

**THE INDIANAPOLIS LOCAL PUBLIC  
IMPROVEMENT BOND BANK**

Resolution No. 4, 2011

WHEREAS, The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank"), has received a request from the Board of Directors of the Department of Waterworks of the City of Indianapolis, Indiana (the "Department"), requesting that the Bond Bank purchase bonds issued by the Department designated as "City of Indianapolis, Indiana Waterworks District Net Revenue Bonds, Series 2011A" (the "2011 Qualified Obligations") pursuant to a Qualified Entity Purchase Agreement substantially in the form presented to the Board of Directors of the Bond Bank (the "Board") at this meeting (the "2011 Qualified Entity Purchase Agreement"); and

WHEREAS, the Department is issuing the 2011 Qualified Obligations for the purpose of procuring funds to pay for all or a portion of the cost of the construction of certain capital projects to be undertaken by the Department, and all or a portion of the costs associated therewith, including, but not limited to funding any debt service reserve and costs incurred in connection with the issuance of the 2011 Qualified Obligations; and

WHEREAS, the Department intends to secure the payments of the principal of, and interest on, the 2011 Qualified Obligations from Net Revenues as defined in Final Bond Resolution No. 18, 2002 originally adopted by the Department on March 5, 2002, which Final Bond Resolution was ratified and approved by the Department on April 22, 2002, as previously supplemented and amended and as further 'supplemented and amended by the 2011A Supplemental Bond Resolution (the "Original Bond Resolution"); and

WHEREAS, pursuant to Indiana Code 5-1.4, the Department may sell, and the Bond Bank may acquire, the 2011 Qualified Obligations; and

WHEREAS, the Department has also issued several series of bonds pursuant to the Original Bond Resolution which are currently outstanding (the "Existing Qualified Obligations," and with the 2011 Qualified Obligations, the "Department Qualified Obligations") which were purchased and are held by the Bond Bank; and

WHEREAS, the Original Bond Resolution permits a substitute board, department or instrumentality of the City to succeed to the duties, privileges, powers, liabilities, disabilities, immunities and rights of the Department under the Original Bond Resolution upon compliance with certain provisions thereof; and

WHEREAS, the Trust Indenture dated as of April 1, 2002, as supplemented and amended (the "Bond Bank Indenture") between the Bond Bank and U.S. Bank National Association (the "Bond Bank Trustee"), permits the Bond Bank to terminate, discharge and release the obligations and duties of the Department under the Original Bond Resolution, the Department Qualified Obligations and the Qualified Entity Purchase Agreements previously entered into between the Bond Bank and the Department with respect to the Department Qualified Obligations (the "Department Purchase Agreements," and with the Original Bond Resolution and the Department Qualified Obligations, the "Department Obligations and Agreements") subject to certain conditions; and

WHEREAS, the Department, acting through the Board of Directors of the Department has entered into an Asset Purchase Agreement (the "APA") with the City of Indianapolis, Indiana (the "City") and the City acting by and through its Board of Directors for Utilities of its Department of Public Utilities d/b/a Citizens Energy Group (the "Substitute Qualified Entity"), pursuant to which the Substitute Qualified Entity will purchase the right, title and interest in, under and to all of the assets comprising the waterworks (the "Waterworks") upon the conditions contained in the APA and subject to the approval of the Indiana Utility Regulatory Commission as set forth in Section 12.03 of the APA and will thereafter own, as well as operate or otherwise provide for the operation and management of the Waterworks serving the inhabitants of Marion County and surrounding areas; and

WHEREAS, pursuant to and in compliance with the APA the Substitute Qualified Entity intends to issue its City of Indianapolis, Indiana Waterworks Senior Revenue Bonds, Series 2011 (the "Substitute Qualified Obligations") in substitution (the "Substitution") of the Department Qualified Obligations on the date of purchase of the Waterworks pursuant to a Master Trust Indenture between the Substitute Qualified Entity and The Bank of New York Mellon Trust Company, N.A. (the "Substitute Indenture"); and

WHEREAS, pursuant to Indiana Code 5-1.4, the Substitute Qualified Entity may sell, and the Bond Bank may acquire the Substitute Qualified Obligations; and

WHEREAS, no other changes or modifications will occur as a result of the Substitution with respect to the bonds of the Bond Bank issued pursuant to the Bond Bank Indenture to purchase the Department Qualified Obligations;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD THAT:

1. For the purpose of providing funds sufficient to purchase the 2011 Qualified Obligations, the Board hereby authorizes the issuance of bonds of the Bond Bank to be designated as "The Indianapolis Local Public Improvement Bond Bank Bonds, Series 2011E (Waterworks Project)," dated their date of delivery, in an original aggregate principal amount not to exceed \$65,000,000 (the "Bonds"), with a final maturity on or before January 1, 2041, which will bear interest at fixed interest rates which average annual rate will not exceed 7.0%.

2. The 2011E Supplemental Trust Indenture (the "2011E Supplemental Indenture"), substantially in the form attached hereto and incorporated herein by reference, between the Bond Bank and the Bond Bank Trustee is hereby approved, as is the issuance, delivery and execution of the Bonds described therein. The Chairperson or the Vice Chairperson of the Bond Bank (the "Authorized Officers"), is hereby authorized and directed to execute and deliver the 2011E Supplemental Indenture and the Bonds on behalf of the Bond Bank with such changes or modifications therein as the officer executing the same may approve with the advice of bond counsel, such approval to be conclusively evidenced by his or her execution thereof, and the Executive Director is hereby authorized to attest the 2011E Supplemental Indenture and the Bonds. Such officers are authorized and directed after the sale of the Bonds to cause the 2011E Supplemental Indenture to be completed by causing maturity amounts and redemption terms on the Bonds and other appropriate items to be inserted or completed at the appropriate places.

3. The Bond Purchase Agreement (the "Purchase Agreement"), substantially in the form attached hereto and incorporated herein by reference, by and between the Bond Bank and Morgan Stanley & Co. Incorporated, as representative of the underwriters named therein (collectively, the "Underwriters"), relating to the sale by the Bond Bank and the purchase by the Underwriters of the Bonds, is hereby approved. An Authorized Officer is hereby authorized and directed to execute and deliver the Purchase Agreement on behalf of the Bond Bank to the Underwriters or its representatives with such changes or modifications as the officer executing the same may approve with the advice of bond counsel, such approval to be conclusively evidenced by his or her execution thereof, and the Executive Director is hereby authorized to attest the Purchase Agreement.

4. The Preliminary Official Statement, substantially in the form attached hereto and incorporated herein by reference, and the distribution thereof in advance of the adoption of this Resolution is hereby ratified and approved, with such additions or deletions as have been and may be approved by an Authorized Officer or the Executive Director. An Authorized Officer or the Executive Director is authorized to take the following actions and such actions are hereby ratified by the Board to the extent taken in advance of the adoption of this Resolution: (a) completion of the Preliminary Official Statement, in a manner acceptable to the officer completing the same, in accordance with SEC Rule 15c2-12; (b) finding and determining the Preliminary Official Statement to be final as of its date; and (c) providing the Preliminary Official Statement, which has been found and determined to be final as of its date, to the Underwriters prior to the Underwriters' purchase, offer, or sale of the Bonds. An Authorized Officer or the Executive Director is authorized to sign the Final Official Statement and by such signature approve its distribution. The distribution of the Preliminary Official Statement by the Underwriters for purposes of marketing the Bonds is hereby ratified and approved.

5. The 2011 Qualified Entity Purchase Agreement, substantially in the form attached hereto and incorporated herein by reference, is hereby approved. Either Authorized Officer is hereby authorized and directed to execute and deliver the 2011 Qualified Entity Purchase Agreement on behalf of the Bond Bank with such changes or modifications therein as the officer executing the same may approve with the advice of bond counsel, such approval to be conclusively evidenced by his or her execution thereof, and the Executive Director is hereby authorized to attest the 2011 Qualified Entity Purchase Agreement. Such officers are authorized and directed after the sale of the Bonds to cause the 2011 Qualified Entity Purchase Agreement to be completed by causing the appropriate items to be inserted or completed at the appropriate places.

6. The Rebate Agreement (the "2011 Rebate Agreement"), substantially in the form attached hereto and incorporated herein by reference, among the Trustee, the Department and the Bond Bank, is hereby approved. Either an Authorized Officer or the Executive Director of the Bond Bank is hereby authorized and directed to execute and deliver the 2011 Rebate Agreement on behalf of the Bond Bank with such changes or modifications therein as the officer executing the same may approve with the advice of bond counsel, such approval to be conclusively evidenced by his or her execution thereof, and the Executive Director is hereby authorized to attest the Rebate Agreement.

7. The Executive Director and such staff members of the Bond Bank as he may direct are hereby authorized to work with the financing team, including the Underwriters, and the Underwriters' counsel, the Bond insurance provider (the "Insurer"), if any, the Insurer's counsel, if any, and Ice Miller LLP, as bond counsel, to develop the necessary documentation to implement the issuance of the Bonds for such purpose.

8. The Executive Director is hereby authorized to purchase bond insurance from the Insurer selected by an Authorized Officer for the Bonds. The insurance premium shall be paid from proceeds of the Bonds.

9. The Board hereby finds the following in connection with the Substitution:

(a) the Substitute Indenture, substantially in the form attached hereto and incorporated herein by reference, contains provisions substantially equivalent to the provisions of the Original Bond Resolution, including the pledge of Net Revenues (as defined in the Original Bond Resolution) in Section 501 of the Original Bond Resolution, the flow of funds set forth in Article V of the Original Bond Resolution, the covenant on rates and charges included in Section 1001 of the Original Bond Resolution and the covenant for additional bonds included in Section 701 of the Original Bond Resolution and the Substitute Indenture in all respects satisfies Section 5.06(e)(1)(a) of the Bond Bank Indenture;

(b) the Qualified Entity Purchase Agreements pursuant to which the Substitute Qualified Obligations will be purchased (the "Substitute Qualified Entity Purchase Agreements," and with the Substitute Qualified Obligations and Substitute Indenture, the "Substitute Obligations and Agreements"), substantially in the form attached hereto and incorporated herein by reference, are substantially equivalent in form and substance to the Department Purchase Agreements and in all respects satisfy Section 5.06(e)(1)(c) of the Bond Bank Indenture. The Substitute Qualified Entity Purchase Agreements are approved. Either of the Authorized Officers is hereby authorized and directed to execute and deliver one or more Substitute Qualified Entity Purchase Agreements on behalf of the Bond Bank with such changes or modifications therein as the officer executing the same may approve with the advice of bond counsel, such approval to be conclusively evidenced by his or her execution thereof, and the Executive Director is hereby authorized to attest the Substitute Qualified Entity Purchase Agreements;

(c) in satisfaction of Section 5.06(e)(3) of the Bond Bank Indenture, the Board hereby finds that the Substitution will not adversely affect the security for the outstanding bonds of the Bond Bank issued pursuant to the Bond Bank Indenture and also finds that the Substitute Obligations and Agreements will not adversely affect the security for such outstanding bonds of the Bond Bank;

(d) as the holder of a majority in principal amount of the Department Qualified Obligations, the Board hereby agrees to accept the Substitute Obligations and Agreements in full replacement and satisfaction of the Original Bond Resolution and Department Qualified Obligations; and

(e) the Rebate Agreement (the "Substitute Rebate Agreement"), substantially in the form attached hereto and incorporated herein by reference, among the Substitute Qualified Entity, the Bond Bank Trustee and the Bond Bank, is hereby approved. An Authorized Officer is hereby authorized and directed to execute and deliver the Rebate Agreement on behalf of the Bond Bank with such changes or modifications therein as the officer executing the same may approve with the advice of bond counsel, such approval to be conclusively evidenced by his or her execution thereof, and the Executive Director is hereby authorized to attest the Rebate Agreement.

10. The officers and the Executive Director of the Bond Bank are hereby authorized and directed, for and on behalf of the Bond Bank, to execute, attest and seal all such documents, instruments, certificates, closing papers and other papers and do all such acts and things as may be necessary or desirable to carry out the intent of the 2011E Supplemental Indenture, the Purchase Agreement, the 2011 Qualified Entity Purchase Agreement, a bond insurance agreement entered into with an Insurer, the Rebate Agreement, the Preliminary Official Statement, the Final Official Statement, the Substitute Qualified Entity Purchase Agreements, the Substitute Rebate Agreement or other agreements of the Bond Bank or to take any other action necessary or desirable to carry out the purposes and intent of this Resolution.

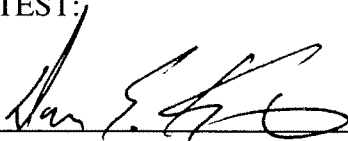
ADOPTED this 11<sup>th</sup> day of April, 2011.

*Briane M. House*

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Briane M. House, Chairperson

ATTEST:



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Deron S. Kintner, Executive Director