

April 3, 2020

Responding to the COVID-19 Crisis

We are in the midst of incredibly turbulent times as the world faces immense health and economic challenges. Through our Shaw Group heritage, we have experience supporting communities in disaster response and recovery during Hurricane Katrina, Hurricane Sandy and other times of need. As communities face crisis situations, our engineering, construction and project management capabilities have enabled us to provide large scale emergency response such as building temporary housing, water systems or healthcare facilities. In addressing the COVID-19 crisis, Bernhard Capital Partners (“BCP”) is providing solutions to communities during times of need through both its private equity and infrastructure businesses.

BCP Services

Our private equity strategy focuses on providing industrial services. Given the magnitude of the issues currently being faced, there will be negative short-term implications; however, we do not currently believe there will be any longer-term impairment to our portfolio companies, which, as of today, are continuing to provide their essential services.

- **EPIC, Brown & Root, Charah and United Utilities:**¹ These four portfolio companies provide essential services supporting the energy, chemical, power or other important manufacturing industries. With minimal disruption, the operations of these companies have continued (with the implementation of new health and welfare protocols) to provide our customers with the services they need.

We believe three of our private equity companies are particularly well-positioned to provide a crisis response:

- **Atlas:** Atlas provides construction and program management across various sectors. Atlas’ industrial hygiene services sanitize facilities, allowing them to operate while minimizing the risk to employees and their customers. Additionally, Atlas’ transportation-related services are positioned to support construction projects being accelerated to take advantage of reduced traffic.
- **Bernhard Energy Services (“BES”) and Lemoine:** BES provides energy-as-a-service solutions to hospitals and other institutions, which enable them to focus on providing care. BES is working to ensure energy services are maintained as many of the healthcare facilities it services are on the frontlines of battling the COVID-19 crisis and are operating at full capacity. As a crisis response, BES is working with Lemoine (a portfolio company that provides construction services) to explore opportunities to build temporary hospital facilities to provide additional capacity.²



¹ Case studies presented herein are for illustrative purposes only, have been selected in order to provide examples of the types of investments made by BCP and do not purport to be a complete list thereof.

² There can be no assurance that any such projects will be undertaken or profitable.

BCP Infrastructure

As the U.S. takes measures to reduce the impact of COVID-19, state, city and municipal government revenues are falling dramatically as a result of increased unemployment and significantly reduced commerce. Simultaneously, these governments are incurring higher expenses as they respond to the healthcare crisis and greater volatility in the municipal finance markets, which puts strain on often already stretched state and municipal balance sheets.

BCP Infrastructure is partnering with local governments to invest in, while also operating and maintaining, municipal electric, water/wastewater and utility assets. We believe BCP Infrastructure's strategy allows municipalities to maintain ownership of their essential infrastructure while modernizing and optimizing the assets and operations. Importantly, we believe BCP provides much needed capital to municipalities, which has the potential to be re-invested in hospitals, emergency services, schools and other infrastructure.

As the COVID-19 crisis evolves, BCP continues to be in active dialogue with several municipalities and cities. In our experience, political and community leaders across the country increasingly see the private sector as part of the answer to their infrastructure needs and response to the current crisis. With its long history in building and operating infrastructure assets and in disaster response and recovery, we believe BCP is well positioned to work with municipalities and cities to respond to the economic impact of COVID-19.

The Challenge Faced by Local Governments

- **Tax revenues are declining.** State and municipal governments are experiencing a dramatic reduction in income and sales tax revenues. As Americans hunker down at home (with many now unemployed), thereby staying out of restaurants, arenas, convention centers and neighborhood shops, the revenue upon which state and local governments depend is consequently dragging down. Certain regions will be particularly hard hit. For example, we expect states like Oklahoma that rely on natural resources to balance the budget will feel the pain of lower oil prices. Whereas collapsing tourism will impact cities like New Orleans. In some cases, city officials have indicated that spending cuts of 30% might be required, possibly including layoffs, service reductions and the closing of libraries.
- **Disaster relief spending requirements.** At the same time that tax revenues are declining, states and cities across the U.S. are scrambling to provide COVID-19-related services that increase expenses, such as testing and unemployment insurance.
- **Municipalities need to find economic solutions.** Budget officials have little sense of how deep the hole might get. "If you multiply a question mark by a question mark, that equals another question mark." said Myron Frans, commissioner of Minnesota Management and Budget, "I've never seen anything like this before."

Many regions are declaring states of emergency to get access to federal disaster relief funding. However, there is so much need for relief that communities need to actively consider other funding sources. Cities are trying to figure out what they will receive from the federal government's \$2 trillion CARES Act. Given the magnitude of the potential funding deficit, BCP expects municipalities that were already considering monetizing their utilities will be particularly interested in potential private capital infusions.

The BCP Infrastructure Solution

BCP Infrastructure seeks to invest in and improve the operating efficiency of municipal electric and water/wastewater utilities. We believe that municipalities respect BCP's Shaw-pedigree and operational sophistication, which is valuable as operating an electric utility has become increasingly complex and

many communities need to modernize and expand their water/wastewater systems. Additionally, we believe the BCP Infrastructure approach is attractive to municipalities who are often reluctant to give up ownership of their utilities. Rather than making an acquisition, BCP Infrastructure's approach is to provide the municipality with a large upfront payment for a long-term concession to operate and upgrade the utility, while obtaining incentives to improve efficiency.

Given the COVID-19 economic shock, we expect that raising capital through a concession agreement will be an ideal option for communities. This is because, in addition to raising capital to improve a utility, a portion of the capital raised from a concession agreement can be deployed in local communities to build other necessary infrastructure, replace lost tax revenues or generate economic stimulus such as utility customer rebates.

While political leaders first need to focus on the health and welfare concerns of their community, they also need to figure out economic solutions. We look forward to working with municipalities on all of these fronts.

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BERNHARD
CAPITAL PARTNERS

Mayor Colvin,

May 15, 2020

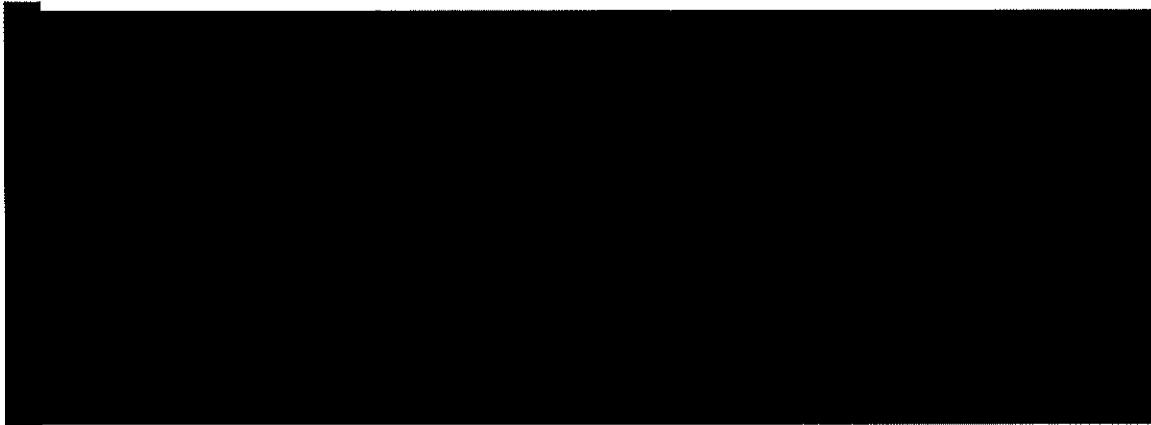
On behalf of our sponsor and affiliated investment funds, Bernhard Capital Partners ("BCP") is pleased to propose a 30-year pre-paid operating and concession partnership among us, the Fayetteville Public Works Commission ("FPWC") and the City of Fayetteville. [REDACTED]

To develop this proposal, we evaluated historical financial information of the FPWC through June 30, 2019 as well as budget information for electric through 2023, water and sewer through 2024 and Utility Capital Spending through 2025. Also, our counsel has reviewed and analyzed the Charter of the FPWC. Collectively, we find substantial value that could be provided to the City and its residents in 8-10 weeks from now. Furthermore, we find that the Charter contemplates the granting of a franchise by the FPWC to another entity, thereby enabling approval of a resulting agreement to be subject solely to a majority vote of the FPWC and the Fayetteville City Council.

[REDACTED]

1 [REDACTED]

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We can deliver the value to the City of Fayetteville by August of this year. To do so, we would need to dedicate ourselves in concert with the FPWC and the Fayetteville City Council to an intense 8-week process of outlining intent, due diligence, valuation agreement and contract negotiation. We would begin our partnership with a Letter of Intent (LOI) (we are prepared to deliver a draft immediately) that would clearly outline the commitment of the three parties to work towards a transaction in good faith. The LOI clarifies the intentions, obligations, and responsibilities of the partnership during the process towards an agreement. Our team would simultaneously work with the FPWC to confirm our cash flow forecasts, assumptions and valuation.

Mayor Colvin, we – as the partner dedicating itself to serving Fayetteville – will provide the City and the FPWC access to deep utility executive experience as well our nationally recognized experience in disaster response and recovery.

We look forward to discussing this proposal with you and will make ourselves available to do so by phone or videoconference immediately and in person as soon as possible.

Regards,
Bernhard Capital Partners

A handwritten signature in black ink, appearing to read "Jeffrey S. Jenkins", is written over a light blue horizontal line.

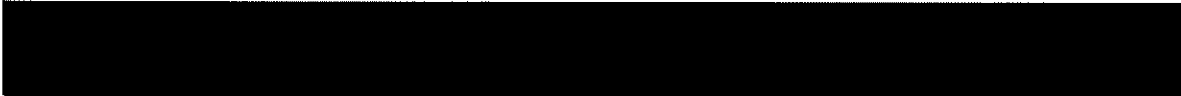

Jeffrey S. Jenkins
Partner

Attachment 1

City of Fayetteville – Proposal for a Concession Agreement

May 15, 2020

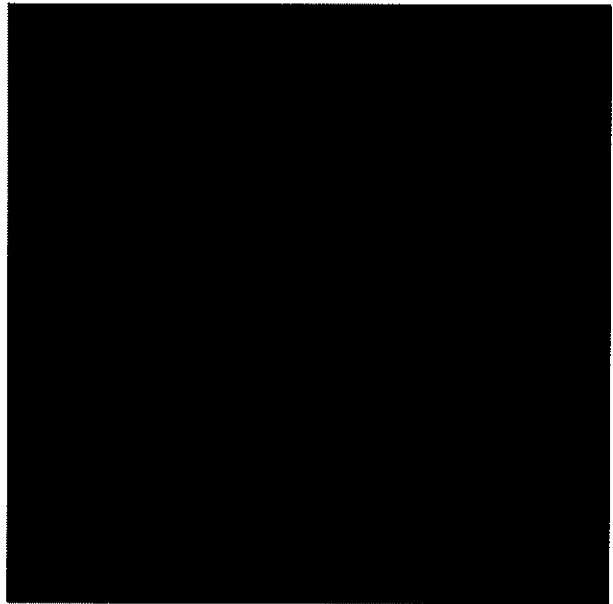
INTRODUCTION AND OVERVIEW

- Bernhard Capital Partners (BCP) is nationally recognized in disaster response and recovery and will provide the City additional access to deep utility executive experience. Our team is comprised of utility industry experts who have served in executive roles for some of the top utility companies in the United States.
- 
- The structure that we are proposing is not unprecedented. Concessions are becoming prevalent, particularly in the public-private space, and our team is experienced. We have a history of partnering with hospitals, universities and are currently working through a similar agreement with Ascension Parish in Louisiana.
- 
- Through this partnership, BCP seeks to partner with you to enhance service to customers, grow investment in utility infrastructure and maintain affordable rates.
- Our proposal offers a unique solution to current challenges the City of Fayetteville and its residents are facing—including revenue declines, people suffering their own income losses and the need for substantial investment in infrastructure—at a time when the City and its residents need it most.
- The proposed partnership would provide a substantial infusion of private investment into Fayetteville, immediately delivering capital for infrastructure projects without raising taxes for a bond. We are also offering to refund all assessment fees and expedite the Phase V annexation project.

PROPOSAL DETAILS

The proposed agreement offers:

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- 
- 
- 



Mayor Colvin,

11 copies of this proposal
are within the envelopes. Let's get
to work!

Jeff

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BERNHARD
CAPITAL PARTNERS

Mayor Colvin,

May 29, 2020

On behalf of our sponsor and affiliated investment funds, Bernhard Capital Partners ("BCP") is pleased to propose a 30-year pre-paid operating and concession partnership among us, the Fayetteville Public Works Commission ("FPWC") and the City of Fayetteville (the "City").

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]


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need to dedicate ourselves in concert with the FPWC and the Fayetteville City Council to an intense 8-week process of outlining intent, due diligence, valuation agreement and contract negotiation. We would begin our partnership with a Letter of Intent (LOI) (we are prepared to deliver a draft immediately) that would clearly outline the commitment of the three parties to work towards a transaction in good faith. The LOI clarifies the intentions, obligations, and responsibilities of the partnership during the process towards an agreement. Our team would simultaneously work with the FPWC to confirm our cash flow forecasts, assumptions and valuation.

Mayor Colvin, we – as the partner dedicating itself to serving Fayetteville - are nationally recognized in disaster response and recovery and will provide the City additional access to deep utility executive experience. In addition to these terms presented, we stand ready to propose alternative structures to the existing FPWC forecast that would deliver value directly to customers in this time of need.

We look forward to discussing this proposal with you and will make ourselves available to do so by phone or videoconference immediately and in person as soon as possible.

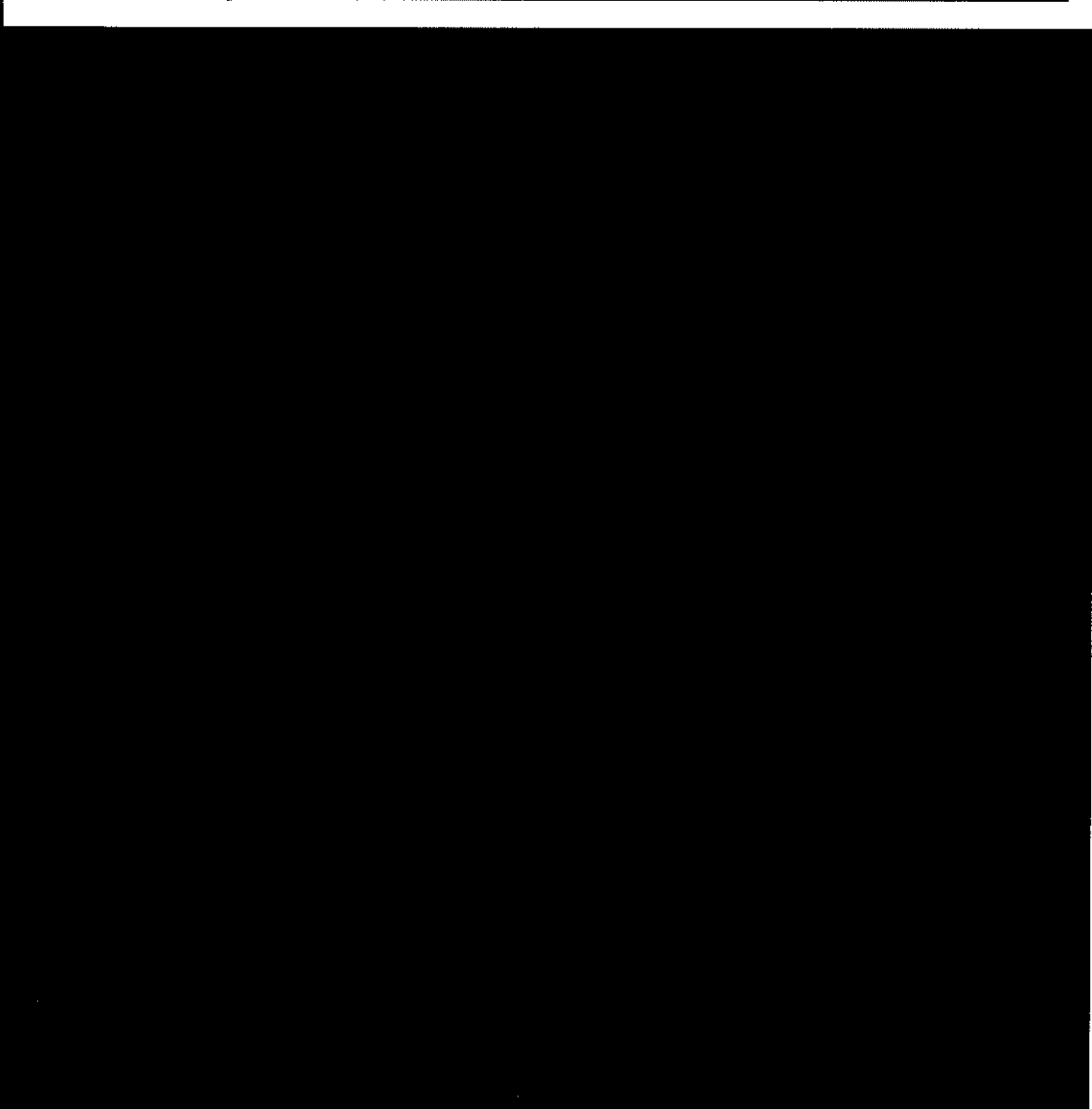
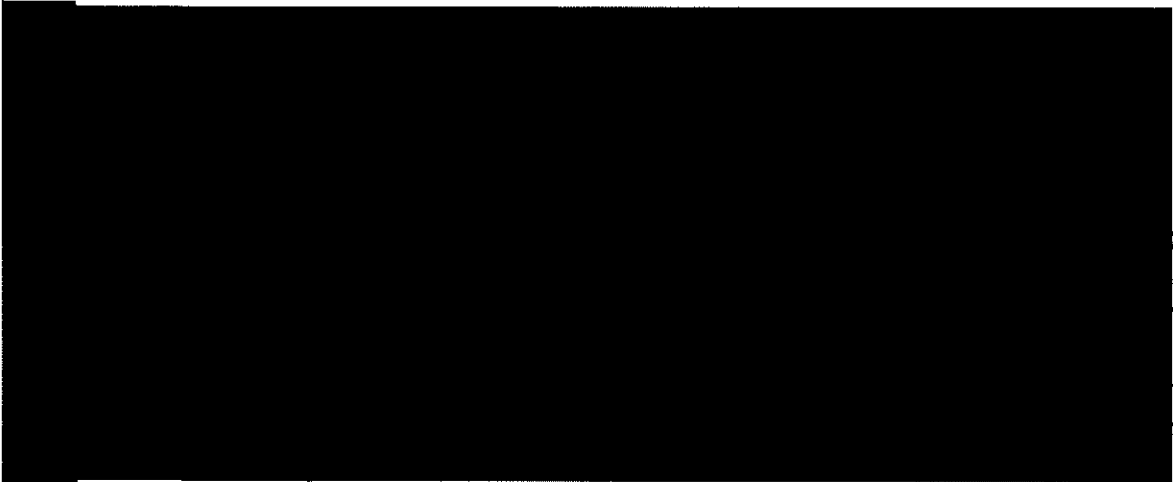
Regards,
Bernhard Capital Partners

A handwritten signature in black ink, appearing to read "Jeffrey S. Jenkins". The signature is fluid and cursive, with the first name being the most prominent.

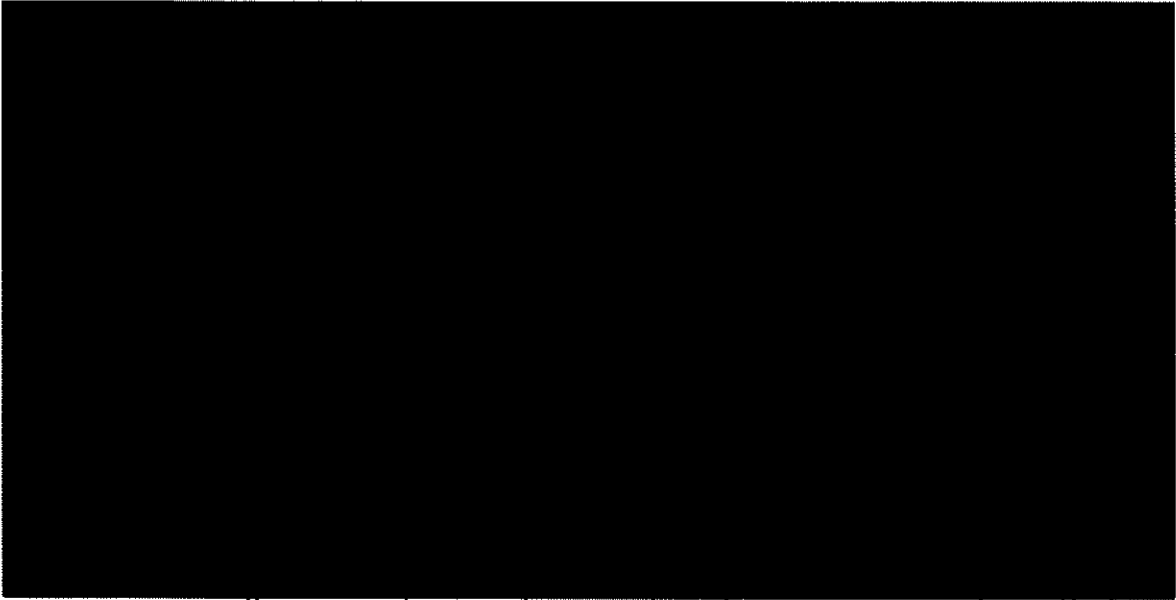
Jeffrey S. Jenkins
Partner

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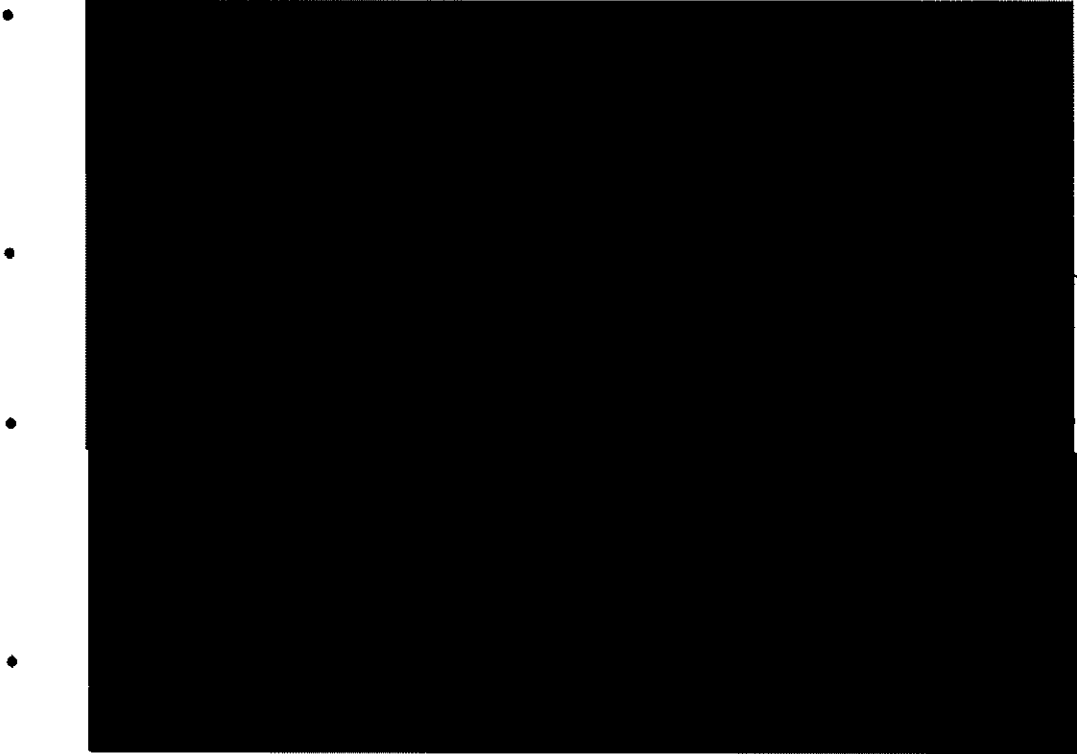
Attachment 1



CONFIDENTIAL



CONFIDENTIAL



Utility proposal offers the City of Fayetteville over \$750M in benefits

May 29, 2020

OVERVIEW

A proposed 30-year partnership between the City of Fayetteville, Fayetteville Public Works Commission, and Bernhard Capital Partners [REDACTED]

- **Who is Bernhard Capital Partners?** Our team is comprised of utility experts who have served in executive roles for some of the top utility companies in the United States. Bernhard Capital is also nationally recognized in disaster response and recovery.
- **This type of structure is known as a concession agreement.** Concessions are becoming more prevalent, particularly in the public-private space, and the Bernhard Capital team is experienced. We have a history of partnering with hospitals and universities and are currently working through a similar agreement with a locally owned utility in Louisiana.
- [REDACTED]
- **This proposal offers a unique solution to current challenges** the City of Fayetteville and its residents are facing — including revenue declines, people suffering their own income losses and the need for substantial investment in infrastructure — at a time when the City and its residents need it most.
- [REDACTED]
- [REDACTED]

PROPOSAL DETAILS

The proposed agreement offers:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

Additional benefits include:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]



DARSWEIL L. ROGERS, COMMISSIONER
WADE R. FOWLER, JR., COMMISSIONER
EVELYN O. SHAW, COMMISSIONER
D. RALPH HUFF, III, COMMISSIONER
ELAINA L. BALL, CEO/GENERAL MANAGER

FAYETTEVILLE PUBLIC WORKS COMMISSION
955 OLD WILMINGTON RD
P.O. BOX 1089
FAYETTEVILLE, NORTH CAROLINA 28302-1089
TELEPHONE (910) 483-1401
WWW.FAYPWC.COM

December 16, 2020

Via Email (c/o jyuknis@bernhardcapital.com) and FedEx

Jeff Jenkins, Partner
Bernhard Capital Partners Management, LP
400 Convention Street, Suite 1010
Baton Rouge, LA 70802

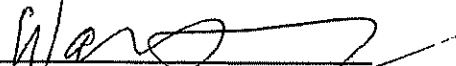
Re: Non-Binding Letter of Intent Relating to Proposed Concession Agreement

Dear Mr. Jenkins:

I have received and discussed with my fellow Commissioners and our staff your December 7, 2020 correspondence and the proposed Letter of Intent (attached). As I believe you are aware, following Bernhard Capital Partners Management, LP's ("Bernhard's") presentation regarding a proposed concession arrangement at a joint closed session of the Fayetteville Public Works Commission (PWC) and the City Council of the City of Fayetteville on December 1, 2020, PWC requested from Bernhard the following: (1) a copy of the presentation; (2) access to the thirty year financial model on which the concession financing structure would be based; and (3) detailed information about the governance relationships of the entities identified in the presentation. To date, PWC has received only a copy of the presentation, even though PWC and Bernhard previously executed a nondisclosure agreement that allows Bernhard to submit to PWC confidentially any documents and files that qualify as trade secret information. PWC remains unable to evaluate Bernhard's proposal, and we therefore also remain unable to determine whether Bernhard's proposal would serve the best interest of the City of Fayetteville and our customers in the long term. As a result, we find Bernhard's submission of a proposed Letter of Intent at this time to be, respectfully, premature and not able to pass prudency standards for utility governance in decision making. PWC is unable to enter into the proposed Letter of Intent. However, we appreciate Bernhard's interest in working with PWC.

Sincerely

Fayetteville Public Works Commission

By: 
Wade R. Fowler, Jr., Chairman

cc: The Honorable Mitch Colvin, Mayor
D. Ralph Huff, III, Commissioner
Darsweil Rogers, Commissioner
Evelyn O. Shaw, Commissioner
Elaina L. Ball, CEO/General Manager

BERNHARD
CAPITAL PARTNERS

STRICTLY CONFIDENTIAL

December 19, 2020

Mr. Wade R. Fowler, Jr., Chairman
Fayetteville Public Works Commission
955 Old Wilmington Road
Fayetteville, North Carolina 28302

RE: Supplemental Information Regarding Non-Binding Letter of Intent Relating to Proposed Concession Agreement Among the City of Fayetteville, Fayetteville Public Works Commission and Bernhard Capital Partners Management, LP

Dear Chairman Fowler:

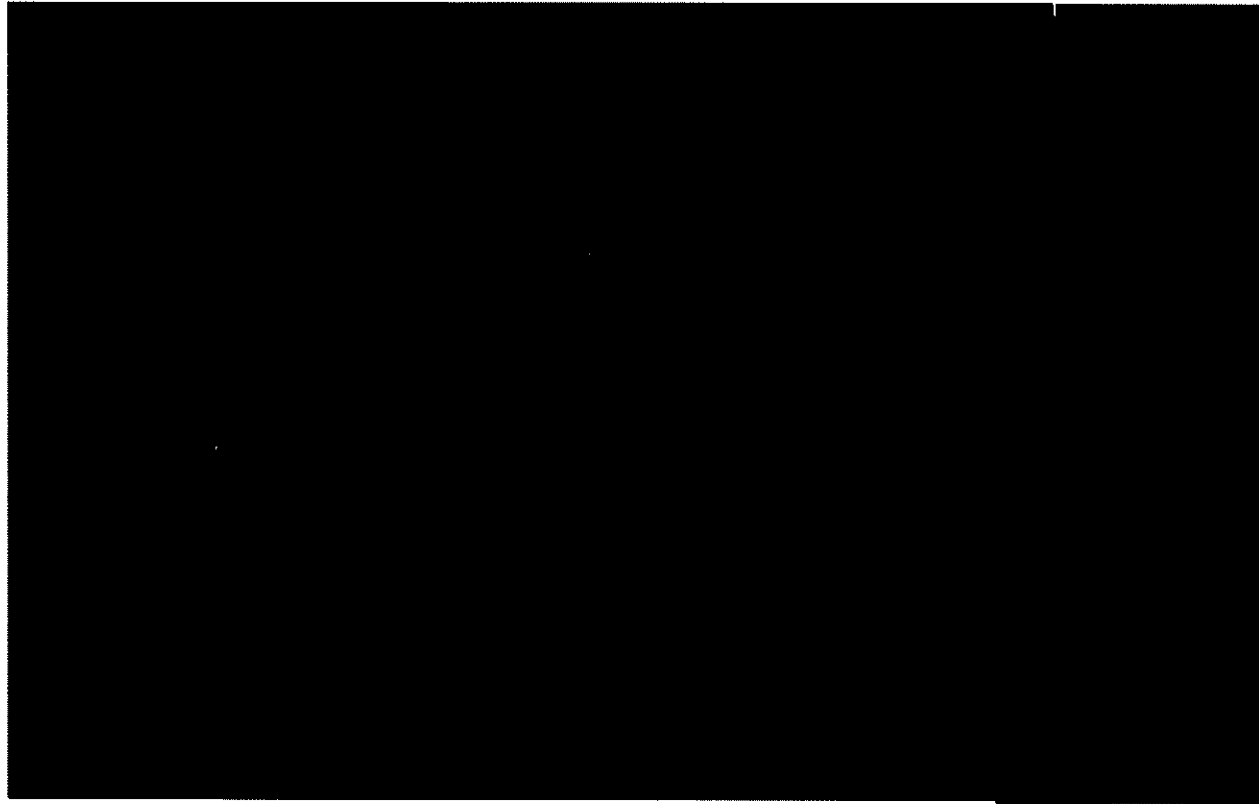
Thank you for your response to Bernhard Capital Partners Management, LP's ("BCP") December 7, 2020 proposal submitted to the City of Fayetteville ("City") and Fayetteville Public Works Commission ("PWC") to partner with the City and PWC in a 30-year Concession Agreement [REDACTED]

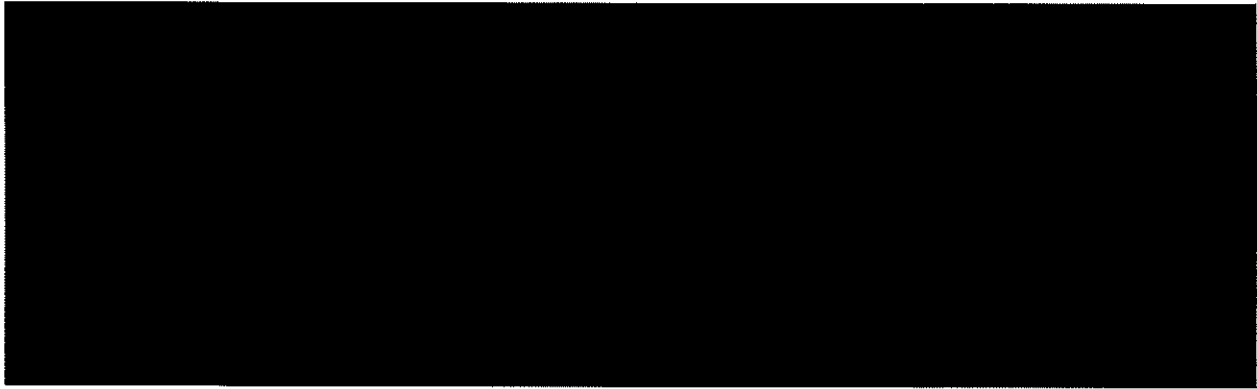
[REDACTED]

BCP looks forward to working in a collaborative manner with PWC and the City as each entity evaluates our proposal. In response to your requests, we submit the following supplemental information:

[REDACTED]

[REDACTED]





BCP intends to be open and transparent in its dealings with PWC and the City. Therefore, we welcome discussion with you regarding any aspect of the proposals contained in the LOI and the supplemental information contained herein. Given the nuances of our proposal, we believe an in-person or Zoom meeting prior to December 31, 2020 would be an appropriate next step to address any remaining questions so that we can move this process along. If your preference is to meet in person, our team would be happy to come to Fayetteville. In the meantime, feel free to contact me at (225)228-2501 or jeff@bernhardcapital.com.

Sincerely,

Jeff Jenkins
Partner, Bernhard Capital Partners Management, LP

cc: The Honorable Mitch Colvin, Mayor
Evelyn Shaw, Commissioner
D. Ralph Huff, Commissioner
Darsweil Rogers, Commissioner
Elaina L. Ball, CEO/General Manager
Jeff Yuknis
Thomas Henley



March 9, 2021

The Honorable Mitch Colvin
Mayor
City of Fayetteville
433 Hay Street
Fayetteville, North Carolina 28301

Wade Fowler
Chairman
Fayetteville Public Works Commission
955 Old Wilmington Road
Fayetteville, North Carolina 28301

Elaina Ball
CEO/General Manager
Fayetteville Public Works Commission
955 Old Wilmington Road
Fayetteville, North Carolina 28301

Dear Lady and Gentlemen:

The Bernhard Capital Partners ("BCP") team sincerely appreciates the time that each of you shared with us during our visits to Fayetteville over the last couple of months to discuss our preliminary proposal to the City of Fayetteville ("City") and the Fayetteville Public Works Commission ("PWC"). As we have stated in our initial communication and subsequent reminders in person and in writing, the financial aspect of our proposal is preliminary and based solely upon publicly available information. We believe that market value for this type of transaction will be met for the PWC and the City. On December 19, 2020, we wrote to PWC Chairman Wade Fowler and stated, in pertinent part, the following: *"we request sufficient time to collaborate with the PWC to generate a more definitive proposal which could possibly result in enhanced valuations... we expect that PWC and the City will engage well qualified advisors to assist them in evaluating our proposals throughout this process, including the fairness of our final proposal... it is BCP's intention to work collaboratively with the PWC to refine the rate base model as appropriate to deliver fair, transparent and well understood outcome for all parties."*

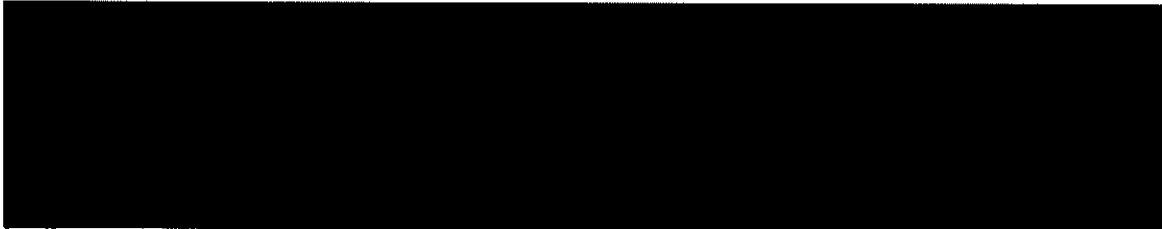
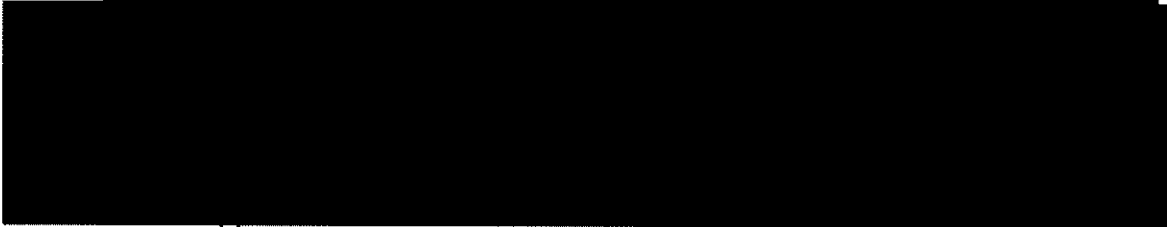
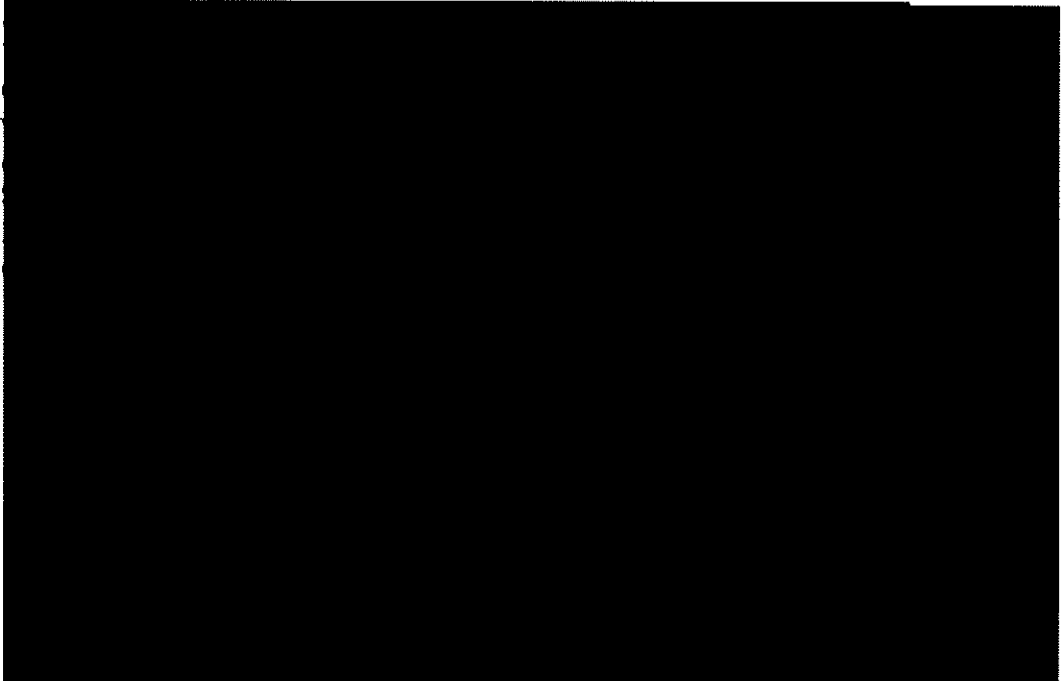
As we evaluate the prospective opportunity to partner with the City and PWC, it is imperative that the information we requested as part of our due diligence be provided as soon as possible. Pursuant to PWC's information request submitted to us, we provided our proprietary concession financial model for your review on January 15, 2021. In return, we understood that the information we requested from PWC, which is required in order to finalize our proposal to the City and PWC, would be provided. As of today, the information provided to us includes PWC's projected operational expenses and capital expenditures for the period requested which are insufficient for us to make a definitive

The Honorable Mitch Colvin
Wade Fowler
Maina Ball
March 9, 2021
Page 2

proposal. Please advise as to the status and expected delivery date of the remaining information (see attachment). Of course, we thank you in advance for your work towards fulfilling this request.

As a recap of our discussions and information contained in our preliminary proposal:

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We are eager to move this process along and certainly appreciate receiving the requested information. Upon receipt and review, we request to meet with key PWC executives including, among others, the Chief Financial Officer for a working diligence session. Again, thank you for your time and anticipated cooperation.

400 Convention Street, Baton Rouge, LA 70802
Phone: 225.228.2500 Fax: 225.454.6957

The Honorable Mitch Colvin
Wade Fowler
Elaina Ball
March 9, 2021
Page 3

Sincerely,



Jeff Jenkins
Partner, Bernhard Capital Partners Management, LP

cc: Doug Hewett, City Manager
Jeff Yuknis
Thomas Henley

The Honorable Mitch Colvin
Wade Fowler
Elaina Ball
March 9, 2021
Page 4

City of Fayetteville Proposal

Diligence

January 18, 2021

DILIGENCE SHORTLIST

1. Projected annual operating expenses for 30 years (everything in "operating expense" categorization, including power supply, O&M, SG&A, etc.).
2. Projected annual capital expenditure for 30 years.
3. Projected annual revenue requirement for 30 years.
4. Projected annual debt and cash balances for 30 years.



March 16, 2021

Wade Fowler
Chairman
Fayetteville Public Works Commission
955 Old Wilmington Road
Fayetteville, North Carolina 28301

Elaina Ball
CEO/General Manager
Fayetteville Public Works Commission
955 Old Wilmington Road
Fayetteville, North Carolina 28301

Dear Chairman Fowler and Ms. Ball:

The purpose of this letter is to follow up on our discussion at our March 8, 2021 meeting which included City Manager Doug Hewett and the March 7, 2021 letter all of us received from Jeff Jenkins at Bernhard Capital Partners ("Bernhard").

I have carefully considered the information shared with Mr. Hewett and me during your March 8th presentation regarding Bernhard's proposal to PWC and the City to enter into a concession arrangement, as well as information that the PWC Commissioners have shared with individual members of City Council. Regarding your March 8th presentation, I understood from you that information you shared was PWC's analysis of Bernhard's proposed December 7, 2020 Letter of Intent ("LOI"). A literal reading of the LOI states that the proposal made by Bernhard is preliminary and a final proposal will only be made by Bernhard after they have completed their due diligence of PWC, which is dependent upon PWC and the City providing Bernhard with certain financial and other information reasonably necessary for them to complete their analysis. I understand that PWC requested that Bernhard provide you with their financial model regarding the proposed transaction, which they have done. If my understanding regarding the above is incorrect, please advise Mr. Hewett and me immediately as to your specific points of difference.

Also, I gleaned from your presentation that PWC developed certain financial models relating to the proposed concession arrangement which I assume are based, at least in part, upon the information Bernhard provided to you. It would seem logical that if Bernhard's proposal is preliminary, then PWC's financial models and any resulting assumptions by PWC and its consultant are likewise preliminary. As stated above, please advise Mr. Hewett and me immediately if you believe that any aspect of the above is incorrect and your specific points of difference.

As I advised you during our meeting, City Council has authorized the engagement of a consultant/valuation firm to review and advise City Council as to the fairness of any definitive proposal from Bernhard. Each member of City Council will then use their own judgment as to whether the transaction proposed is fair to

Wade Fowler, Chairman
Elaina Ball, CEO/General Manager
Fayetteville Public Works Commission
March 16, 2021
Page 2

the City and its residents. Therefore, I am requesting that Ms. Ball coordinate the immediate delivery to the City of the following relating to the proposed concession arrangement: (1) Bernhard's financial model with supporting detail, if any; (2) PWC's financial model with supporting detail; and (3) the report of PWC's consultant which was shared with the individual members of City County, Mr. Hewett and myself. If you haven't already done so as Mr. Jenkins' recent letter to each of you and me suggests, please provide them and Mr. Hewett with the information requested

I appreciate your anticipated cooperation and look forward to working with you to determine if the proposals under consideration regarding the concession arrangement make sense for the City of Fayetteville, its residents and rate payers.

Please contact Mr. Hewett or me with any questions regarding this request.

Sincerely,

Mitch Colvin
Mayor

cc: Doug Hewett, City Manager
Jay Toland, CFO



DARSWEIL L. ROGERS, COMMISSIONER
WADE R. FOWLER, JR., COMMISSIONER
EVELYN O. SHAW, COMMISSIONER
D. RALPH HUFF, III, COMMISSIONER
ELAINA L. BALL, CEO/GENERAL MANAGER

FAYETTEVILLE PUBLIC WORKS COMMISSION
955 OLD WILMINGTON RD
P.O. BOX 1089
FAYETTEVILLE, NORTH CAROLINA 28302-1089
TELEPHONE (910) 483-1401
WWW.FAYPWC.COM

VIA EMAIL
MColvin@ci.fay.nc.us

March 18, 2021

Mayor Mitch Colvin
City of Fayetteville
433 Hay Street
Fayetteville, NC 28301

Re: Correspondence Received 3/17/21 Regarding an Unsolicited Concession Offer to Operate PWC for 30 Years

Dear Mayor Colvin:

The purpose of this letter is to respond to your letter received yesterday, 3/17/21, regarding analysis and information requests regarding an unsolicited/non-competed matter by a capital investment firm.

I have received and discussed with my fellow Commissioners and our staff your correspondence. PWC conducted an analysis following a joint closed session of the Fayetteville Public Works Commission (PWC) and the City Council of the City of Fayetteville on December 1, 2020. The analysis is derived from material provided to both the City of Fayetteville and the PWC at the joint session and subsequent information provided to both entities. Given that this matter has been presented to the full City Council, our response to your correspondence is being provided to the full Council to assist in the conversation around this matter. The material provided to PWC and the City of Fayetteville indicated this information was preliminary in nature.

The qualifier of being preliminary does not impede PWC from analyzing the matter. PWC developed and paid for a financial analysis of the unsolicited and non-competed matter to comply with the organization's need for fiscal responsibility, due diligence, and policy prudence. PWC recognizes this proprietary analysis for its importance to future decisions. It is, in our estimation, an essential tool for our internal evaluation of the self-described "preliminary" matter. Hence, PWC considers this analysis proprietary. It is, as well, useful for the framework to which subsequent offers from this investment firm or others may be applied.

On your information requests, while the investment firm has already shown you their financial model in the joint meeting held on January 15, 2021 between PWC and the investment firm and at which you and Council Member Davis were in attendance, PWC cannot comply with your request. The capital investment firm may decide to share their financial model with you at the City, but it is not PWC's to share. Since this is unsolicited in nature and in conformance to procurement standards, PWC is not required to turn over such information requested by you (in

BUILDING COMMUNITY CONNECTIONS SINCE 1905

AN EQUAL EMPLOYMENT OPPORTUNITY EMPLOYER

your letter following the three information requests you have made) to the investment firm. Additionally, it is an uncommon and potentially harmful negotiating strategy to turn over the complete analysis of an unsolicited offer to a counterparty, should the Commissioners of PWC determine that continued discussions occur.

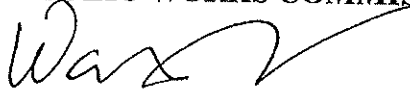
Please also be aware that PWC is required to notify the investment firm of information requests related to their concession offer and will do so today.

PWC has provided the investment firm with the utility's 30-year operations and maintenance projections, power supply costs, and capital expenditure plan. These three items, along with other available information including with the investment firm's financing and rate assumptions will create the revenue requirement and their assumptions on liquidity targets will create the debt and cash balances. As of the date of this correspondence, the investment firm has yet to respond to our recent communications on this matter. Reiterating basic concepts of cost of service, the information provided to the investment firm from PWC is sufficient.

PWC is unable to enter into a commitment at this time. However, we appreciate the investment firm's interest in working with the City of Fayetteville and PWC.

Very truly yours,

PUBLIC WORKS COMMISSION



Wade R. Fowler, Jr.
Chairman

cc: Darsweil Rogers, Commissioner
Evelyn O. Shaw, Commissioner
Elaina L. Ball, CEO/General Manager
City of Fayetteville City Council