

CONTINUING DISCLOSURE UNDERTAKING AGREEMENT

This CONTINUING DISCLOSURE UNDERTAKING AGREEMENT (the "Agreement") is made as of August 26, 2011, between the City of Indianapolis, acting by and through its Board of Directors for Utilities of its Department of Public Utilities d/b/a Citizens Energy Group (the "Obligor"), an executive department of the City of Indianapolis, Indiana, and U.S. Bank National Association, as counterparty (the "Counterparty"), for the purpose of permitting The Indianapolis Local Public Improvement Bond Bank (the "Bond Bank") and the underwriters listed in the Bond Purchase Agreement dated April 16, 2002, related to the Bond Bank Bonds, Series 2002A (Waterworks Project), the Bond Purchase Agreement dated October 28, 2005, related to the Bond Bank Bonds, Series 2005F (Waterworks Project), the Bond Purchase Agreement dated February 14, 2005, related to the Bond Bank Bonds, Series 2006A (Waterworks Project), the Bond Purchase Agreement dated March 6, 2007, related to the Bond Bank Bonds, Series 2007B (Waterworks Project), the Bond Purchase Agreement dated December 19, 2007, related to the Bond Bank Bonds, Series 2007L (Waterworks Project), the Bond Purchase Agreement dated July 29, 2009, related to the Bond Bank Bonds, Series 2009A (Waterworks Project) and the Bond Purchase Agreement dated May 18, 2011, related to the Bond Bank Bonds, Series 2011E (Waterworks Project) (collectively, the "Underwriters") to maintain compliance with the Securities and Exchange Commission ("SEC") Rule 15c2-12 ("SEC Rule").

WHEREAS, the Bond Bank has issued the bonds described above (the Bonds") pursuant to the Trust Indenture dated as of April 1, 2002, as supplemented and amended (the "Indenture") between the Bond Bank and U.S. Bank National Association, as successor trustee (the "Trustee"); and

WHEREAS, the Bonds were previously secured by payments due under qualified obligations of the Department of Waterworks of the City of Indianapolis, Indiana (the "Department")

WHEREAS, the Obligor has entered into an Asset Purchase Agreement with the City of Indianapolis, Indiana (the "City"), and the Department, acting by and through the Board of Waterworks to purchase the waterworks system of the City and the Department and to thereafter own, as well as operate or otherwise provide for the operation and management of the waterworks system serving the inhabitants of Marion County and surrounding areas; and

WHEREAS, Resolution No. 18, 2002 of the Department, as supplemented and amended (the "Bond Resolution") and the Indenture permit 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 Bond Resolution;

WHEREAS, the Obligor, as a "Substitute Qualified Entity" pursuant to the Bond Bank Indenture and a "Substitute Issuer" pursuant to the Bond Resolution, will issue its Waterworks Revenue Bonds, Series 2011 (the "Qualified Obligations") in several series in substitution of the respective qualified obligations of the Department and the Bonds will remain outstanding; and

WHEREAS, pursuant to several Qualified Entity Purchase Agreements between the Bond Bank and the Obligor (the "Purchase Agreement"), the Obligor has sold its Qualified Obligations to the Bond Bank, and the Qualified Obligations shall secure payment of the Bonds; and

WHEREAS, the Obligor is an Obligated Person (as defined in the SEC Rule) because the payments due under the Qualified Obligations are the only source of funds (other than funds held under the Indenture) pledged to pay the principal and interest due on the Bonds; and

WHEREAS, the Obligor is the only Obligated Person with respect to the Bonds;

NOW, THEREFORE, it is agreed by the parties hereto as follows:

1. Definitions. The words and terms defined in this Agreement shall have the meanings herein specified. Those words and terms not expressly defined herein shall have the meanings assigned to them in the SEC Rule.

(a) "Bondholder" or "holder" or any similar term, when used with reference to a Bond or Bonds, means any person who shall be the registered owner of any outstanding Bond, or the holders of beneficial interests in the Bonds.

(b) "EMMA" means the Electronic Municipal Market Access System established by the MSRB.

(c) "Final Official Statement" means the Official Statement, dated August 17, 2011, including any document included by specific reference to such document previously provided to the National Repository and to the State Repository, if any, or filed with the Municipal Securities Rulemaking Board ("MSRB").

(d) "MSRB" means the Municipal Securities Rulemaking Board.

(e) "State Repository" means any public or private repository or entity designated by the State of Indiana, if any, as an information repository for the purpose of the SEC Rule and recognized as such by the SEC. Currently there is no State Repository.

2. Term. The term of this Agreement with respect to each series of Bonds is from the date hereof to the earlier of (i) the date of the last payment of principal of and interest on the Bonds in each such series, (ii) the date each such series of the Bonds are defeased under the Indenture, or (iii) the date on which the Obligor ceases to be an Obligated Person.

3. Provision of Financial Information.

(a) The Obligor hereby undertakes to provide the following financial information:

(i) To the Bond Bank, the Counterparty and the MSRB, when and if available, the audited financial statements of the Obligor as examined by the

Obligor's independent auditors, for each Fiscal Year, beginning with the Fiscal Year ending September 30, 2011, together with the opinion of its accountants and all notes thereto, within thirty (30) days of receipt from its certified public accountants; and

(ii) To the Bond Bank, the Counterparty and the MSRB, within 180 days of each September 30, unaudited annual financial information for the Obligor and the City for such calendar year including (A) unaudited financial statements of the Obligor if audited financial statements are not available, and (B) operating data similar to the type included under the following headings in the Final Official Statement (collectively, "Annual Information"):

- The information under the subheading "The Water System";
- and in "APPENDIX C—CONSULTANT'S REPORT INCLUDING HISTORICAL INFORMATION ON THE WATER SYSTEM," but only including the information contained under the heading therein "WATER SYSTEM'S HISTORICAL AND PRO FORMA DEBT SERVICE COVERAGE CALCULATION" (excepting therefrom the pro forma information but including all historical information for the immediately preceding three years) as well as the information contained in the tables under the subheadings "Customer Information," and "Water Pumpage" to the Final Official Statement (collectively, the "Annual Information").

(b) If any Annual Information or audited financial statements relating to the Obligor referred to in paragraph (a) of this Section 3 no longer can be generated because the operations to which they related have been materially changed or discontinued, a statement to that effect, provided by the Obligor to the Bond Bank, the MSRB, along with any other Annual Information or audited financial statements required to be provided under this Agreement, shall satisfy the undertaking to provide such Annual Information or audited financial statements. To the extent available, the Obligor shall cause to be filed along with the other Annual Information or audited financial statements operating data similar to that which can no longer be provided.

(c) The Obligor agrees to make a good faith effort to obtain Annual Information. However, failure to provide audited financial statements or portions of Annual Information because it is unavailable through circumstances beyond the control of the Obligor shall not be deemed to be a breach of this Agreement. The Obligor further agrees to supplement the Annual Information filing when such data is available.

(d) Annual Information or audited financial statements required to be provided pursuant to this Section 3 may be provided by a specific reference to such Annual Information or audited financial statements already prepared and previously provided to the Repository, or filed with the SEC; however, if such document is a final official statement, it must also be available from the MSRB.

(e) All continuing disclosure filings under the Agreement shall be made in accordance with the terms and requirements of the MSRB at the time of such filing. Currently, the SEC has approved the submission of continuing disclosure filings with EMMA, and the MSRB has requested that such filings be made by transmitting such filings electronically to EMMA at www.emma.msrb.org.

4. Accounting Principles. The financial information will be prepared by the Obligor. The audited financial statements of the Obligor, as described in Section 3(a)(i) hereof, will be prepared in accordance with Accounting Principles as described in the Final Official Statement.

5. Material Events. The Obligor undertakes to disclose the following events, within 10 business days of the occurrence of any of the following events, if material (which determination of materiality shall be made by the Obligor in accordance with the standards established by federal securities laws) to the Bond Bank and the MSRB, in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB.

- (a) non-payment related defaults;
- (b) modifications to the rights of Bondholders;
- (c) Bond calls;
- (d) release, substitution or sale of property securing repayment of the Bonds;
- (e) the consummation of a merger, consolidation, or acquisition, or certain asset sales, involving the Obligated Person, or entry into or termination of a definitive agreement relating to the foregoing; and
- (f) appointment of a successor or additional trustee or the change of name of a trustee.

The Obligor undertakes to disclose the following events, within 10 business days of the occurrence of any of the following events, regardless of materiality, in an electronic format as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB and accompanied by identifying information as prescribed by the MSRB:

- (a) principal and interest payment delinquencies;
- (b) unscheduled draws on debt service reserves reflecting financial difficulties;
- (c) unscheduled draws on credit enhancements reflecting financial difficulties;
- (d) substitution of credit or liquidity providers, or their failure to perform;

- (e) defeasances;
- (f) rating changes;
- (g) adverse tax opinions or events affecting the status of the Bonds, the issuance by the IRS of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material events, notices or determinations with respect to the tax status of the Bonds;
- (h) tender offers; and
- (i) bankruptcy, insolvency, receivership or similar event of the Obligated Person.

6. Notice to Counterparty. The Obligor hereby agrees to provide to the Bond Bank and the Counterparty a copy of any Annual Information, audited financial statements, material event notice, or notice of failure to disclose Annual Information which it files or causes to be filed under Sections 3, 5 and 8 hereof, respectively, concurrently with or prior to such filing.

7. Use of Agent. The Obligor may, at its sole discretion, use an agent (the "Dissemination Agent") in connection with the dissemination of any information required to be provided by the Obligor pursuant to the terms of this Agreement. If a Dissemination Agent is selected for these purposes, the Obligor shall provide prior written notice thereof (as well as notice of replacement or dismissal of such agent) to the Counterparty and the Bond Bank and to the Repository and if the MSRB is not the National Repository, to the MSRB.

Further, the Obligor may, at its sole discretion, retain counsel or others with expertise in securities matters for the purpose of assisting the Obligor in making judgments with respect to the scope of its obligations hereunder and compliance therewith, all in order to further the purposes of this Agreement.

8. Failure to Disclose. If, for any reason, the Obligor fails to provide the audited financial statements or Annual Information as required by this Agreement, the Obligor shall provide notice of such failure in a timely manner to the Bond Bank, the Counterparty and the Repository.

9. Remedies.

(a) The purpose of this Agreement is to enable the Underwriters and the Bond Bank to maintain compliance with the SEC Rule. This Agreement is solely for the benefit of the holders of the Bonds and creates no new contractual or other rights for, nor can it be relied upon by, the SEC, underwriters, brokers, dealers, municipal securities dealers, potential customers, other Obligated Persons, if any, or any other third party. The sole remedy against the Obligor for any failure to carry out any provision of this Agreement shall be for specific performance of the Obligor's disclosure obligations hereunder and not for money damages of any kind or in any amount or for any other remedy.

(b) Subject to paragraph (e) of this Section 9, if the Obligor fails to provide any information required of it by the terms of this Agreement, any holder of Bonds may pursue the remedy set forth in the preceding paragraph in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such person is a holder of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue this remedy.

(c) Subject to paragraph (e) of this Section 9, any challenge to the adequacy of the information provided by the Obligor by the terms of this Agreement may be pursued only by holders of not less than 25% in principal amount of Bonds then outstanding in any court of competent jurisdiction in the county in which the Obligor is located. An affidavit to the effect that such persons are holders of Bonds supported by reasonable documentation of such claim shall be sufficient to evidence standing to pursue the remedy set forth in the preceding paragraph.

(d) The Counterparty, upon indemnification satisfactory to it and demand by those persons it reasonably believes to be holders of Bonds, may also pursue the remedy set forth in paragraph (b) above in any court of competent jurisdiction in the county in which the Obligor is located. The Counterparty shall have no obligation to pursue any remedial action in the absence of a valid demand from holders of Bonds and indemnification satisfactory to it.

(e) Prior to pursuing any remedy under this Section 9, a holder of Bonds or the Counterparty shall give notice to the Obligor, the Bond Bank and the Counterparty, via registered or certified mail, of such breach and its intent to pursue such remedy. Fifteen (15) days after mailing of such notice, and not before, a holder of Bonds or the Counterparty may pursue such remedy under this Section 9. The Obligor's failure to honor its covenants hereunder shall not constitute a breach or default of the Bonds, the Indenture, the Purchase Agreement, the Master Trust Indenture, as supplemented, under which the Qualified Obligations were issued, the Qualified Obligations or any other agreement to which the Obligor or Bond Bank is a party.

10. Counterparty's Obligations. The Counterparty hereto shall have no obligation to take any action whatsoever with respect to information provided by the Obligor under this Agreement, except (i) as set forth in this Section 10 and (ii) any obligations arising from the Counterparty serving as a Dissemination Agent, and no implied covenants or obligations shall be read into this Agreement against the Counterparty. Further, except as set forth in this Section 10, the Counterparty hereto shall have no responsibility to ascertain the truth, completeness, accuracy, or timeliness of the information provided as required hereunder by the Obligor, nor as to its sufficiency for purposes of compliance with the SEC Rule or the requirements of this Agreement.

The Counterparty may, at its sole discretion, retain counsel or others with expertise in continuing disclosure matters for the purpose of assisting the Counterparty in making judgments with respect to the scope of its obligations hereunder and compliance therewith.

If the Counterparty has not received the Annual Information by the date which is ten (10) days before the date set forth in Section 3(a)(ii) of this Agreement, the Counterparty shall notify the Obligor, via registered or certified mail, that it has not received such Annual Information. However, a failure by the Counterparty to provide (or any delay in providing) any notice required by this paragraph shall not: (i) operate to relieve the Obligor of its obligation to provide the Annual Information in the manner and within the time specified in this Agreement; or (ii) constitute a defense for the Obligor, or the basis for any claim, counterclaim, cross-claim or third-party claim by the Obligor, in any action brought pursuant to Section 9 of this Agreement or otherwise. Nothing contained in this paragraph shall operate to grant any additional rights or remedies to any holder of Bonds.

The Counterparty hereto shall be obligated to, and hereby agrees that it will, on the fifth business day after the date required by Section 3(a)(ii) of this Agreement, forward to those persons or entities scheduled to receive Annual Information or audited financial statements notice of failure by the Obligor to provide the Annual Information or audited financial statements, in the event that the Counterparty has not received a copy of such Annual Information or audited financial statements; provided, however, that the Counterparty shall not give such notice as described in this paragraph and the immediately preceding paragraph if the Obligor has provided the Counterparty with notice that the Obligor has issued notice pursuant to Section 8 hereof.

11. Resignation and Removal of Counterparty. The Counterparty may resign in its capacity under this Agreement at any time by giving written notice thereof to the Obligor. So long as the Obligor has not failed to honor its obligations as set forth in Sections 3, 5 and 8 hereof, the Obligor may remove the Counterparty in its capacity under this Agreement at any time by giving written notice thereof to the Counterparty and the Bond Bank. Upon such resignation or removal, the Obligor shall promptly appoint a successor Counterparty.

12. Modification of Agreement. The Obligor and the Counterparty may, from time to time, amend or modify this Agreement without the consent of or notice to the holders of the Bonds but with notice to the Bond Bank if either (a)(i) such amendment or modification is made in connection with a change in circumstances that arises from a change in legal requirements, change in law or change in the identity, nature or status of the Obligor, or type of business conducted, (ii) this Agreement, as so amended or modified, would have complied with the requirements of the SEC Rule on the date hereof, after taking into account any amendments or interpretations of the SEC Rule, as well as any change in circumstances, and (iii) such amendment or modification does not materially impair the interests of the holders of the Bonds, as determined either by (A) nationally recognized bond counsel, (B) the Counterparty, (C) the Trustee, or (D) an approving vote of the holders of the Bonds pursuant to the terms of Article 12 of the Indenture at the time of such amendment or modification; or (b) such amendment or modification (including an amendment or modification which rescinds this Agreement) is permitted by the SEC Rule, as then in effect.

13. Interpretation Under Indiana Law. It is the intention of the parties hereto that this Agreement and the rights and obligations of the parties hereunder shall be governed by and construed and enforced in accordance with, the law of the State of Indiana.

14. Severability Clause. In case any provision in this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

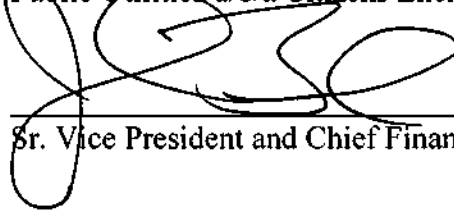
15. Successors and Assigns. All covenants and agreements in this Agreement made by the Obligor and the Counterparty shall bind their successors, whether so expressed or not.

16. Notices. All notices required to be given under this Agreement shall be made at the following addresses:

If to the Obligor:	Citizens Energy Group 2020 N. Meridian Street Indianapolis, IN 46202 Attention: Treasurer
If to the Counterparty:	U.S. Bank National Association 10 West Market Street, Suite 1150 Indianapolis, Indiana 46204 Attention: Corporate Trust Services
If to the Bond Bank:	The Indianapolis Local Public Improvement Bond Bank 2342 City-County Building 200 East Washington Street Indianapolis, IN 46204 Attention: Executive Director

IN WITNESS WHEREOF, the Obligor and the Counterparty have caused this Agreement to be executed as of the date first indicated above.

City of Indianapolis, acting by and through its
Board of Directors for Utilities of its Department of
Public Utilities d/b/a Citizens Energy Group



Sr. Vice President and Chief Financial Officer

U.S. Bank National Association,
as Counterparty

By: _____

Printed: _____

Title: _____

IN WITNESS WHEREOF, the Obligor and the Counterparty have caused this Agreement to be executed as of the date first indicated above.

City of Indianapolis, acting by and through its
Board of Directors for Utilities of its Department of
Public Utilities d/b/a Citizens Energy Group

Sr. Vice President and Chief Financial Officer

U.S. Bank National Association,
as Counterparty

By: Pamela V. Cole

Printed: Pamela V. Cole

Title: Vice President