

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD SEPTEMBER 25, 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 8:50 a.m., EST, Wednesday, September 25, 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: Daniel C. Appel (Chair), Moira M. Carlstedt, Jeffrey E. Good, Christia Hicks, J.A. Lacy, Anne Nobles, Maria M. Quintana, and Phillip A. Terry. Joseph E. Whitsett was unable to attend the meeting.

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 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 Gas Supply, Michael W. Bartone; and Director of Corporate Affairs, Jeff Brown.

Also present at the meeting was David Wathen, Director and Executive Compensation Practice Leader with Willis Towers Watson.

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 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 August 21, 2019.

The Chair certified that the subjects discussed during the Executive Session of the Board held on September 25, 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 55. Upon a motion duly made and seconded, the Citizens 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 the proposed fuel cost adjustment ("FAC") rate in Cause No. 41969-FAC 55 of \$0.52388 to be effective November 1, 2019, subject to approval by the Indiana Utility Regulatory Commission, is hereby approved.

The Chair also addressed management's request to approve the filing set forth in Gas Cost Adjustment (GCA) 143. Upon a motion duly made and seconded, the Citizens 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 the updated filing with the Indiana Utility Regulatory Commission ("IURC") for the proposed gas cost adjustment ("GCA") rates in Cause No. 37399-GCA 143 for the months of September, October and November 2019 is hereby approved and ratified. 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 September, October and November 2019 in accordance with the terms of Cause No. 37399-GCA 75 Order and the Order in Cause No. 37399-GCA 143, which was approved by the IURC in August 2019.

Next, the Chair invited Mr. Terry to provide a report from the Compensation and Finance Committee (the "Committee"). Mr. Terry requested that Mr. Watson present the Willis Towers Watson ("WTW") executive compensation benchmarking analysis (the "Analysis") for fiscal year 2020. Following Mr. Wathen's report, Mr. Terry reviewed for the Board the Committee's recommendations. He then proposed resolutions consistent with the Committee's recommendation and the Analysis for the Board's consideration and approval. Following discussion, and upon a motion duly made and seconded, the Citizens Board unanimously approved the following:

WHEREAS, by statute, the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis (the “Board”) has the “exclusive government, management, regulation and control of all public utilities consisting of any waterworks, gasworks . . . heating and power plants of any kind [owned and] operated [by the Board] . . . within the city, or outside the city . . .” IC 8-1-11.1-3(a); and

WHEREAS, the Board also has the statutory power to “employ such managers . . . and other employees necessary for the proper carrying on and operation of any such utility plant or plants . . . and to fix the compensation of all such employees” and in so doing “shall consider character, training, and general expert and executive fitness and experience for the position in the particular utility to which such [executive] is to be assigned as the necessary requirements . . .” IC 8-1-11.1-3(c)(4); and

WHEREAS, the Board has periodically reviewed and made necessary changes in the base pay and other compensation for executives employed by the Department of Public Utilities of the City of Indianapolis d/b/a Citizens Energy Group based upon the recommendations of the Compensation and Finance Committee of the Board (the “Committee”) and its consideration of an analysis of executive compensation performed by a third-party compensation expert and other factors, such as the current level of compensation in the primary market for executive talent necessary to perform the duties of each executive position within Citizens Energy Group; and

WHEREAS, the Committee engaged leading compensation consultant Willis Towers Watson to prepare for its consideration and the Board’s information a competitive benchmarking analysis for certain executive positions within Citizens Energy Group; and

WHEREAS, on September 25, 2019, Mr. David Wathen of Willis Towers Watson presented to the Committee the executive compensation benchmarking analysis for fiscal year 2020 and the Committee indicated that it would take the information in the analysis under advisement in making recommendations to the Board for its use in setting executive compensation for the fiscal year (“FY”) beginning October 1, 2019; and

WHEREAS, based upon the recommendation of the Committee, input from officers of Citizens Energy Group who are responsible for the delivery of utility services provided by seven regulated utilities, and consideration of other factors, the Board has determined that (a) the primary market for talent for the officers of Citizens Energy Group consists of a blended peer group of public power utilities and investor owned utilities with annual revenues between one-half to two times the annual revenues of Citizens Energy Group, (b) the secondary market reference point for an officer performing a functional role should be general industry, (c) the targeted market pay position should be the market 50th percentile, and (d) the targeted market pay component should be target total direct compensation; and

WHEREAS, the Committee and the Board have reviewed the design of the compensation programs for Citizens Energy Group and the Committee and the Board believe that changes in program design are necessary to align the Board’s current compensation programs with the competitive market for executive talent; and

WHEREAS, based upon the recommendation of Willis Towers Watson, the Committee’s recommendations to the Board, and the results of its own consideration of the comparison of the mix in base pay and incentive pay to market practice, the Board

determines that it is necessary and appropriate to adopt a design change to the compensation program for officers of Citizens Energy Group that implements a tiered target Short Term Incentive Pay (“STIP”) Plan effective FY2020 (i.e., CEO = 70 percent, Officers = 35 percent) for all officers to ensure target cash compensation is competitive with the market medium.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS (the “Board”), that:

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

SECTION 2. After consultation with Willis Towers Watson, review of the Willis Towers Watson (“WTW”) Executive Compensation Benchmarking Analysis for FY2020 dated September 25, 2019 (a copy of which is attached hereto as Exhibit “B”) and the Committee’s recommendations to the Board, the Board hereby adopts the compensation set forth in Exhibit “C” for each of the listed officers for the fiscal year beginning October 1, 2019.

SECTION 3. The Board, after consultation with Willis Towers Watson, the Committee’s recommendations to the Board and consideration of the necessary and appropriate measures for inclusion in the Short Term Incentive Pay (“STIP”) Plan for fiscal year 2020, hereby adopts the following design change: implement a tiered target STIP award opportunity structure (i.e., CEO = 70 percent, Officers = 35 percent) for all officers to ensure target cash compensation is competitive with the market medium.

SECTION 4. The Board, by recommendation of the Committee and having considered the necessary and appropriate measures for inclusion in the STIP Plan for fiscal year (“FY”) 2020, hereby adopts the financial trigger and performance measures (overall customer satisfaction, safety and cost containment) set forth in the FY2020 Short Term Incentive Pay Plan (a copy of which is attached hereto as Exhibit “D”).

Mr. Terry next acknowledged that the Committee was satisfied with the proposed 2020 budget and long-range forecast for Citizens and CWA Authority, Inc. (as outlined in the Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2020 Budget and 2019-2024 Forecast) and recommended approval of the same to the Board. Upon a motion duly made and seconded, the Board unanimously approved the Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2020 Budget and 2019-2024 Forecast.

Mr. Terry also reported that it recommends for approval to the Board the customer benefit distribution for 2020. The Board acknowledged management’s continued dedication to the delivery of safe, reliable and quality services as it focused on containing the costs of managing these businesses. Upon a motion made and seconded, the Citizens Board unanimously approved the following:

BE IT HEREBY RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES OF THE CITY OF INDIANAPOLIS (the “Citizens Board”) that the necessary and appropriate officers of Citizens Energy Group are hereby authorized and directed to file a gas rate decrease to reflect the Customer Benefit Policy distribution approved by the Citizens Board, which represents an overall decrease of Four Hundred and Ten Thousand Dollars (\$410,000.00) for 2020.

Mr. Terry concluded his report to the Board noting that the Committee reviewed a proposal to authorize the use of Chilled Water Division funds to support philanthropic and customer engagement purposes. Following discussion, and upon a motion duly made and seconded, the Citizens Board 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 (the “Energy Trust”) d/b/a Citizens Energy Group (“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 properties held by the City as successor trustee of a public charitable trust; and

WHEREAS, the Board established within the Energy Trust, the Thermal Energy System (the “Thermal Energy System” or “System”) and within such System, a Steam Division and a Chilled Water Division (each as defined in the Thermal Energy System Trust Indenture (as defined herein)); and

WHEREAS, the Chilled Water Division is not a utility as defined in the Act and the rates and charges of the Chilled Water Division are not subject to regulation by the Indiana Utility Regulatory Commission; and

WHEREAS, Chilled Water Division funds are identified as a “Non-regulated Source” and “Non-regulated Use” of funds in the annual Customer Benefit Distribution filing; and

WHEREAS, Citizens Energy Group desires to use certain available funds of Citizens Energy Group derived from the Chilled Water Division in an amount not to exceed \$4,340,000.00 for philanthropic and non-recoverable customer engagement activities (e.g., advertising, digital marketing, e-commerce platforms) (collectively, the “Philanthropic and Customer Engagement Activities”); and

WHEREAS, such Philanthropic and Customer Engagement Activities provide Citizens an opportunity to engage a broad audience on matters related to system investments, value of utility services and other key messages important to the communities Citizens Energy Group serves; and

WHEREAS, the Philanthropic and Customer Engagement Activities further provide value, investment in, and support of our communities’ needs and economic development opportunities all furthering the purpose of the Energy Trust; and

WHEREAS, Citizens Energy Group and The Bank of New York Mellon Trust Company, N.A. (as successor in interest to Fifth Third Bank, Indiana) (the “Thermal System Trustee”), as trustee, have executed the Thermal Energy System Trust Indenture dated as of January 1, 2001, as amended and supplemented from time to time (collectively, the “Thermal Energy System Trust Indenture” or “Indenture”); and

WHEREAS, Section 5.10 of the Thermal Energy System Trust Indenture permits Citizens to use any Income and Revenues of Thermal Energy System (as defined in the Thermal Energy System Trust Indenture), after application of Sections 5.02, 5.03, 5.04, 5.05, 5.06 and 5.07 thereof, for any lawful purpose reasonably expected by Citizens to contribute to or benefit the Thermal Energy System or the public charitable trust to which the Thermal Energy System is subject; and

WHEREAS, an affiliate of Citizens Energy Group, FINCO, LLC (“CGFINCO”) previously received certain Prepaid Shared Services funds from operating divisions of Citizens Energy Group under an Intercompany Deposit Agreement, certain amounts of which were loaned to Citizens Energy Group’s Trust Holdings division for payment of Philanthropic and Customer Engagement Activities, to the benefit of the Energy Trust; and

WHEREAS, the Board has been provided information concerning the benefit to the Thermal Energy System or the public charitable trust to which the Thermal Energy System is subject, of using funds delivered from the Chilled Water Division for Philanthropic and Customer Engagement Activities, whether to be directly expended for such purposes or to be used to repay CGFINCO for amounts previously advanced by it for Philanthropic and Customer Engagement Activities, and has received the recommendation of the Finance Committee with respect to approving and authorizing the use of these funds for these purposes.

NOW THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS FOR UTILITIES OF THE DEPARTMENT OF PUBLIC UTILITIES that:

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

SECTION 2. The Board hereby finds and determines that the use of Chilled Water Division funds to support Philanthropic and Customer Engagement Activities of up to \$4,340,000.00, and to use those funds as contemplated by this Resolution, are lawful purposes that are reasonably expected to contribute to the benefit of the Thermal Energy System or the public charitable trust to which the Thermal Energy System is subject, and is in the best interest of the Thermal Energy System, the Energy Trust and Citizens Energy Group.

SECTION 3. The Board hereby authorizes and directs the Chair, Vice Chair, President and Chief Executive Officer, any Senior Vice President, Vice President, Treasurer, Assistant Treasurer, Secretary and Assistant Secretary of Citizens Energy Group (collectively, the “Authorized Officers” and each an “Authorized Officer”) singly or otherwise, to execute, do and perform all acts and to execute in the name of Citizens Energy Group all such instruments, documents, papers or certificates which are desirable and necessary to carry out the transactions contemplated by this Resolution, including but not limited to, using available funds of the Chilled Water Division for Philanthropic and Customer

Engagement Activities to benefit the Thermal Energy System and the Energy Trust, in such forms as the Authorized Officer(s) executing the same shall determine to be proper, which determination shall be conclusively evidenced by the execution of the same.

SECTION 4. The taking of any action or the execution of any instrument by the Authorized Officers in connection with the foregoing Resolutions shall be conclusive of such Authorized Officers' determination that the same was necessary to serve the best interests of Citizens Energy Group.

SECTION 5. If any section, paragraph or provision of these Resolutions shall be held to be invalid or unenforceable for any reason, the invalidity or unenforceability of such section, paragraph or provision shall not affect any of the remaining provisions of these Resolutions.

SECTION 6. These Resolutions shall be in full force and effect from and after its passage and execution.

ADOPTED AND APPROVED this 25th day of September 2019.

The Chair invited Mr. Brehm to provide a financial update. Mr. Brehm reviewed and recommended approval of the proposed Disposition of Funds – Estimate for Fiscal Year Ended September 30, 2020 for Citizens Energy Group and CWA Authority, Inc. He noted that the report is a statutory filing submitted to the City Controller and is consistent with the budget that the Board approved at this meeting. Upon a motion duly made and seconded, the Board unanimously approved the Citizens Energy Group and CWA Authority, Inc. Disposition of Funds – Estimate for Fiscal Year Ended September 30, 2020, attached as Exhibit "E".

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



Daniel C. Appel, Chair
Board of Directors



Jennett M. Hill, Assistant Secretary
Board of Directors