



LEHIGH COUNTY AUTHORITY

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April 1, 2013

Public Financial Management, Inc.
c/o Scott Shearer
One Keystone Plaza, Suite 300
North Front & Market Streets
Harrisburg, PA 17101-2044

Dear Mr. ~~Shearer~~, *Scott*

After many months of intense evaluation, analysis and review, the Lehigh County Authority (LCA) is pleased to submit its Best and Final Offer for the City of Allentown's 50 year Concession on its water and sewer system on the attached Increased Proposal Form. In addition to a sound and competitive financial proposal, LCA offers several unique and noteworthy benefits to the City and its customers. These include:

- A public service mindset of leadership, coupled with a non-profit mission.
- Continued participation of City water and sewer employees in the Pennsylvania Municipal Retirement System.
- A long-time member of the Lehigh Valley community, with experience in local government relations, economic development and other partnerships. LCA's leadership understands and appreciates the issues of the Lehigh Valley. The people of the Lehigh Valley are our **only** customers.
- LCA's selection as the winning bidder will allow for long-awaited and planned regionalization of Lehigh County's water and sewer systems. This regionalization will provide comprehensive management of Lehigh County's water and sewer resources and benefitting all users served by the City Systems.
- Most importantly, LCA will afford Allentown customers the best opportunity to stay within or below the service rate caps within the Concession Agreement.

In our opinion, LCA's non-profit status, public service mission and cost of service rate philosophy add incredible value to the city's water and sewer customers and will ensure that those customers, as well as the City's water and sewer resources are protected throughout the 50 years of the concession term. We thank you for your consideration of LCA's proposal and credentials.

Sincerely,

Aurel
Aurel M. Arndt
General Manager

Every drop matters. Every customer counts.

The undersigned Proposer hereby submits this Increased Proposal Form as an amendment to the Proposal submitted by the Proposer dated March 27, 2013, in response to the City of Allentown Water and Sewer Utility System Request for Bids issued by the City of Allentown dated February 27, 2013, as amended.

The aggregate amount of the upfront Consideration that Proposer offers to pay pursuant to Section 2.1 of the Agreement is the total of:

US \$220,000,000

Two Hundred Twenty Million United States Dollars

The Proposer, by its undersigned duly-authorized representative, hereby covenants, certifies, represents, and warrants, as follows:

1. The submittal of this Increased Proposal Form has been duly authorized by, and in all respects is binding upon, the Proposer.
2. The foregoing offer constitutes an amendment to Proposal Form 6 of the Initial Proposal, and all other information, terms and conditions contained in the Initial Proposal remain unchanged and in full force and effect.

Lehigh County Authority

Name of Proposer

Aurel M. Arndt

Name of Designated Signatory



Signature

General Manager

Title