned.



Daniel C. Appel, Chair
Board of Directors



Jennett M. Hill, Assistant Secretary
Board of Directors