

**MINUTES OF THE JOINT MEETING
OF THE BOARDS OF DIRECTORS OF
CITIZENS ENERGY GROUP AND CWA AUTHORITY, INC.
HELD SEPTEMBER 27, 2017**

Pursuant to notice duly given and posted as required by law, the 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 9:00 a.m. EST, Wednesday, September 27, 2017, at the Langsdale offices of Citizens Energy Group ("Citizens"), 2150 Dr. Martin Luther King, Jr. Street, Indianapolis, Indiana.

Board members present were: Daniel C. Appel (Chair), Moira M. Carlstedt, Jeffrey E. Good, Anita J. Harden, Christia Hicks, Anne Nobles, Phillip A. Terry, and Joseph E. Whitsett. J.A. Lacy was unable to attend the meeting.

Present from Citizens: President and Chief Executive Officer, Jeffrey 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 Jacob; Vice President and Controller, Sabine Karner; Vice President of Information Technology, John Lucas; Vice President of Customer Operations, Curtis Popp; Vice President of Regulatory and External Affairs, LaTona Prentice; Vice President of Human Resources, Safety and Security, Jodi Whitney; Vice President of Water Operations, Jeffrey A. Willman; Director of Brand Development, Jeff Brown; and Director of Quality Systems, Susan Harris.

Others present at the meeting were Michael B. Cracraft, Partner with the law firm of Ice Miller LLP and David Wathen, Director and Executive Compensation Practice Leader with Willis Towers Watson ("Towers").

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

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 August 16, 2017.

The Chair certified that the subject matter of the discussion during the Executive Session of the Boards held September 27, 2017 was solely limited to the items set forth in the Public Notice, attached as Exhibit "A".

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 then addressed management's request to approve the energy efficiency filings set forth in Fuel Cost Adjustment (FAC) 47 and Gas Cost Adjustment (GCA) 135. 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 FAC 47, attached as Exhibit "B", is hereby ratified, confirmed, and approved; and

RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that GCA 135, attached as Exhibit "C", is hereby ratified, confirmed, and approved.

Next, the Chair requested that Mr. Terry provide a report from the Compensation and Finance Committee (the "Committee"). Mr. Terry then invited Mr. Wathen to present Towers' executive compensation benchmarking analysis. Following Mr. Wathen's report and taking the analysis into consideration, Mr. Terry reviewed with the Board the recommendations of the Committee. He then proposed resolutions consistent with the Committee's recommendation and Towers' report. Following discussion, and upon a motion duly made and seconded, the 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 August 9, 2017, Mr. David Wathen of Willis Towers Watson presented to the Committee the executive compensation benchmarking analysis for fiscal year 2018 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 beginning October 2, 2017; and,

WHEREAS, by Memorandum dated September 27, 2017, Jeff Harrison, President and Chief Executive Officer, and Jodi Whitney, Vice President for Human Resources, recommended the following two items to the Committee for its consideration—Item 1: Fiscal Year 2018 Base Pay Recommendation (supported by the September 27, 2017 Willis Towers Watson Executive Compensation Benchmarking Analysis and the Fiscal Year 2018 Base Pay Recommendation for each officer) and Item 2: Recommendation of Short Term Incentive Plan (STIP) Measures for 2018; and,

WHEREAS, at its September 24, 2014 Board meeting, based upon the recommendation of the Committee, input from executives of Citizens Energy Group and consideration of other factors, the Board determined that (a) the primary market for talent for the executives of Citizens Energy Group consisted 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 executive 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, based upon the foregoing, the Board continues to believe that the primary market for talent necessary to perform the duties of each executive position within Citizens Energy Group consists of a peer group of utilities made up of a blend of similarly-sized public power utilities and investor owned utilities.

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 Executive Compensation Benchmarking Analysis dated September 27, 2017 (a copy of which is attached hereto as Exhibit “D”), and the Committee’s recommendations to the Board, the Board hereby adopts the compensation set forth in Exhibit “E” for each of the listed executives for the fiscal year beginning October 2, 2017.

SECTION 3. The Board, having considered the necessary and appropriate measures for inclusion in the Short Term Incentive Plan for fiscal year 2018, hereby adopts the financial trigger and performance measures (overall customer satisfaction, safety and cost containment) set forth on the attachment labeled “FY 2018 Short Term Incentive Plan.”

Mr. Terry acknowledged that the Committee was satisfied with the proposed 2018 budget and long range forecast for Citizens Energy Group (Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2018 Budget and 2017 – 2022 Forecast) and recommended approval to the Board. Following discussion, and upon a motion duly made and seconded, the Board unanimously approved the Citizens Energy Group and CWA Authority, Inc. Fiscal Year 2018 Budget and 2017 – 2022 Forecast.

In addition, Mr. Terry reported that the Committee reviewed a proposal to authorize the use of Chilled Water Division funds to support philanthropic and customer engagement activities. Following discussion, and upon a motion duly made and seconded, the 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” 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 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, the 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 \$4,104,000.00 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, 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 to provide support and funding for the Philanthropic and Customer Engagement Activities; and

WHEREAS, the Board has determined that it is in the best interest of Citizens Energy Group to provide funding in the amount of \$4,104,000.00 from the Chilled Water Division to support Philanthropic and Customer Engagement Activities.

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 the Philanthropic and Customer Engagement Activities, 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.

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 the 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.

Mr. Brehm reviewed and requested Board approval to file a gas rate decrease to reflect the Customer Benefit Distribution for 2018. Following discussion, and upon a motion duly made and seconded, the Board of Directors of Citizens Energy Group unanimously approved the following:

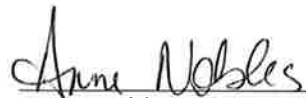
RESOLVED by the Board of Directors for Utilities of the Department of Public Utilities of the City of Indianapolis that the necessary and appropriate officers of Citizens Energy Group are hereby authorized and directed to file a gas rate decrease to reflect the Customer Benefit Policy distribution approved by the Board, which represents an overall decrease of \$410,000 for 2018.

Mr. Brehm also reviewed and recommended approval for the proposed Disposition of Funds – Estimate for Fiscal Year Ended September 30, 2018. Following discussion, and 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, 2018, attached as Exhibit “F”.

Then, the Chair invited Mr. Jacob to provide an update on Citizens Lean and Six Sigma (“CLASS”) program. He introduced Ms. Harris, Director of Quality Systems, who was present at the meeting and charged with CLASS oversight and implementation. Mr. Jacob reviewed the CLASS timeline of activities and achievements since the quality program launched. He was pleased to report that Citizens has several employees who are certified Six Sigma black, green, and/or yellow belts; but Citizens plans to certify additional individuals for black belt designation. Mr. Jacob concluded his presentation by discussing

quality program tools, such as a continuous improvement tools library and creation of a CLASS guidebook that will enclose a benefit dashboard to display how projects and ideas are tracked. He also affirmed that CLASS has continued to engage employees at all levels, including executive management.

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



Anne Nobles, Vice Chair
Board of Directors



Jennett M. Hill, Assistant Secretary
Board of Directors