

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD AUGUST 21, 2019**

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 9:10 a.m., EST, Wednesday, August 21, 2019, at the offices of Citizens Energy Group ("Citizens"), 2150 Dr. Martin Luther King, Jr. Street, Indianapolis, Indiana.

Board members present at the meeting were: Moira M. Carlstedt, Jeffrey E. Good, Christia Hicks, J.A. Lacy, Anne Nobles (Vice Chair), Maria M. Quintana, Phillip A. Terry, and Joseph E. Whitsett. Daniel C. Appel was unable to attend the meeting. Members of the Board of Trustees who were also present included: John L. Krauss and Dennis E. Bland.

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 C. Jacob; Vice President and Controller, Sabine E. Karner; Vice President of Customer Operations, Curtis H. Popp; Vice President of Regulatory and External Affairs, LaTona S. Prentice; Vice President of Human Resources and Chief Diversity Officer, Jodi L. Whitney; Vice President of Water Operations, Jeffrey A. Willman; Director of Corporate Affairs, Jeff Brown; and Associate General Counsel, Michael E. Allen.

In the absence of the Board Chair, Anne Nobles, Vice Chair, served as Chair for the meeting and called the meeting to order.

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 meeting. Upon a motion duly made and seconded, the Board unanimously approved the minutes of the joint meeting of the Boards of Directors of Citizens Energy Group and CWA Authority, Inc. held on May 15, 2019.

The Chair certified that the subjects discussed during the Executive Session of the Board held on August 21, 2019 was limited solely to the items set forth in the Public Notice, attached as Exhibit "A".

The Chair addressed management's request to approve the filing set forth in Fuel Cost Adjustment 54. 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 proposed fuel cost adjustment ("FAC") rate in Cause No. 41969-FAC 54 of \$0.46500 to be effective August 1, 2019, subject to approval by the Indiana Utility Regulatory Commission, is hereby ratified and approved.

The Chair invited Mr. Braun to provide a report from Energy operations. Mr. Braun requested that the Board of Directors of Citizens Energy Group consider and authorize execution of a short term gas supply agreement between Citizens Gas and Public Energy Authority of Kentucky. He noted that the proposed agreement would provide an additional discount for gas entering through the city gate and reduce annual gas costs. Moreover, Citizens Gas customers would receive the benefit directly through commodity purchases in the Gas Cost Adjustment. 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, as successor trustee of a public charitable trust, d/b/a Citizens Energy Group (the "Board") provides natural gas utility service to customers in and around the City of Indianapolis through Citizens Gas; and

WHEREAS, the Board is permitted and has the power pursuant to the provisions of the Indiana Code to purchase natural gas or services by contract for the purpose of meeting the gas requirements of residential, commercial and industrial customers served by Citizens Gas; and

WHEREAS, the acquisition of secure, reliable and economic supplies of natural gas is necessary for the prudent operation of Citizens Gas; and

WHEREAS, the Public Energy Authority of Kentucky ("PEAK"), which was formed pursuant to the Commonwealth of Kentucky Natural Gas Acquisition Authority Act, has offered to sell to Citizens Gas, pursuant to a Short-Term Gas Supply Contract attached hereto as Exhibit B, a supply of natural gas in the quantities and on the dates set forth in the Short-Term Gas Supply Contract, on the condition that PEAK issues its Gas Supply Revenue Bonds, 2019 Series B, the proceeds of which will be used by PEAK to acquire a supply of natural gas pursuant to a Prepaid Agreement with BP Energy Company; and

WHEREAS, the Short-Term Gas Supply Contract provides that PEAK will sell gas to Citizens Gas at a Discount to the Index Price, as those terms are defined therein; and

WHEREAS, management of Citizens Gas has concluded that entering into the Short-Term Gas Supply Contract is consistent with Citizens Gas' efforts to acquire reliable supplies of natural gas so as to provide gas to its retail customers at the lowest gas cost reasonably possible and has recommended to the Board that it approve execution and delivery of the Short-Term Gas Supply Contract.

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

Section 2. The Board hereby approves the Short-Term Gas Supply Contract, in the substantially final form as is attached hereto as Exhibit B, and further approves its execution and delivery.

Section 3. The Executive Officers of the Board are, and each of them is, hereby authorized to execute and deliver at the appropriate time, the Short-Term Gas Supply Contract and to approve any changes in form or substance to the same, and such approval shall be conclusively evidenced by their execution thereof.

Section 4. The Executive Officers of the Board are, and each of them is, hereby authorized and directed to do and perform all acts and to execute in the name of the Board and to attest, as appropriate, all such instruments, documents, papers, notices or certificates, in such forms as an Executive Officer executing or attesting the same shall deem proper, to be evidenced by the execution or attestation thereof, which are necessary, desirable or appropriate to carry out the transactions contemplated by this Resolution.

Section 5. The Resolutions set forth herein shall be effective as of August 21, 2019.

Next, the Chair invited Mr. Good to provide a report from the Audit and Risk Committee (the "Audit Committee"). Mr. Good reported that the Audit Committee conducted its annual review of coverage limits and benchmarking data for Citizens' insurance and related programs, noting that its programs are competitively sourced and in line with peer benchmarks.

Mr. Good also reported that Sabine Karner provided the Audit Committee with an overview of the preliminary third quarter financial statements for the 2019 fiscal year noting that these statements captured the revised depreciation rates as approved by the Indiana Utility Regulatory Commission. He acknowledged that the Audit Committee was satisfied with the preliminary Fiscal Year 2019 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc. and recommended approval to the Board. Upon a motion duly made and seconded, the Board unanimously approved the preliminary Fiscal Year 2019 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc.

Mr. Good then reported that the external audit firm, Deloitte and Touche LLP ("Deloitte"), had completed its quarterly review and had no issues to report to the Audit Committee. He also informed the Board that the Audit Committee considered Deloitte's proposed 2020 Audit Engagement Letter for Citizens Energy Group and CWA Authority, Inc. and that the Audit Committee, as that term is described and used in Indiana Code section 5-11-1-24.4(e), approved such engagement and recommended approval of the same to the Board. Upon a motion duly made and seconded, the Board unanimously approved the proposed 2020 Audit Engagement Letter for Citizens Energy Group and CWA Authority, Inc.

Mr. Good concluded his report to the Board noting that Mr. Siefer provided the Audit Committee with an update on internal audit activities, noting that the department is on track with the current audit plan.

The Chair invited Ms. Hicks to provide a report from the Water Resources Executive Committee ("Water Committee"). Ms. Hicks reported that the Water Committee held a meeting on June 19, 2019 and reviewed financial highlights for the water utility system noting that the utility's

financial performance as against other utilities has improved. She reported that the Water Committee received an informative presentation concerning the progress of the Citizens Reservoir project and the options being considered for the replacement of the Riverside dam. In addition, the Water Committee received an update regarding challenges facing the water industry across the country as it relates to aging infrastructure. She reported that addressing these system's aging infrastructure challenges, remains a priority. She concluded her report to the Board noting that the Water Committee was also apprised of continued plans for water supply and conservation.

The Chair next invited Ms. Carlstedt to provide a report from the Energy Resources Executive Committee ("Energy Committee"). Ms. Carlstedt reported that the Energy Committee held a meeting on August 14, 2019, and reviewed financial projections for the energy utility system, noting that capital spending is expected to be higher for investment in infrastructure and improvements to system integrity. She noted that aging infrastructure remains a top priority for the natural gas industry, reporting that Citizens is an industry leader with respect to gas leaks over the last three years. She reported that Citizens Gas implemented its gas pipeline renewal plans in 1984 by replacing cast iron and bare steel in the gas distribution system with protected steel and plastic pipe. As a result of this long-term planning and implementation, Citizens Gas now has 99.9 percent of the distribution system replaced, exceeding the industry average. She noted that while Citizens Gas is a leader among its peers with respect to system leaks per mile, better results can be expected with its 30-year plan to replace steel mains joined by mechanical fittings.

The Chair invited Mr. Brehm to provide a financial report. Mr. Brehm reported that in response to the results of regulatory activities for the wastewater utility system, management would begin to finalize the next phase of financing for CWA to support activities including consent decree requirements.

Mr. Harrison then was invited to present the report of the President and CEO. Mr. Harrison reported on operational activities, noting that Citizens Water operated optimally and without disruption of service to customers despite the July heat wave. He also reported that Chilled Water experienced high loads due to the hot July weather, resulting in its second highest demand level of daily volume on record during this time. He highlighted various community engagement activities, including hosting the communications teams from Louisville Water and Louisville MSD to discuss Citizens' integrated communications plan relative to the DigIndy project. He also highlighted the launch of "H2O to Go", a mobile water distribution trailer that is a University of Indianapolis student led initiative fostered through Citizens Partnership for Excellence in Research and Learning (PERL) program. He noted that the purpose of *H2O to Go* is for Citizens to provide tap water at community events to promote conservation while promoting the value and quality of its water services. Mr. Harrison concluded his report by providing an update concerning the topic of affordability. He informed the Board that a cross-functional team plans to explore ways in which Citizens may be able to help customers struggling with the affordability of utility services. He commented that the team hopes to identify gaps and solutions with Citizens' current efforts and then look at new initiatives to better serve Citizens' most vulnerable customers.

Following Mr. Harrison's report, Ms. Karner was invited to present an update for Citizens' Strategic Plan for 2020. Ms. Karner reviewed Citizens' strategy to support continued focus on a unified culture aligned under Citizens' pillars for customer satisfaction, employee engagement, financial integrity, and performance excellence. She highlighted that customer ease of use, cost containment, innovation, and talent development continue to underpin the business objectives for the organization.

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



Anne Nobles, Vice Chair
Board of Directors



Jennett M. Hill, Assistant Secretary
Board of Directors