



April 10, 2001

City of Moncton
City Hall, 655 Main Street
Moncton, New Brunswick E1C 1E8

CONFIDENTIAL

Attention: L. E. Strang – City Manager

Subject: **Proposal to the City of Moncton for Management, Operation and Maintenance of Water Distribution, Sanitary Sewers and Stormwater Systems**

Dear Mr. Strang:

USF Canada Inc. is pleased to have this opportunity to present our Proposal to provide the City of Moncton with comprehensive management, operation and maintenance services of its water distribution, sanitary sewers and stormwater systems.

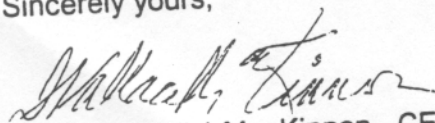
Moncton has enjoyed many benefits from our current partnership, both in terms of much improved water quality and in the ability to draw upon technical experts and cutting-edge technologies from the world's leading water company. We are very proud to be your partner and together, we have built a strong partnership that will withstand the test of time. We also recognize that this partnership, as a result of Moncton's leadership and vision, also represents a significant milestone for the delivery, management and operation of this type of municipal infrastructure in Canada.

The E. coli water quality tragedy in Walkerton, Ontario has sparked considerable debate in Canada about the quality and safety of public water supplies everywhere and it has also raised the question of who should deliver these types of services—the public or the private sector. In the midst of this debate it has been gratifying to see well informed people in the national media point to the City of Moncton as an example of how to do things right!

As a unit of Vivendi Water, our company has a heritage of more than 150 years of service and experience in the water business. Each day more than 30 million people drink water produced at facilities and delivered through distribution systems that we operate around the world. We now operate and maintain more than 240,000 kilometers of watermains. You can be assured that our company would diligently continue in our efforts to deliver best value and high quality service to the City of Moncton through an expanded partnership.

This Proposal has been developed working in cooperation with your staff and provides a detailed plan and approach to meet the immediate and long-term needs of the City's vital waterworks infrastructure. We look forward to your review and response. We would be happy to meet with your team to present our approach in detail, if the City wishes.

Sincerely yours,


Wallace (Wally) MacKinnon - CET
Vice President

USF Canada Inc.
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