

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD AUGUST 19, 2020**

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 electronically, via video-conference, at 8:55 a.m., EST, Wednesday, August 19, 2020, consistent with prevailing executive orders governing such meetings resulting from the Governor’s declaration of a public health emergency for the coronavirus disease 2019 outbreak (COVID-19).

All Board members were present at the meeting: Anne Nobles (Chair), Daniel C. Appel, Moira M. Carlstedt (Secretary), Jeffrey E. Good, Christia Hicks, J.A. Lacy, Maria M. Quintana, Phillip A. Terry, and Joseph E. Whitsett. All members of the Board of Trustees were also present at the meeting: Dennis E. Bland, Daniel F. Evans, Jr., John L. Krauss, Jackie Nytes, and Brian Williams.

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, J.P. Ghio; Vice President of Capital Programs and Engineering, Mark C. Jacob; Vice President and Controller, Sabine E. Karner; Vice President of Information Technology, John F. Lucas; 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 Billing and Customer Service, Jeff Ford; and Senior Manager of Corporate Affairs, Shannon Stahley.

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

The Chair requested that the Secretary administer the roll call and instructed members to register their presence in a voice roll call. All members of the Board announced their presence during the roll call. A quorum of nine members being present and accounted for, 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 Chair addressed management's request to approve the filing set forth in Fuel Cost Adjustment (FAC) 58. Upon a motion duly made and seconded, the Citizens Board unanimously approved the following resolution by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Good, Hicks, Lacy, Nobles, Quintana, Terry, and Whitsett

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 58 of \$0.49421 to be effective August 1, 2020, subject to approval by the Indiana Utility Regulatory Commission is hereby ratified and approved.

Next, the Chair invited Mr. Good to provide a report from the Audit and Risk Committee (the "Audit Committee"). Mr. Good reported that Ms. Mamuska-Morris updated the Audit Committee on the enterprise risk management (ERM) activities, including the rescanned and updated ranking of residual risks due to the COVID-19 global pandemic and public health emergency.

Mr. Good then reported that the Audit Committee was introduced to Patricia Shunk, the new Director of Internal Audit. He noted that Mr. Siefer will be retiring at the end of September and that Ms. Shunk will succeed Mr. Siefer in his duties as the Director of Internal Audit. He reported that Mr. Siefer and Ms. Shunk jointly provided the Audit Committee with an update on internal audit activities, noting that the current audit plan had been completed according to plan. The Audit Committee was presented with the proposed annual risk-based Internal Audit plan for the next project cycle. Upon a motion duly made and seconded, the Board unanimously approved the annual risk-based Internal Audit plan with a roll call vote; viz:

9 YEAS: Appel, Carlstedt, Good, Hicks, Lacy, Nobles, Quintana, Terry, and Whitsett

Mr. Good also reported that the Audit Committee received the second and third quarter financial reports from Ms. Karner. He reported that cash flow had increased but recognized that cash flow was essential to satisfy utility debt service requirements. He noted that while the utilities experienced additional and unexpected expenses due to the pandemic, there was no material impact to the financial statements at

this time. He acknowledged that the Audit Committee was satisfied with the financial statements, as presented by management, and recommended approval to the Board. Upon a motion duly made and seconded, the Board unanimously approved Fiscal Year 2020 Second Quarter Financial Statements for Citizens Energy Group and CWA Authority and ratified, confirmed and approved any actions taken by management relative to the appropriate filings consistent with the same with a roll call vote; viz:

9 YEAS: Appel, Carlstedt, Good, Hicks, Lacy, Nobles, Quintana, Terry, and Whitsett

Additionally, and upon a motion duly made and seconded, the Board unanimously approved the preliminary Fiscal Year 2020 Third Quarter Financial Statements for Citizens Energy Group and CWA Authority, Inc. with a roll call vote; viz:

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Mr. Good then reported that the external audit firm, Deloitte and Touche LLP (“Deloitte”) had completed its second and third quarter reviews and had no issues to report to the Audit Committee. He also informed the Board that the Audit Committee considered Deloitte’s proposed 2021 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 2021 Audit Engagement Letter for Citizens Energy Group and CWA Authority, Inc. with a roll call vote; viz:

9 YEAS: Appel, Carlstedt, Good, Hicks, Lacy, Nobles, Quintana, Terry, and Whitsett

The Chair invited Mr. Lacy to provide a report from the Wastewater Resources Executive Committee (“Wastewater Committee”). Mr. Lacy reported that the Wastewater Committee held a meeting on August 19, 2020 and reviewed financial highlights for the wastewater utility system, noting that earnings were below target mostly due to the pandemic and resulting decline in commercial usage. He commented further that debt for the utility system remains high as projected and management is exploring options to lower the debt service cost. He also reported that despite 40 percent of the Citizens workforce working remotely due to the pandemic, Citizens has maintained safe and reliable service for its customers. In

addition, Citizens has enhanced its outreach efforts to maintain service for those customers who would otherwise be eligible for disconnection due to nonpayment of utility bills. Upon inquiry from the Board relative to the progress of the DigIndy tunnel project during the public health emergency, Mr. Jacob reported that the next two DigIndy tunnel phases are on track to open (White River and Lower Pogues Run). He also explained that CWA obtained approval on July 21, 2020 by the U.S. Environmental Protection Agency of the Use Attainability Analysis (UAA) previously approved by the Indiana Department of Environmental Management as submitted by CWA. He noted that the UAA is a component of the Consent Decree that ensures compliance with water quality standards after the full implementation of the Long Term Control Plan by 2025. Ms. Nobles congratulated the team on its accomplishments in the wake of the pandemic and public health emergency.

Next, Ms. Nobles provided a report from the Energy Resources Executive Committee (the “Energy Committee”). She reported that the Energy Committee held a meeting on August 12, 2020 and received a financial report concerning the energy utility system. She noted that while gas net earnings were on target, net earnings for the thermal business units were not as favorable due to declining usage during the public health emergency. She noted that Mr. Ghio provided to the Energy Committee an overview of COVID mitigation and scenario plans relative to operation of the energy utilities. She concluded her report by recognizing customer payment challenges for the gas utility and Citizens’ flexible payment arrangement plans to avoid disconnection for non-payment of utility bills.

Thereafter, Ms. Hicks provided a report on behalf of the Water Resources Executive Committee (the “Water Committee”). Ms. Hicks reported that the net earnings were on target, but noted a shortfall in capital expenditures consistent with a shortfall in cash attributable to timing, explained by Mr. Brehm in his report. She also reported that financial metric benchmarks were performing better than industry. The Water Committee also received an update concerning COVID contingency scenario planning for water operations. She also recognized Citizens’ outreach efforts to address customer payment challenges given the significant increase in accounts eligible for disconnection for non-payment. She concluded her report

noting that management reviewed with the Water Committee a policy requiring Board approval concerning a water capital expenditure variance.

The Chair invited Mr. Brehm to provide a financial report. Mr. Brehm reported that expense trends for most of the utilities were strong and not materially impacted by the public health emergency resulting from COVID. He noted, however, that the thermal utilities were more adversely impacted by the public health emergency given their service to a centralized business district. He reported that despite these impacts, debt service for all business units will be covered.

Mr. Brehm then addressed the water utility's material capital expenditure variance, which he described as a prudent communication to the Board, which was codified in a policy requiring Board approval. He explained that any variance in budget for capital projects that exceeds fifteen percent requires Board approval. He noted that the water utility will exceed this variance due to the timing of reimbursements to the water utility for public improvement projects, all as described in the proposed resolution. Following discussion, and upon a motion duly made and seconded, the Board of Directors for Citizens Energy Group unanimously approved the following resolution by roll call vote; viz:

9 YEAS: Appel, Carlstedt, Good, Hicks, Lacy, Nobles, Quintana, Terry, and Whitsett

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 (the "Water 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 properties held by the City as trustee of a public charitable trust; and

WHEREAS, the Board conducts within the Water Trust, the Water Operations Business Unit d/b/a Citizens Water providing for the production and distribution of safe and reliable water service to more than 330,000 customers in Marion County and the surrounding counties; and

WHEREAS, on September 25, 2019, the Board approved the Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2020 Budget and 2019-2024 Forecast (the "FY2020 Annual Budget and Forecast"), including the annual capital budget for Water Operations; and

WHEREAS, Citizens Policy 2029 provides in pertinent part that after establishing annual operating and capital budgets as to the total dollars to be allocated to each business unit, further Board approval is required upon circumstances indicating "the potential to

exceed the annual total dollar amount allocated for capital project by more than 15% per business unit”; and

WHEREAS, management has previously briefed the Board on significant recent developments impacting capital projects undertaken by Water Operations in response to large infrastructure projects undertaken by state and local government agencies, including by way of example Indiana Department of Transportation (INDOT) projects on I-465, I-65 and I-69, and City of Indianapolis projects such as IndyGo’s Red Line and Purple Line, among others, many of which present Water Operations with significant and unplanned capital work associated with moving Citizens’ infrastructure, and requests from federal, state and local governments that Citizens initially expend monies to relocate infrastructure, and then in return, be reimbursed, in whole or in part, depending on the circumstances; and

WHEREAS, these circumstances, together with significant and ongoing impacts from growth of the Citizens Water system generally, water supply needs, recapitalization, and aging infrastructure issues, present a much more complex capital project and financial planning process, and as a result Citizens management and financial teams have been required to update system wide the capital investment plan management process, track reimbursements (whether through third party project cost reimbursement or contributions in aid of construction (CIAC)) and to effectively manage Water Operations cash balances differently; and

WHEREAS, in addition to reporting on these developments generally, management has reported, specifically, that for Fiscal Year 2019 the Water Operations capital expenditures (actual and projected), net of reimbursements (actual and projected), was favorable to the annual capital budget by approximately \$13,667,000 but for Fiscal Year 2020 management is projecting that based on requests for infrastructure relocations, the Water Operations capital expenditures (actual and projected), net of reimbursements (actual and projected), would be approximately \$10,337,000 in excess of the approved budget (or 18.2%) (the “FY2020 Water Capex Budget Variance”); but that for the two years (2019 and 2020) taken together, the aggregate variance to the approved Water Operations combined capital budget would be favorable by approximately \$3,329,000; and

WHEREAS, based on management’s report and presentation, the Board finds that in light of (i) Citizens’ needs to be responsive to federal, state and local governmental agencies on infrastructure relocation, (ii) significant increases in the number and extent of highway, roadway and other projects (collectively, (i) and (ii) referred to as the “Recent Developments”), it is appropriate and responsible for Citizens to implement updated capital planning strategies, processes and management of cash balances, and the Board appreciates being briefed on these developments and management’s responsive actions and plans to address them; and

WHEREAS, the Board further recognizes that, as a result of the circumstances referenced, for purposes of the Citizens Policy 2029, the anticipated Water Operations capital expenditure for Fiscal Year 2020 would exceed the annual total dollar amount allocated for capital projects of the Water Operations business unit in the FY2020 Annual Budget and Forecast by more the 15%, and accordingly the Board finds it appropriate to approve the FY2020 Water Capex Budget Variance as proposed by management.

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 in light of the impact of Recent Developments and related circumstances, there is a need for a greater total dollar amount allocation to the Citizens Water Business Unit than that established in the FY2020 Annual Budget and Forecast, and that the proposed FY2020 Water Capex Budget Variance is hereby approved, and that the use and expenditure of those funds as contemplated by this Resolution, are lawful purposes that are reasonably expected to contribute to the benefit of the Water Operations production and distribution system and the public charitable trust to which it is subject, and is in the best interest of 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 these Resolution, including but not limited to, approval of the FY2020 Water Capex Budget Variance, 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.

The Chair invited Mr. Popp to provide an update concerning customer service activities, specifically activities related to the efforts to replace the outdated Customer Information System (the CIS2020 project). Mr. Popp reported a successful cutover to the new platform (C2M), which was completed on July 27, 2020. He reported that the CIS2020 project was completed on time and under the forecasted budget. Mr. Popp then reviewed the next phase of the project that includes a stabilization period to troubleshoot and respond to any issues. Mr. Strohl explained that the most apparent change for customers relative to this project is the receipt of a new account number. He noted that this should not impact a customer's automatic bill payment enrollment status. Furthermore, Mr. Strohl, along with the Board, acknowledged Mr. Ford and Mr. Popp for their leadership and project management expertise in guiding the team through this critical project, especially during the backdrop of the public health emergency resulting from COVID-19.

Following Mr. Popp's report, Ms. Karner was invited to present an update for Citizens' Strategic Plan for 2021. Ms. Karner reviewed strategies to support Citizens' One Company One Culture vision that are aligned under Citizens' pillars for customer satisfaction, employee engagement, financial integrity, and performance excellence. She also reported that Citizens will continue to closely monitor events related to the public health emergency to ensure the long-term goals and strategies remain relevant and consistent with the delivery of the utilities' essential services.

After recognizing the members of the Citizens' Board of Trustees, and with no further business, the Chair adjourned the meeting.

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Anne Nobles
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Anne Nobles, Chair
Board of Directors

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Jennett M. Hill
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Jennett M. Hill, Assistant Secretary
Board of Directors