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- (2) Business Plan.docx—A concise business plan for the eventual, operating company
- (3) Criteria Compliance.docx—Our view of how this offer complies with the Criteria developed by the BTAB
- (4) Board members.docx—Resumes of current Board members
- (5) Maine Fiber Company.docx—Overview of Maine Fiber, provider of financing
- (6) MFC LOI with Additional Signature Page.pdf—Original Letter Of Intent between Maine Fiber and KBTL. This contains the terms of the loan
- (7) MFC Commitment Letter.pdf—Commitment letter between Maine Fiber and KBTL that references the LOI
- (8) Resume-Brian Lippold.pdf—Resume of Brian Lippold, KBTL’s telecom consultant
- (9) Supplement to Resume-Brian Lippold.pdf—Additional background on Brian Lippold
- (10) Pro-Forma and Financing.xlsx—Pro-formas based on the current operating performance of Burlington Telecom. This document contains potentially confidential information provided to KBTL by the City of Burlington.

TERMS OF THE KEEP BT LOCAL (“KBTL”) OFFER

KBTL is pleased to present the City of Burlington with the following multi-faceted offer for the acquisition of BT:

1. *Financial Terms:*

The price offered by KBTL to the City of Burlington for the acquisition of Burlington Telecom is \$12,000,000.

KBTL understands that the proceeds of this purchase price must be divided in accordance with the settlement agreement among the Merchant’s Bank, City of Burlington, Blue Water Holdings, LLC, Dorman & Fawcett, and Citibank. While the exact formula for the distribution of the acquisition price will be left to the City of Burlington, it will be paid to the various parties by KBTL as follows:

Payment to Merchant’s Bank:	Cash
Payment to Blue Water Holdings, LLC:	Cash
Payment to Citibank:	Cash
Payment to Dorman & Fawcett:	Cash
Payment to the City of Burlington:	KBTL offers to the City of Burlington continued ownership rights in BT at a level equal to Burlington’s relative share of the acquisition price, which KBTL understands to be 12.5%. This equity will accrue dividends to reflect the 12.5% stake the City maintains in the enterprise. Additionally, the City would have the option, after five years, of selling their stake back to the company at a valuation of the enterprise determined by a third-party(s).

2. *Subsequent KBTL Ownership by Subscribers:*

Upon KBTL’s acquisition of BT, all Burlington subscribers of BT would become member/owners of the KBTL cooperative or its subsequent formation as an operating cooperative.

In recognition of the fact that Burlington residents/taxpayers have already paid nearly \$17 million dollars toward the development and operations of BT, there would be no additional cost for Burlington subscribers to become member/owners of KBTL.

The cooperative will own 87.5% of the operating telecom company and the City of Burlington will own 12.5% of the operating telecom company.

It should be noted that beyond the City's 12.5% stake in the operating telecom company the City and the School District will be members of the cooperative and will receive economic benefits (capital account credits and possible patronage refunds) relative to their usage of services.

3. *Additional Terms and Conditions Offered to the City of Burlington and its Residents:*

- Burlington (The City of Burlington) and the Burlington School District would agree to a long-term (10-year minimum) contract that would continue the existing BT services at prices negotiated as part of this offer.
- As part of the purchase, KBTL would acquire either a 5-year option to purchase 200 Church Street, at a determined price after closing, or perpetual rights for use of 200 Church Street at a negotiated price reflecting market rent.
- For all other Burlington property that is currently being used by BT, KBTL would enter into long term (20-year minimum) leases at rates to be determined with Burlington or the Burlington School District. KBTL understands that it will likely have to move its equipment from Memorial Auditorium in the near future and has priced the cost of this move into its offer price.
- Current subscribers of BT and subsequent Burlington residents who become subscribers of the resulting entity would become members of KBTL.
- Compliance with all of the BTAB's and communities' criteria relating to the sale of BT (as explained in further detail in the attached document titled "Criteria Compliance.").

FINANCING

KBTL intends to finance its bid as follows:

- \$10 million in long-term financing with a third-party entity, Maine Fiber Company.
- Approximately \$1.5 million in non-cash equity value that will be owned by Burlington.
- \$1 million in current commitments from the KBTL community.

This financing package includes putting \$500,000 of the cash proceeds into BT as additional working capital. The third-party financing entity has also expressed the potential of financing BT's expansion into other communities.

Additional caveats for KBTL's offer

- Although this is being treated as an asset sale, it is assumed that all current assets and current liabilities at the time of closing will convey to the purchaser except for the cash balance. The purchaser will have the right to review the liabilities and ensure that they are relevant to the ongoing performance of Burlington Telecom. It is also understood that management fees accrued prior to the closing of the sale will not convey to the purchaser.
- KBTL's offer assumes that the existing management team remains in place and that KBTL would be able to reach contractual agreements with the seven individuals listed in the Management Team Bio's document in the One Hub data room. For Stephen Barraclough, this would likely mean reaching agreement with Dorman & Fawcett regarding his continued employment.

Keep BT Local Cooperative

Proposal to the

City of Burlington

Keep BT Local Cooperative (“KBTL”) is a Burlington based cooperative dedicated to the purchase of and the eventual profitable operation of Burlington Telecom (“BT”). KBTL’s goal is to enhance the quality of life, promote economic development and reinvest in its community by providing individuals, businesses and institutions with high quality and unfettered access to the Internet, communications services, video entertainment and unmatched customer service. KBTL is committed to returning profits and benefits to the community and expanding this enterprise both within Burlington and beyond.

A. INTRODUCTION

This Proposal to the City of Burlington (“Burlington”) includes details about KBTL’s initial offer, a brief discussion of its operating and management plans and a discussion of how its proposal meets the public criteria that were developed by the Burlington Telecom Advisory Board (“BTAB”) and adopted by the Burlington City Council (“Council”).

B. ABOUT KEEP BT LOCAL COOPERATIVE

KBTL was formed in 2013 for the sole purpose of purchasing BT from Burlington. The goal of KBTL was to create an organization that would provide the governance and financial structure to ensure that BT remains a locally owned and controlled company. At the time of KBTL’s incorporation, nearly 500 local residents and businesses committed to joining the cooperative and about 150 contributed capital to become voting member/owners of the cooperative. Since that time many more individuals and businesses have become paid-in member/owners.

Over the past four years the KBTL developed a forward-looking business plan, monitored the progress of BT, and participated in many meetings of the Burlington Telecom Advisory Board (“BTAB”) as they developed the criteria for the sale of BT. KBTL also elected a Board of Directors that meets regularly, held annual and informational meetings and elections to inform both members and the public-at-large, raised capital through its members and others, and actively brought together the components required to buy BT and keep its ownership local.

KBTL’s current focus is on the acquisition of BT. Should KBTL be successful in doing so, it will transition from an acquisition entity to an operating cooperative. Moreover, as explained in further detail below, should KBTL be successful in acquiring BT from Burlington, all of BT’s subscribers will become members of the operating cooperative, bringing the cooperative’s membership to more than 7,000.

C. KBTL BUSINESS STRUCTURE, VISION AND FINANCING

1) Business Structure

The following proposal offers the City an appropriate and responsible business structure to transfer the ownership of this public utility to a subscriber cooperative, which is the only business model which both guarantees that Burlington Telecom stays local and ensures that a substantial number of local citizens have an equity stake in current and future financial returns. KBTL allows all subscribers to the telecom to become members of the new Co-op, providing the members with an equity stake in the business. As in all co-ops, members of KBTL will have a capital account. All subscriber/members will maintain their capital accounts making them direct beneficiaries in the future of Burlington Telecom in return for their original investment in BT through their tax dollars. This “community equity” can only be provided by the co-op business structure, which has proven to be successful for a wide variety of other communities. There are 260 telecom cooperatives in the U.S; these provide \$1.3 billion in value added income to their members and their communities through a mix of local employment, lower subscriber costs than private sector competitors, and financial returns to members.

2) Business Vision

KBTL seeks to continue to realize the original vision for BT, which was to provide a public telecom option in a market dominated by one carrier, and provide more local control and keep local dollars circulating within the community as a part of a broader economic strategy. Going forward as a cooperative, this vision will include continuing to build and expand our telecom around the economic and social needs of our community, guided by our members, and using the vision of our own community members to govern its future. We seek to offer our citizens the opportunity to share in the success of the future of Burlington Telecom and to be part of its governance, a crucial tenet that guided BT’s original creation. We seek to support local community programming and believe in investing in local talent. We believe that community ownership is the preferred strategy of the citizens of Burlington, as they identified both in a survey conducted by BTAB and a follow-up public comment solicitation. We seek to meet these goals by stressing their interests, and ensuring that local people are involved via election in the governance of Burlington Telecom. We will use smart growth strategies that will allow the future Burlington Telecom to grow wisely within the City of Burlington and adjacent communities. Our proposal lays out a responsive and affordable system. We seek to maintain good rates for subscribers, which includes the city of Burlington’s and the city’s schools, continue the highest levels of customer service, and use experienced telecom management to ensure our subscribers are well served.

3) Financing

KBTL’s financing is structured first and foremost to assure our citizens that they will remain the owners of Burlington Telecom in the long-term through our cooperative structure. We have chosen debt financing with a strategic partner with local equity participation through Milk Money Vermont because this has proven to be the best path to community ownership. The KBTL proposed financing plan is fully justified based on the strong operating cashflow of BT, which has been created by the brand loyalty of the Burlington City residents. Innovative, socially responsible financing strategies are needed to allow the community to be the primary economic beneficiary of BT, and to ensure that the ultimate exit strategy for the business is not for it to be sold in the future, but to be handed down to future generations of BT residents. The cost of KBTL’s debt financing is reasonable compared to losing control through privatization, where

future profits will be extracted from the community rather than circulating within it. The financing proposed will ensure that we achieve the goal of maintaining local ownership permanently. In addition, KBTL's bid will deliver on the initial vision of BT for generations to come, providing a perpetual payback that will far exceed any original capital investment by taxpayers.

D. PRELIMINARY DUE DILIGENCE AND BUSINESS PLAN

In 2014, KBTL retained the services of Casco Bay Advisors, LLC and its principal, Brian Lippold (who has over 30 years of telecommunications experience) to prepare KBTL's business plan for the operations of BT once acquired by KBTL. (Brian's Resume and Resume Supplement are included in this proposal.)

Casco Bay Advisor's original due diligence, completed in 2015, showed that BT: (1) is cash-flow positive and profitable on an operating basis, (2) has engaged in a prudent and logical capital upgrade program, (3) continues to increase its market share, (4) has a lean and capable staff, and (5) has sufficient cash flow to support ongoing operations and ongoing capital upgrades. These conclusions remain the same as of the date of the submission of this proposal.

Below are KBTL's plans for its three major business objectives, including: (1) Continued Operations, (2) Providing Service to Unserved Areas of Burlington and (3) Expansion to Other Communities.

1. *Continued Operations:*

KBTL seeks to operate BT in a similar fashion to how it is currently being operated. KBTL will continue to provide the business and residential triple-play services and engage in marketing that highlights the value provided by a locally owned and operated telecom. Additionally, the marketing will highlight the unparalleled speed offered by Fiber To The Home (FTTH) especially as users migrate away from cable television and phone services. That beings said, the three core services will be operated as follows:

Internet - While 95% of BT subscribers purchase the Internet product, most users are not utilizing the high speeds enabled by BT's network. KBTL will market the benefits of upgrading to higher speeds (1 GB) to existing customers and encourage Burlington subscribers to make the best use of the high-end Internet services available.

For business subscribers, KBTL plans to promote the availability of high speed data able to support distributed work environments and bandwidth-intensive business needs. Additionally, KBTL will work with the local business and creative community, through such initiatives as BTV Ignite & incubator facilities, to support budding, creative endeavors.

Voice - BT offers a wide range of telephone calling plans for both residential and business users. Voice services represent 18%+ of all revenues. With the widespread adoption of cell phones, residential voice services will likely continue to decline, although overall commercial voice services revenue will continue to grow and perhaps accelerate given KBTL's plan to increase the focus on commercial sales.

Video – KBTL will continue to provide BT's television subscribers with the various tiers of video service as well as HD and popular content. It is KBTL's expectation, however, that during the next ten years, the classic video (cable) delivery market will shift significantly. The rapid transformation of the cable TV industry and the myriad Over The Top ("OTT") options now available will require that KBTL management embrace OTT and help customers to take advantage of this flexibility. Given the low margins associated with classic cable TV service, any corresponding reduction in video revenues will have little to no impact on its operating cash flow and will likely increase its operating cash flow metrics. Further, as KBTL embraces OTT services and provide its member/owners with assistance in this transformation, it will be a form of internal marketing that will build customer loyalty. Finally, BT, as do all cable providers, dedicates a portion of cable revenue to the support of Public Access stations. KBTL will proactively work to keep funding for Public Access even as cable revenue dwindles.

2. *Unserved Areas of Burlington:*

BT's network currently passes between 80-85% of the potential customers (businesses and households) within Burlington. While many of the unserved areas may be difficult and expensive to build out because utility poles do not exist in these areas, KBTL seeks to achieve a 100% service area within the City of Burlington. For neighborhoods (identified by BT in their existing plans) that are prohibitively expensive to add to the fiber network, we will explore alternative (wireless) solutions.

During the Public Service Board Hearings and in the private documents provided as part of this process, BT has estimated the costs for building out the network to the unserved areas of Burlington. While KBTL was not involved in developing these estimates, KBTL have reviewed them and would look to identify areas that could be built in an economically viable fashion. Additionally, KBTL would employ the following approaches:

- a. **Neighborhood Financing**—This approach is very similar to the approach Vermont Gas takes when they look to run additional lines within Burlington. If KBTL could identify enough potential customers who would commit to long-term service to make the capital expenditure feasible, KBTL would run fiber to the neighborhood.
- b. **Partnerships with Utilities**—This approach involves working with other utilities when they are either running new service or have accessed their buried services for repair/upgrade. It should be noted that this approach is currently being used by BT, with the current Red Rocks expansion as an example.

- c. Employing Hybrid Solutions—This approach involves using wireless technologies to provide that “last mile” service from the fiber. In the past several years, wireless technologies that can provide multi-user service at necessary bandwidths have been developed that did not exist during the initial fiber build out for BT. These technologies could be used to connect residents in otherwise expensive to build neighborhoods.

3. *Expansion to Other Communities:*

KBTL recognizes the importance of expanding the BT service territory to adjacent communities. This proposal suggests using “fiberhoods” and smart growth strategies that use system revenues wisely to expand within the City of Burlington and adjacent communities. BT already has some fiber capability in Winooski and South Burlington that serves Champlain College and Burlington International Airport respectively. KBTL’s plan would be to use those existing fiber lines (as well as others) to begin the build out to adjacent communities using both fiber and wireless solutions. KBTL’s plan will also focus on a build out similar to that done in Burlington, beginning with municipal customers as well as large businesses. After these cornerstone customers have supported early capital expenditures, KBTL will then focus on extending the service to the residential areas of the local communities that are adjacent to the newly run fiber.

While the central office infrastructure supports significant expansion into neighboring communities, expansion capital (cost) will be needed for the fiber build out, the additional huts and the equipment required at the end user site. For these reasons, the value of expansion will accrue to the ongoing entity and does not materially add to the current value of BT. Additionally, the expansion costs are highly dependent upon market density and variables in outside plant construction that can only be determined by detailed network planning and engineering analysis at the time of the build out. As part of the documentation provided to the bidders during this process, there are estimates for buildouts into the communities adjacent to Burlington. Once the assets of BT have been acquired, KBTL management would undertake a further review of this analysis and expand the network where appropriate and profitable.

It should be noted that expanding cable services beyond Burlington will require an expansion of the existing Certificate of Public Good (CPG). If this is desirable will need to be considered prior to applying for the new CPG at the time of sale.

E. MANAGEMENT PLAN

KBTL intends to hire a general manager to oversee and manage the day to day operations of BT, including the hiring of a professional staff to run the business.

BT is currently managed by a full time general manager, Stephen Barraclough, who is a consultant with Dorman & Fawcett. KBTL’s preference is for the current general manager to remain with BT on a permanent basis. If, however, the current general manager is unable to stay

on in that way, KBTL would ask that he continue to serve on an interim basis while KBTL engages in a rigorous search for a permanent general manager. KBTL has also identified other telecom professionals with experience in the BT market who can advise KBTL on the management of BT and assist in the search for a new general manager.

- Our offer includes offering all existing management jobs with the resulting Telecom Company for the immediate future post sale.
- We have been asked to address what we would do should either the existing management (including Stephen Barraclough and/or Dorman & Fawcett) choose to exit or no longer be able to provide services to Burlington Telecom
- Our plans include the following
 - Brian Lippold-Brian is a telecom executive who now has a telecom consulting practice in Maine. Brian has worked extensively on our business and acquisition plans and is a former executive in Burlington for Telcove, Adelphia and others. Brian plans on continuing to work with KBTL, and has expressed potential interest in expanding his role. (Brian Lippold's resume and addenda are included as part of our offer.)
 - Maine Fiber has various telecom service providers as clients, is well-connected in the New England area when it comes to telecom personnel and has already brought ideas for possible managers to our attention. (A brief background of MFC is included as part of this offer.)
 - There are various cooperative entities who we have spoken with who have also offered to bring management talent, both business and technical, to our attention should we succeed with our offer. In particular the Rural Broadband Association (www.ntca.org), has over the past couple years, introduced us to other telecom cooperatives and executives and from these introductions have built additional financing and consulting connections.
 - At least two parties who we have had other financing discussions with have offered to bring telecom executives to the table as either possible hires or possible advisors.
 - We also have interest from various private, public, and civic sector executives to be part of an executive management transition team should we be chosen as the winning bidder. This team would help smoothly guide operations and oversee BT during its initial transition period., and put in place a permanent executive board and management team.
- With all of these connections, and others, we feel that we would have no issue hiring a telecom team should we succeed AND should we be required to pursue a different path from what we have proposed.
- Finally, David Mount (Westaff) is an experienced corporate hiring professional and is on the KeepBTLocal board.

COMPLIANCE WITH BTAB AND PUBLIC CRITERIA

1. ***KBTL's Responses to the Criteria Established by the BTAB:***

In preparing for the sale of BT, the BTAB, as supported by the City Council, developed a set of criteria with input from the community that reflect core values that are important for the City of Burlington in evaluating any proposal for the acquisition of Burlington Telecom. KBTL fully supports all of the criteria for the sale of BT as established by the BTAB and has crafted its proposal to the City of Burlington around those core values. KBTL's specific responses to each of the BTAB criteria are provided as follows:

BTAB Criteria: Continue to offer affordable services that provide a competitive opportunity for BT customers.

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to offering a wide range of services to its member/subscribers at affordable rates that provide a competitive opportunity. Because member/subscribers are key stakeholders in the cooperative, competitive pricing and competitive services will be designed for the benefit of member/subscribers.

BTAB Criteria: Continue to have a local presence (office) with an emphasis on responsive and effective customer service.

KBTL Response: KBTL will be locally owned by its members (who will consist of the residents in Burlington who subscribe to BT) and by the City of Burlington through its retained interest in BT as described above. KBTL will continue to operate out of 200 Church Street and is committed to responsive and effective customer service.

BTAB Criteria: Continue BT's commitment to net neutrality, support of affordable, local public access, and other issues of importance to Burlingtonians.

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to all of these aspects of the provision of services. Additionally, KBTL will look to find other opportunities to build community-based services that may not currently be provided.

BTAB Criteria: Continue to offer both residential and commercial services.

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to continuing to provide residential and commercial services.

BTAB Criteria: Continue to engage in active participation with the US Ignite and BTV Ignite initiatives focused on realizing the ongoing and sustainable economic development benefits to the local economy that the network infrastructure affords.

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to actively participating with US Ignite and BTV Ignite. If and when expansion occurs beyond the Burlington City limits, KBTL would look to extend the ideas of BTV Ignite to other served communities. Beyond that, KBTL is dedicated to ensuring that BT continues to provide sustainable economic development benefits to the local economy.

BTAB Criteria: Establish a skilled, experienced management team to:

- *sustain BT's "state of the art" capabilities.*
- *keep pace with technology changes.*
- *support expansion to the currently unserved areas of Burlington as well as other communities.*

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to establishing a skilled, experienced management team. To that end, as described above, it is KBTL's desire to retain the current management of BT, preferable on a permanent basis. If they are not available on a permanent basis, KBTL would like the current management to remain in place on a temporary basis so KBTL may engage in an extensive search for the most qualified general manager to oversee the operations of BT. KBTL is also committed to serving the unserved areas of Burlington and has already begun investigating ways in which to accomplish this through both wired and wireless solutions. Likewise, KBTL is committed to expanding its service to other communities in stages, provided that before doing so, it can make a business case that shows that each stage of such expansion is economically viable and sustainable.

BTAB Criteria: Demonstrate sufficient financial capacity to:

- *sustain BT's "state of the art" capabilities.*
- *keep pace with technology changes.*
- *support expansion to the currently unserved areas of Burlington as well as other communities.*

KBTL Response: KBTL has examined the books and financial records of BT and is confident that its current economic condition will allow KBTL to sustain and enhance BT's state of the art capabilities and to keep pace with technology changes with internally generated capital. KBTL also intends to actively market BT's services to increase its number of subscribers, which will further enhance KBTL's financial capacity to expand its services to currently unserved areas of Burlington. Finally, KBTL is committed to expanding its service to other communities in stages, provided that before doing so, it can make a business case that shows that each stage of such expansion is economically viable and sustainable. To that end, KBTL is already developing strategies to finance such expansion to other communities.

BTAB Criteria: Maintain and foster a strong partnership with the City of Burlington and its elected public officials.

KBTL Response: KBTL intends to maintain and foster a strong partnership with the City of Burlington and its elected officials by providing the City with a retained interest in BT. This partnership will be further enhanced because the members of KBTL are residents of Burlington who subscribe to BT.

BTAB Criteria: Allowing the City of Burlington the opportunity to retain a meaningful carried equity interest in BT.

KBTL Response: KBTL's proposal to the City includes providing the City of Burlington with a meaningful carried equity interest in BT.

BTAB Criteria: Ability to complete a transaction by January 2018, subject to regulatory approval.

KBTL Response: KBTL does not anticipate any obstacles to completing the transaction by January 2018, subject to regulatory approval.

BTAB Criteria: A strategy of holding the asset for the long-term.

KBTL Response: As a member/subscriber owned cooperative, KBTL has no plans to divest itself of BT and is committed to owning and operating BT for the long term for the benefit of its member/subscribers.

BTAB Criteria: A strategy to reinvest and or invest into the business.

KBTL Response: As a member/subscriber owned cooperative, KBTL's primary interest is to serve its members/subscribers, and not to return profits to shareholders. Accordingly, all of its available resources will be put back into the business and/or community in ways that best serve its members/subscribers through a mix of reinvestment of free cash-flow and patronage refunds to member/subscribers.

BTAB Criteria: It is important for the City's public officials to try to recover as much of the taxpayer's \$16.9 million

KBTL Response: KBTL agrees that the City should recover as much as possible of the taxpayer's \$16.9 million that they spent to sustain BT, and its proposal recognizes this:

- i. KBTL will make all of its Burlington subscribers members of the KBTL cooperative without any further costs or membership fees. As such, these

subscriber/members will be the owners, through the KBTL cooperative, of BT. It is doing this in recognition that these subscribers as residents and taxpayers of Burlington, have already paid for their share of BT.

- ii. KBTL's proposal to Burlington includes providing the City of Burlington with a carried interest in BT.

2. *KBTL's Responses to the Public Survey Criteria:*

KBTL's proposal also meets all outcomes and qualities that were articulated by the people of Burlington in a survey done by the BTAB as follows:

Public Survey Criteria: Local ownership

KBTL Response: KBTL will be locally owned by its members (who will consist of the residents in Burlington who subscribe to BT) and by the City of Burlington through its retained interest in BT as described above.

Public Survey Criteria: Continued affordability of services

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to offering a wide range of services to its member/subscribers at affordable rates that provide a competitive opportunity.

Public Survey Criteria: Commitment to net neutrality

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to net neutrality.

Public Survey Criteria: Continued local presence, particularly for functions such as customer service

KBTL Response: KBTL will be locally owned by its members (who will consist of the residents in Burlington who subscribe to BT) and by the City of Burlington through its retained interest in BT as described above. KBTL will continue to operate out of 200 Church Street and is committed to responsive and effective customer service.

Public Survey Criteria: Commitment to continuing to support local affordable public access currently available

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to supporting local affordable public access, including those public access services that are currently available, as well as working with other groups to further enhance local public access opportunities.

Public Survey Criteria: Continued emphasis on customer service

KBTL Response: As a member/subscriber owned cooperative, KBTL will continue BT's emphasis on high quality customer services.

Public Survey Criteria: Commitment to continue to offer both residential and commercial services

KBTL Response: As a member/subscriber owned cooperative, KBTL will continue to offer both residential and commercial services.

Public Survey Criteria: Financial capacity of new owner to maintain BT's "state of the art" capabilities

KBTL Response: KBTL has examined the books and financial records of BT and is confident that its current economic condition will allow KBTL to sustain and enhance BT's state of the art capabilities and to keep pace with technology changes. KBTL also intends to actively market BT's services to increase its number of subscribers, which will further enhance KBTL's financial capacity to expand its services to currently unserved areas of Burlington. Finally, KBTL has developed a relationship with a third-party financing entity that can help to support KBTL's financing needs.

Public Survey Criteria: Commitment of new owner to issues important to Burlington

KBTL Response: KBTL's members/subscribers are Burlington residents who are committed to the issues important to the people of Burlington.

Public Survey Criteria: Management experience and skill of new owner and management team

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to establishing a skilled, experienced management team. To that end, as described above, it is KBTL's desire to retain the current management of BT, preferably on a permanent basis. If they are not available on a permanent basis,

KBTL would like the current management to remain in place on a temporary basis so KBTL may engage in an extensive search for the most qualified general manager to oversee the operations of BT.

Public Survey Criteria: Partnership with the City of Burlington

KBTL Response: KBTL's proposal to the City includes providing the City of Burlington with a meaningful carried equity interest in BT.

Public Survey Criteria: Some local ownership

KBTL Response: KBTL will be owned 100% locally.

Public Survey Criteria: Community input into programming decisions

KBTL Response: As a member/subscriber owned local cooperative, KBTL fully values community input into programming decisions.

Public Survey Criteria: Financial capacity of new owner to expand BT's footprint into neighboring communities

KBTL Response: KBTL is committed to expanding its service to other communities in stages, provided that before doing so, it can make a business case that shows that each stage of such expansion is economically viable and sustainable. As described above, KBTL is already developing strategies to finance such expansion to other communities. For example, KBTL has developed a relationship with a third-party financing entity that can help to support KBTL's financing needs.

Public Survey Criteria: BT's continued active participation in the US/BTV Ignite initiative

KBTL Response: As a member/subscriber owned cooperative, KBTL is committed to actively participating with US Ignite and BTV Ignite. Beyond that, KBTL is dedicated to ensuring that BT continues to provide sustainable economic benefits to the local community. Additionally, KBTL is interested in expanding BTV Ignite to surrounding communities with or without expansion of services into those communities.

Public Survey Criteria: Some involvement of elected public officials in BT

KBTL Response: KBTL intends to maintain and foster a strong partnership with the City of Burlington and its elected officials by providing the City with a

retained interest in BT. This partnership will be further enhanced because the members of KBTL are residents of Burlington who subscribe to BT.

Public Survey Criteria: Recovery of as much of the \$16.9M as possible

KBTL Response: KBTL agrees that the City should recover as much as possible of the taxpayer's \$16.9 million that they spent to sustain BT, and its proposal recognizes this:

- i. KBTL will make all of its Burlington subscribers members of the KBTL cooperative without any further costs or membership fees. As such, these subscriber/members will be the owners, through the KBTL cooperative, of BT. It is doing this in recognition that these subscribers as residents and taxpayers of Burlington, have already paid for their share of BT.
- ii. KBTL's proposal to the City includes providing the City of Burlington with a carried interest in BT.

H. KBTL's OFFER COMPARED TO OTHER OFFERS

KBTL believes that its offer to the City of Burlington for the acquisition of Burlington Telecom will be the only offer that:

- meets all of the BTAB's criteria,
- meets all of the public survey criteria,
- reflects the nearly \$17 million that Burlington taxpayers/residents paid towards BT,
- makes residents of Burlington who subscribe to BT services to be owners of BT through their membership in the KBTL cooperative,
- provides the City of Burlington to have a meaningful retained ownership interest in BT, and
- retains local ownership, control and operations of Burlington Telecom, all looking out for the best interests of Burlington residents and businesses.

I. CONCLUSION

KBTL is pleased to present this offer to the City of Burlington for the acquisition of Burlington Telecom. It is understood by members of the Burlington community that there is a long-term value to BT that City Council and its advisors must understand goes beyond simply the financial

returns from the acquisition. As such, KBTL's bid is formulated on the idea that the value of BT should not be based on what private enterprise can pay, but what the community will receive in return.

Burlington Telecom was built on the belief that an advanced fiber to home/business network will have long term returns for the community, which must be protected carefully by Burlington's city leaders, even if the city cannot retain full ownership. KBTL believes that community equity – that is, *the meaningful claim of residents of Burlington to maintain their right to have a return on their original investment in Burlington Telecom and representation in the governance of this public utility after it is sold* – must be the primary consideration in determining how this asset should be managed.

KBTL, as a subscriber/member owned cooperative, can genuinely reflect the wishes of Burlingtonians and subscribers of BT now and in the future.

Andy Montroll –Treasurer

Andy Montroll is a founding partner of the law firm, Montroll, Backus & Oettinger, PC where he focuses on business law, land use and zoning, employment law, regulatory and telecommunications law, and commercial litigation. Andy is currently the Chair of the Burlington Planning Commission and the immediate past Chair of the Chittenden County Regional Planning Commission. Andy previously served as President of the Burlington City Council and as President of the Channel 17 (Town Meeting Television) Board of Trustees. Andy graduated from Vermont Law School (summa cum laude) in 1989, and from the University of Rochester with a B.S. and M.S. in optical engineering.

Alan Matson – Chair

Alan Matson is a self-employed financial consultant who works with institutional clients analyzing financial data generated by their investment portfolios. Matson has worked as a stock trader for Nomura Securities in New York City and a portfolio manager for Dwight Asset Management in Burlington. Matson was also part of a start-up team that founded eSecLending, one of the world's leading security lending companies. Within the community he has served on the Boards of the Onion River Cooperative and the Burlington School District, having chaired both. Matson has a Bachelor's degree from Harvard (Math) and MBA from University of Chicago (Finance and Statistics).

David Lansky

David Lansky founded Precision Bioassay, Inc in 2002. He has worked on stability analysis, bioassay analysis and validation, drug combination models, viral population models, receptor-binding models, serial dilution error models, limiting dilution assays and transcription profile assays.

Before Precision Bioassay, David worked for 12 years as a statistician in the Biotech/ Pharmaceutical industry working on the analysis of bioassay data. He holds a BS in Biology from San Francisco State University, a MS in Entomology and a PhD in Biometry from Cornell University. He is an active member and technical leader on two volunteer committees at the United States Pharmacopeia, and teaches many well-attended short-courses on the development and validation of bioassays.

David Mount—Vice Chair

Dave Mount and his wife founded Mount Family Group which operates Westaff in Burlington and 10 other cities (4 in Vermont) and Remedy Staffing in Massachusetts. The company started with zero sales in 1982 and had over \$26,000,000 when he retired in 2010. David Mount has also served on a number of boards including the Burlington Meals on Wheels, Prevent Child Abuse Vermont, St. Anne's Shrine, and the Burlington Rotary Club. He is also an active counselor with SCORE – the Service Corps of Retired Executives. He has served as president of three of those boards and has been nominated to be Chair of the Chittenden County Chapter of SCORE. He

also served the State of Vermont in the Commission on the Future of Economic Development, a commission created by the 2007 session of the Vermont Legislature to examine economic development issues affecting the state.

He is an active member of the Burlington Rotary Club, including Past President and presently Director of International Activities. Dave has an AAS from St John's University, Queens NY; BS in Accounting Golden from Gate University, San Francisco; an MBA in Accounting and Management and post graduate courses in International Finance from California State University Long Beach.

Megan Epler Wood

Megan Epler Wood is a professor, former NGO leader, and social entrepreneur. She manages her own company from home, EplerWood International, which for 13 years has provided market-based approaches to sustainable tourism development and innovative systems for business, NGOs and governments in lesser developed nations to build competitive resource efficient economies that benefit all members of society.

Megan teaches two courses at Harvard Extension School on sustainable tourism and international sustainable development which are offered online and in the classroom simultaneously. In 2014, she became the Director of the International Sustainable Tourism Initiative at the Harvard Center for Health and the Global Environment where she will reach out to the global community, while working from home. She is also a Senior Fellow at the Cornell Center for Sustainable Global Enterprise, a position she also manages from her desk at home. Megan has a BA from Sarah Lawrence College and an MS from Iowa State University.

Alan Wagener

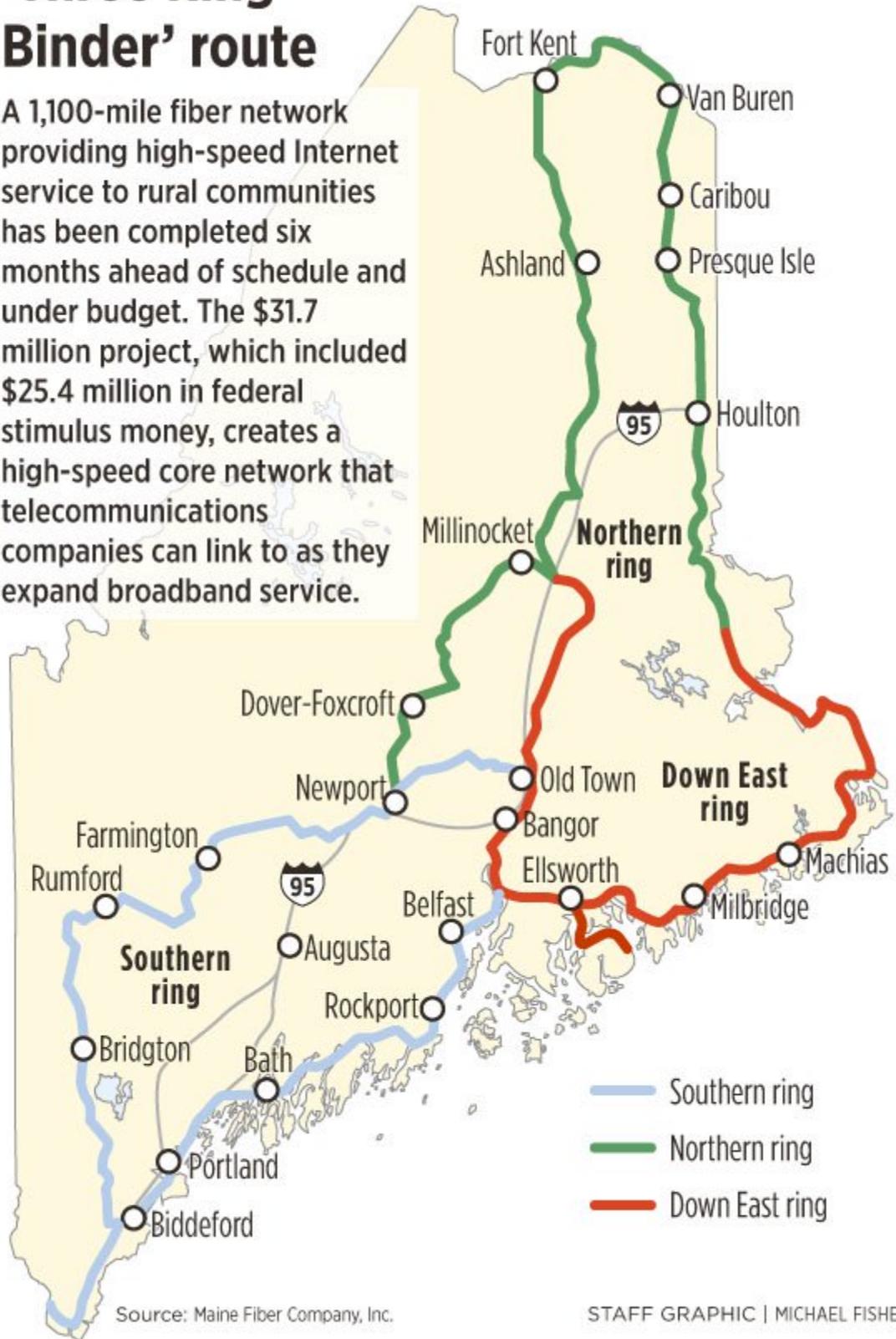
Alan Wagener is a self-employed IT consultant who provides IT services for individuals and small businesses. He has been active in the cooperative movement for decades, including with local cooperatives such as Onion River Cooperative (City Market). Alan holds a BSc from SUNY Regents College and an MsEd from Buffalo State College. During the 1970's, he taught outdoor survival at SUNY Buffalo's Rachel Carson College, worked as a high school Special Education teacher during the '80's, and in the '90's, became an Internet pioneer, creating one of the first aggregation websites devoted to "Green" issues (greensense.com). He currently owns a Burlington computer consulting business, specializing in end-user support and computer security for individuals and small businesses. He has been involved in cooperatives since 1971, when he helped to start the Lexington Food Co-op in Buffalo, NY. He has been a member of Burlington's Onion River Co-op since 1992.

Maine Fiber Company (“MFC”)

- **Background**
 - Founded by an investor group in 2009 to lead a public-private partnership that was proposing a middle-mile, “three-ring binder,” fiber optic network for the State of Maine.
 - Beginning in 2010 MFC built, and has since managed this dark fiber network, building an array of clients from national telecom companies to local service providers to businesses with high volume data needs to the University of Maine.
- **Partnership with Keep BT Local Cooperative**
 - MFC and its investors will provide \$10 million of debt financing for the acquisition.
 - Bring experience with fiber optic networks to the partnership, providing additional resources such as advice and introductions to industry professionals.
 - Have potential to provide additional financing if the opportunities show appropriate potential. (Expansion capital)
 - Allow for their debt to be repurchased after year three or should MFC be purchased by a third-party or otherwise have a change of control.
 - Partner who has provided Keep BT Local the ability to control the business.
- **Joint Documents**
 - Original LOI
 - Loan Terms
 - Commitment Letter

'Three Ring Binder' route

A 1,100-mile fiber network providing high-speed Internet service to rural communities has been completed six months ahead of schedule and under budget. The \$31.7 million project, which included \$25.4 million in federal stimulus money, creates a high-speed core network that telecommunications companies can link to as they expand broadband service.



Source: Maine Fiber Company, Inc.

STAFF GRAPHIC | MICHAEL FISHER

Letter of Intent

This Letter of Intent (“LOI”) is made this ___ day of June, 2017 by and between Maine Fiber Company, LLC and Keep BT Local Cooperative, Inc. (“KBTL”) (collectively, the “Parties”).

Whereas, the City of Burlington, Vermont (the “City”) is in the process of selling its telecom company, Burlington Telecom (“BT”), and, as part of that process, recently requested proposals for such purchase and sale from third parties; and

Whereas, on or about June 1, 2017, KBTL submitted a proposal to the City for the acquisition of BT for \$12,000,000 and other consideration; and

Whereas, in the event that the City awards the sale of BT to KBTL, Maine Fiber Company, LLC or its assignee (collectively referred to herein as “MFC”) have agreed to finance \$10,000,000 of the purchase price under the terms and conditions outlined in this LOI.

Now, therefore, for good and other valuable consideration, the receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. In the event that the City awards the sale of BT to KBTL, MFC shall provide \$10,000,000 (the “Loan Amount” or “Principal”) in financing to KBTL, to be paid by MFC to the City on behalf of KBTL at or before the closing of such sale.

2. The terms of the Financing shall be incorporated into a promissory note (“Promissory Note”) executed by KBTL with the following terms:

Term: 10 years from the date of closing.

Promissory Note Commencement Date: The date of the closing of the sale of BT to KBTL.

Interest Rate: 14% (Simple annual interest, accrues monthly)

Payments: See Schedule A, attached hereto.

Early Repayment: KBTL may pay to MFC in full or in part any unpaid Principal plus any unpaid interest that may have accrued up to the date of such repayment without penalty, provided, however, the total interest paid to MFC during the life of the loan shall be not less than \$4,200,000. If KBTL repays the loan in full and the total interest paid to MFC at such date is less than \$4,200,000, then KBTL shall pay MFC a prepayment fee equal to \$4,200,000 less the amount of interest previously paid to MFC.

Final Payment: On or before the 10th anniversary of the Promissory Note Commencement Date, KBTL shall pay to MFC any remaining unpaid Principal and plus any unpaid interest that may have accrued up to the date of such repayment.

3. KBTL agrees that it shall pledge to MFC as security against a default of its obligations under the Promissory Note either i) all of its assets that comprise KBTL or ii) such other collateral that can reasonably be used as security provided that it has a cash value of no less than \$10,000,000.

4. On or before the date that is two weeks after the signing of a Letter of Intent for the sale of BT to KBTL, MFC shall provide to KBTL a commitment letter (the "Commitment Letter") whereby MFC commits to provide KBTL with the financing for the Loan Amount as provided herein along with a statement of conditions that KBTL must meet for such funds to be released to KBTL/the City for the acquisition of BT.

5. The Parties hereto acknowledge and agree that this LOI may be disclosed to and reviewed by the City as part of its sales process of BT, provided the City agrees to keep the Terms of the LOI confidential unless, and until such time as, KBTL has purchased the business and assets of BT.

6. The Parties hereto acknowledge and agree that as part of its review process, the City either directly or indirectly may request that certain changes be made to the terms of this LOI, and in such event, the Parties shall respond in good faith to accommodate such City requests where practical.

7. Both parties acknowledge that this LOI is not a binding document and is subject to the negotiation and execution of the Commitment Letter.

In witness whereof, the parties hereto have signed this Letter of Intent as of the date first written above.

Maine Fiber Company, LLC

By: 
Name: Dwight L. Allison III
Title: CEO

Keep BT Local Cooperative, Inc.

By: _____
Alan Matson
Chair of the Keep BT Local Cooperative, Inc. Board of Directors

Schedule A

Minimum Monthly Payments

Year	Monthly	Annual
1	\$66,667	\$800,000
2	\$66,667	\$800,000
3 - 5	\$116,667	\$1,400,000
6 - 10	\$215,428	\$2,585,136

Month	Interest Paid	Interest Accrued	Principal Balance	Month	Interest Paid	Interest Accrued	Principal Balance
0			\$10,000,000				
1	\$66,667	\$50,000	\$10,050,000	31	\$116,667	\$12,985	\$11,374,895
2	\$66,667	\$50,000	\$10,100,000	32	\$116,667	\$12,985	\$11,387,880
3	\$66,667	\$50,000	\$10,150,000	33	\$116,667	\$12,985	\$11,400,865
4	\$66,667	\$50,000	\$10,200,000	34	\$116,667	\$12,985	\$11,413,850
5	\$66,667	\$50,000	\$10,250,000	35	\$116,667	\$12,985	\$11,426,835
6	\$66,667	\$50,000	\$10,300,000	36	\$116,667	\$12,985	\$11,439,820
7	\$66,667	\$50,000	\$10,350,000	37	\$116,667	\$12,985	\$11,452,805
8	\$66,667	\$50,000	\$10,400,000	38	\$116,667	\$12,985	\$11,465,790
9	\$66,667	\$50,000	\$10,450,000	39	\$116,667	\$12,985	\$11,478,775
10	\$66,667	\$50,000	\$10,500,000	40	\$116,667	\$12,985	\$11,491,760
11	\$66,667	\$50,000	\$10,550,000	41	\$116,667	\$12,985	\$11,504,745
12	\$66,667	\$50,000	\$10,600,000	42	\$116,667	\$12,985	\$11,517,730
13	\$66,667	\$57,000	\$10,657,000	43	\$116,667	\$12,985	\$11,530,715
14	\$66,667	\$57,000	\$10,714,000	44	\$116,667	\$12,985	\$11,543,700
15	\$66,667	\$57,000	\$10,771,000	45	\$116,667	\$12,985	\$11,556,685
16	\$66,667	\$57,000	\$10,828,000	46	\$116,667	\$12,985	\$11,569,670
17	\$66,667	\$57,000	\$10,885,000	47	\$116,667	\$12,985	\$11,582,655
18	\$66,667	\$57,000	\$10,942,000	48	\$116,667	\$12,985	\$11,595,640
19	\$66,667	\$57,000	\$10,999,000	49	\$116,667	\$12,985	\$11,608,625
20	\$66,667	\$57,000	\$11,056,000	50	\$116,667	\$12,985	\$11,621,610
21	\$66,667	\$57,000	\$11,113,000	51	\$116,667	\$12,985	\$11,634,595
22	\$66,667	\$57,000	\$11,170,000	52	\$116,667	\$12,985	\$11,647,580
23	\$66,667	\$57,000	\$11,227,000	53	\$116,667	\$12,985	\$11,660,565
24	\$66,667	\$57,000	\$11,284,000	54	\$116,667	\$12,985	\$11,673,550
25	\$116,667	\$12,985	\$11,296,985	55	\$116,667	\$12,985	\$11,686,535
26	\$116,667	\$12,985	\$11,309,970	56	\$116,667	\$12,985	\$11,699,520
27	\$116,667	\$12,985	\$11,322,955	57	\$116,667	\$12,985	\$11,712,505
28	\$116,667	\$12,985	\$11,335,940	58	\$116,667	\$12,985	\$11,725,490
29	\$116,667	\$12,985	\$11,348,925	59	\$116,667	\$12,985	\$11,738,475
30	\$116,667	\$12,985	\$11,361,910	60	\$116,667	\$12,985	\$11,751,460

		\$6,751,460		\$5,000,000							
		Balance		Balance							
		Interest	Principal	Interest	Total	Principal			Interest	Total	Principal
Month	Paid	Paid	Paid	Paid	Balance	Month	Paid	Paid	Paid	Paid	Balance
61	\$78,767	\$78,328	\$58,333	\$215,428	\$11,673,132	91	\$46,167	\$110,927	\$58,333	\$215,428	\$8,846,280
62	\$77,853	\$79,241	\$58,333	\$215,428	\$11,593,891	92	\$44,873	\$112,221	\$58,333	\$215,428	\$8,734,059
63	\$76,929	\$80,166	\$58,333	\$215,428	\$11,513,725	93	\$43,564	\$113,531	\$58,333	\$215,428	\$8,620,528
64	\$75,993	\$81,101	\$58,333	\$215,428	\$11,432,624	94	\$42,239	\$114,855	\$58,333	\$215,428	\$8,505,673
65	\$75,047	\$82,047	\$58,333	\$215,428	\$11,350,576	95	\$40,900	\$116,195	\$58,333	\$215,428	\$8,389,478
66	\$74,090	\$83,005	\$58,333	\$215,428	\$11,267,572	96	\$39,544	\$117,551	\$58,333	\$215,428	\$8,271,927
67	\$73,122	\$83,973	\$58,333	\$215,428	\$11,183,599	97	\$38,172	\$118,922	\$58,333	\$215,428	\$8,153,005
68	\$72,142	\$84,953	\$58,333	\$215,428	\$11,098,646	98	\$36,785	\$120,310	\$58,333	\$215,428	\$8,032,696
69	\$71,151	\$85,944	\$58,333	\$215,428	\$11,012,702	99	\$35,381	\$121,713	\$58,333	\$215,428	\$7,910,982
70	\$70,148	\$86,946	\$58,333	\$215,428	\$10,925,756	100	\$33,961	\$123,133	\$58,333	\$215,428	\$7,787,849
71	\$69,134	\$87,961	\$58,333	\$215,428	\$10,837,795	101	\$32,525	\$124,570	\$58,333	\$215,428	\$7,663,279
72	\$68,108	\$88,987	\$58,333	\$215,428	\$10,748,808	102	\$31,072	\$126,023	\$58,333	\$215,428	\$7,537,256
73	\$67,069	\$90,025	\$58,333	\$215,428	\$10,658,783	103	\$29,601	\$127,493	\$58,333	\$215,428	\$7,409,763
74	\$66,019	\$91,076	\$58,333	\$215,428	\$10,567,707	104	\$28,114	\$128,981	\$58,333	\$215,428	\$7,280,782
75	\$64,957	\$92,138	\$58,333	\$215,428	\$10,475,569	105	\$26,609	\$130,486	\$58,333	\$215,428	\$7,150,297
76	\$63,882	\$93,213	\$58,333	\$215,428	\$10,382,356	106	\$25,087	\$132,008	\$58,333	\$215,428	\$7,018,289
77	\$62,794	\$94,301	\$58,333	\$215,428	\$10,288,056	107	\$23,547	\$133,548	\$58,333	\$215,428	\$6,884,741
78	\$61,694	\$95,401	\$58,333	\$215,428	\$10,192,655	108	\$21,989	\$135,106	\$58,333	\$215,428	\$6,749,635
79	\$60,581	\$96,514	\$58,333	\$215,428	\$10,096,141	109	\$20,412	\$136,682	\$58,333	\$215,428	\$6,612,953
80	\$59,455	\$97,640	\$58,333	\$215,428	\$9,998,501	110	\$18,818	\$138,277	\$58,333	\$215,428	\$6,474,676
81	\$58,316	\$98,779	\$58,333	\$215,428	\$9,899,723	111	\$17,205	\$139,890	\$58,333	\$215,428	\$6,334,786
82	\$57,163	\$99,931	\$58,333	\$215,428	\$9,799,791	112	\$15,572	\$141,522	\$58,333	\$215,428	\$6,193,263
83	\$55,998	\$101,097	\$58,333	\$215,428	\$9,698,694	113	\$13,921	\$143,173	\$58,333	\$215,428	\$6,050,090
84	\$54,818	\$102,277	\$58,333	\$215,428	\$9,596,418	114	\$12,251	\$144,844	\$58,333	\$215,428	\$5,905,246
85	\$53,625	\$103,470	\$58,333	\$215,428	\$9,492,948	115	\$10,561	\$146,533	\$58,333	\$215,428	\$5,758,713
86	\$52,418	\$104,677	\$58,333	\$215,428	\$9,388,271	116	\$8,852	\$148,243	\$58,333	\$215,428	\$5,610,470
87	\$51,196	\$105,898	\$58,333	\$215,428	\$9,282,373	117	\$7,122	\$149,973	\$58,333	\$215,428	\$5,460,498
88	\$49,961	\$107,134	\$58,333	\$215,428	\$9,175,239	118	\$5,372	\$151,722	\$58,333	\$215,428	\$5,308,775
89	\$48,711	\$108,384	\$58,333	\$215,428	\$9,066,856	119	\$3,602	\$153,492	\$58,333	\$215,428	\$5,155,283
90	\$47,447	\$109,648	\$58,333	\$215,428	\$8,957,208	120	\$1,812	\$155,283	\$58,333	\$215,428	\$5,000,000

3. KBTL agrees that it shall pledge to MFC as security against a default of its obligations under the Promissory Note either i) all of its assets that comprise KBTL or ii) such other collateral that can reasonably be used as security provided that it has a cash value of no less than \$10,000,000.

4. On or before the date that is two weeks after the signing of a Letter of Intent for the sale of BT to KBTL, MFC shall provide to KBTL a commitment letter (the "Commitment Letter") whereby MFC commits to provide KBTL with the financing for the Loan Amount as provided herein along with a statement of conditions that KBTL must meet for such funds to be released to KBTL/the City for the acquisition of BT.

5. The Parties hereto acknowledge and agree that this LOI may be disclosed to and reviewed by the City as part of its sales process of BT, provided the City agrees to keep the Terms of the LOI confidential unless, and until such time as, KBTL has purchased the business and assets of BT.

6. The Parties hereto acknowledge and agree that as part of its review process, the City either directly or indirectly may request that certain changes be made to the terms of this LOI, and in such event, the Parties shall respond in good faith to accommodate such City requests where practical.

7. Both parties acknowledge that this LOI is not a binding document and is subject to the negotiation and execution of the Commitment Letter.

In witness whereof, the parties hereto have signed this Letter of Intent as of the date first written above.

Maine Fiber Company, LLC

By: 
Name: Dwight L. Allison III
Title: CEO

Keep BT Local Cooperative, Inc.

By: 
Alan Matson
Chair of the Keep BT Local Cooperative, Inc. Board of Directors



September 7, 2017

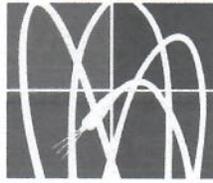
Alan Matson, Chair
Keep BT Local Cooperative
5 Lawson Lane
Burlington, VT 05401

Dear Alan,

We are pleased to advise you that Maine Fiber Company, LLC or its assignee ("Lender") hereby makes a commitment (the "Commitment") to provide Keep BT Local, Inc. ("KBTL") with a loan in the amount of ten million dollars (\$10,000,000) (the "Loan") to be used for the acquisition of Burlington Telecom ("BT") from the City of Burlington, Vermont (the "City") after the following terms and conditions have been met:

1. The execution of a formal loan agreement, acceptable to Lender, (the "Loan Agreement") between Lender and KBTL based upon the financial terms as specified in the executed Letter of Intent between the parties dated June 28, 2017.
2. The execution of a purchase and sale agreement ("P&S Agreement") between KBTL and the City for the acquisition of BT that includes, among other things, a complete list of the assets and liabilities being conveyed, sold and transferred by the City to KBTL, provided that the P&S Agreement shall be subject to Lender's approval, which approval shall not be unreasonably withheld or unduly delayed.
3. KBTL has received all regulatory approvals from the Vermont Public Utility Commission as may be necessary for the acquisition and operation of BT.
4. KBTL has completed an environmental questionnaire as may be required by Lender regarding the environmental condition of any property that is to be conveyed to KBTL under the P&S Agreement, provided that if the responses to the environmental questionnaire raises environmental concerns in Lender's sole judgment, Lender may require as an additional condition that KBTL provide to Lender an environmental audit prepared by an independent engineer that is satisfactory to Lender in Lender's reasonable discretion.
5. KBTL has obtained such insurance as Lender may reasonably require.
6. KBTL agrees to pay at the closing all legal fees and expenses incurred by Lender relating to the Loan including, without limitation, fees relating to preparation of loan documents, loan closing fees and fees for post-closing services.
7. Prior to the execution of the Loan Agreement, KBTL has an additional one million dollars (\$1,000,000) beyond the Loan that can be used as a contribution to the purchase price, for transaction costs related to the acquisition of BT, and/or for capital costs for improvements to BT.





MFC
Maine Fiber
Company

Please be advised that Lender may terminate this Commitment at Lender's option by written notice to KBTL upon the occurrence of any of the following events:

1. KBTL's assignment for the benefit of its creditors, admission in writing of its inability to pay its debts as they become due, the filing of a petition of bankruptcy or being adjudicated as bankrupt or insolvent, the filing of a petition seeking any reorganization, arrangement, composition, readjustment, liquidation, present or future statute, law or regulation.
2. If any statement or representation made by KBTL in this Commitment or in support of the Loan shall prove untrue or KBTL shall be unable to fulfill any conditions to closing set forth herein.
3. If KBTL and the City fail to enter into the P&S Agreement on or before March 31, 2018.

This Commitment is for the benefit of KBTL only and may not be relied upon by any third party. This Commitment may not be modified or amended in any manner except by a written instrument executed by Lender and KBTL. Lender shall not be deemed to be a partner or joint venturer with KBTL or any other parties. KBTL will indemnify and hold Lender harmless from and against any and all liabilities, damages, claims, demands, costs, expenses and attorneys' fees resulting from such a construction of the relationship of the parties. KBTL may not assign this Commitment without permission of Lender.

Please indicate KBTL's acceptance of the terms and conditions of this Commitment by signing below.

Very truly yours,

Dwight L. Allison III
CEO
Maine Fiber Company, LLC

The terms and conditions of this Commitment are accepted by Keep BT Local, Inc.

By:

Alan Matson
Chair, of the Keep BT Local, Inc. Board of Directors



Brian Lippold

32 Hazel Lane, North Yarmouth, ME 04097 | (207) 233-2976 | brian.lippold@yahoo.com

GENERAL MANAGER | COO | SALES LEADER

Passionate and intensely focused Sales & Operations executive and leader who leverages a rare combination of product, technical, engineering, fiscal management, and sales expertise.

Business turn-around expert with the courage and judgment to make the difficult decisions that ultimately propel a company forward. Collaborate closely with finance organizations to ensure business solutions meet financial objectives. Manage up to 450 reports, \$160M budget and \$600M P&L.

- **Driving P&L:** Aggressively turned around troubled operations delivering up to 60% revenue growth, doubling sales pipelines, and tripling business unit's percentage of total enterprise revenue.
 - **Building, Rehabilitating & Leading Teams:** Build and foster collaborative team environments elevating average and under-performing teams to new levels of success | Drive teams and organizations to increase profitability, grow revenue, manage costs, and achieve enterprise vision.
 - **Adding value through multifaceted expertise:** P&L management, sales leadership, network planning, engineering, operations, project management, M&A, integration/divestiture, Chapter 11 reorganization, customer service, business development, strategic planning, regulatory affairs.
-

EXECUTIVE LEADERSHIP EXPERIENCE

Principal – Casco Bay Advisors, LLC, Portland, Maine (2012-Current)

Snapshot: Telecom advising | Turnaround management | Process Improvement

Provide strategic planning, investment due diligence and process improvement for CLEC's and small businesses.

- Commissioned to analyze competitive telecom environment and opportunities in New England.
- Provide technical and operational advice to a municipal broadband investment group.
- Develop strategies to turnaround the financial and operations performance of various small businesses.
- Provide ongoing technical and operational advice to a \$100M state government owned middle-mile fiber network partnership and strategic planning for a \$100M+ expansion of that network to include Fiber-to-the-home for 45 un/under-served rural communities.

Integra Telecom Holdings, Portland, OR (2010–2011)

Executive Vice President | Chief Operating Officer (Electric Lightwave)

Snapshot: Spearheaded wholesale & national accounts divisions | P&L: \$150M | Reports: 45

Led efforts to expand service offerings and relationships across vertical segments, develop product suite and implement Salesforce.com, build and staff Federal and National sales channels, shift focus towards higher-value customers, and establish business development to address internal/external strategic opportunities.

- Re-engineered Sales organization into industry verticals and forged a culture of high striving and excellence | 150% revenue growth projected based on customized offerings and specialization.
- Delivered competitive advantage by building a leading-edge Ethernet product line and re-launching Integra into the Wholesale and B2B markets.
- Turned around Sales & Business Development organizations | Increased number of targeted companies 500%, grew sales pipeline 200%, increased sales force efficiency up to 25%, and reduced cancelled sales from 50% to less than 5%.
- Improved CAPEX decision-making process by enabling high-ROI transparency in financial reporting | Enabled better understanding of financial performance, stockholder value, and valuation of each division.

Brian Lippold

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FairPoint Communications, Inc., Portland, ME (2007–2010)

Senior Vice President, Network Planning & Engineering, 2009–2010

Snapshot: Led Network Planning & Engineering organization Budget: \$160M | Reports: 450

Promoted to help define long-term operations and technology strategies and improve enterprise business performance. Directed efforts to reduce intervals, increase flow-thru and improve data integrity and collaboration with down-stream and up-stream organizations. Expanded service availability by engineering and constructing next-generation network and introducing new voice and data products; and implemented project management and resource management discipline and tools to enhance organizational efficiency. Negotiated with creditors and regulators during Chapter 11 reorganization.

- Built and deployed the most robust and ubiquitous network infrastructure in VT, NH, and ME by delivering the products and services needed for success in this competitive market.
- Transformed FairPoint into a nimble, competitive enterprise with a highly collaborative, process improvement-driven employee culture.
- Reduced systems implementation intervals 10% and increased automatic flow-thru provisioning 20% resulting in greater customer satisfaction.

Vice President, Business & Wholesale Sales 2007–2009

Snapshot: Built Business & Wholesale Sales operation from ground up | P&L: \$600M | Reports: 250

Recruited to build and direct Sales, Support, & Order Management organization within B2B, Wholesale, Government, and Education sectors. Developed organizational structure, wrote hiring and training plans, provided due diligence during Verizon local exchange network acquisition, helped lead business and technology integration efforts, and defined new sales channel coverage strategy for each market sector.

- Fully integrated Verizon acquisition and had new Sales organization operational on transaction close date | Developed organizational structure, hiring, and training plans to source 90% of Sales, Support, and management staff.
- Positioned Sales team to exceed \$72M revenue target prior to Chapter 11 reorganization.

Level 3 Communications (Acquired TelCove, Inc. in 2006), Broomfield, CO (1993–2007)

Senior Vice President of Sales, State Government, Research & Higher Education, 2007

Snapshot: Built National sales organization supporting new vertical | P&L: \$80M+ | Reports: 105

Promoted to build nationwide Sales organization for the state government, higher education and research vertical. Established national sales organization, defined operational and business development strategies, implemented best practices and laser-focused marketing plan, created post-sale support team to convert sales into revenue, and drove teams to deliver on double-digit growth goals.

- Leveraged acquisitions, new strategies, and existing relationships to penetrate state government, higher education, and research markets.

Regional Vice President of Sales, Business Markets Group, West Region, 2006

Snapshot: Integrated 4 companies & developed national presence | Reports: 124

Retained post-acquisition to fold personnel and customers into newly created sales channel, integrate disparate products, back offices, and IT systems, and expand sales team throughout the Western US.

- Established new Western Region sales organization spanning the Rocky Mountains and West Coast.
- Completed 4-company integration on time and on budget creating a national presence for Level 3.

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Vice President – Wholesale Sales & Federal Government Sales (TelCove, Inc.), 2003–2006

Snapshot: Wholesale channel growth & pre-acquisition due diligence | P&L: \$75M | Reports: 50

Promoted to rebuild and turn around an underperforming Wholesale sales channel. Developed and executed reorganization strategy upgrading talent, diversifying customer base, forging new channel relationships, establishing vertical market specialties, improving sales processes, and introducing sound funnel and account management practices. Involved in post-acquisition integration.

- Increased average new monthly recurring revenue sales 430% over three years—from \$72,000 to \$310,000 | Grew Wholesale from 15% to 45% as a percentage of total company revenue.
- Strengthened Wholesale revenue base by creating a 50/50 mix between tier-1 and lower-tiered customers | 95% of revenue previously came from only 3 primary customers.
- Created Federal Solutions Group / GSA Schedule capturing \$12M in new opportunity the first year.

General Manager (TelCove, Inc.), 1993–2003

Snapshot: Built full-service telecom network from startup | P&L: \$20.5M | Budget: \$3M | Reports: 50

Partnered to design and construct a metropolitan fiber optic network providing private line access services to AT&T and MCI. Directed all daily operations targeting businesses, governments, and institutional customers and competing with Regional Bell Operating Company across a full product spectrum.

- Grew revenue from startup (\$0) to \$20.5M generating 85% gross margins and 60% EBITDA.
- Steered financial performance to consistent top-3 level across 70 markets | Results routinely referenced by corporate finance (parent company) to demonstrate proof-of-concept when raising capital and seeking approval to exit bankruptcy.
- Built sales team that routinely achieved the highest President's Club level attainable at TelCove.

Previous Executive Experience

Vice President – Network Engineering & Operations | Director – Network Planning & Engineering

Long Distance North / Rochester Tel, Burlington, VT

EDUCATION

Engineering, Penn State University, Sharon, PA
Computer Science, University of Houston, Houston, TX
Business, Trinity College, Burlington, VT
Mini-MBA, Wichita State University, Wichita, KS

Executive Board Experience

Executive Board, Pine Tree Council, Boy Scouts of America, Portland, ME (2008–2010)
Board of Directors, Maine & Company (2009–2010)
Board of Directors, Music Theater of Wichita (2002–2003)

Recognition

Wichita Business Journal "40 Under 40" Award winner.

Supplement to Resume – Brian Lippold

August, 2015 – Current

VP Business Development – James W. Sewall Company – Old Town, ME

Lead business development team focused on municipal and state government, natural resources and gas transmission pipeline markets. Serve as principal consultant for all telecom/broadband clients. Services include:

- Telecom / Broadband
 - Broadband expansion feasibility studies
 - Strategic and tactical market planning
 - Network planning & engineering
 - Owners Project Management (OPM)
 - Utility pole make-ready process management
 - Cable TV franchise agreement negotiations
- Remote Sensing
 - Aerial photo acquisition (fixed wing, helicopter, drone, satellite)
 - Aerial LiDAR acquisition and post-processing
 - Photogrammetry
- Civil Engineering & Survey
- GIS Services
- Gas pipeline transmission regulatory compliance services
- LED Municipal Street Lighting
 - Financing, operations and maintenance of LED replacement street light fixtures

Telecom / Broadband engagements (*current & recent past*)

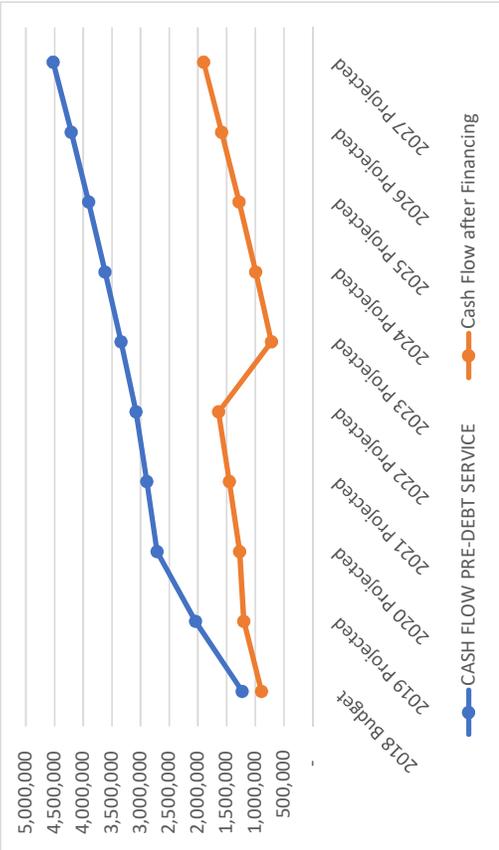
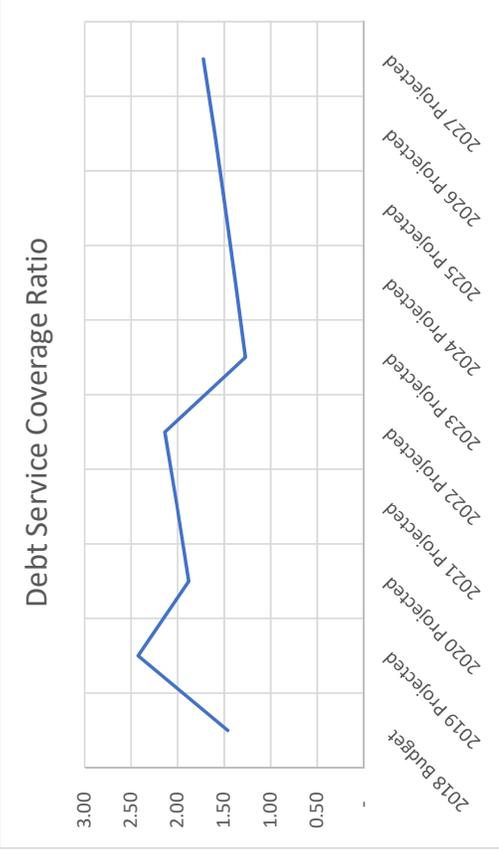
- Massachusetts Broadband Institute (MBI)
 - Operational review & recommendations addressing Network Operator performance
 - Market analysis
 - Business case development and analysis for FTTH deployment plan targeting 45 un-served municipalities in western Massachusetts
 - Expert witness in legal proceedings regarding Network Operator breach of contract
- ConnectME Authority (similar to Vermont Telecommunications Authority)
 - Geospatial mapping of broadband availability across Maine
- Town of Fort Fairfield, Maine
 - Broadband Expansion Feasibility Study
- Town of Islesboro, Maine
 - Owners Project Manager for 50 mile, 750 subscriber Fiber-To-The-Home network
 - Facilitation of negotiations to acquire local telephone company assets on the island of Islesboro
- Franklin County Broadband Initiative
 - County-wide broadband expansion plan covering 22 municipalities currently served by two different local telephone companies (FairPoint & TDS) and two different cable TV providers (Charter & BeeLine Cable). As study is completed, facilitate public, private, partnership negotiations with local telephone and cable companies to expand broadband to under-served and un-served areas of the county.
- Town of Mount Desert, Maine
 - Facilitated negotiations, grant writing and project management for construction of 25 mile, 350 subscriber hybrid-fiber/coaxial expansion of Charter Cable network under a public, private, partnership between the Town, Charter and the ConnectME Authority.
- Cable TV Franchise Negotiations
 - Currently representing 23 Maine municipalities in negotiations to renew franchise agreements
 - Leveraging these negotiations to cause cable TV companies to expand their networks, thereby expanding the availability of broadband to un-served areas of these communities

	FY 2015	FY 2016	FY 2017 Budget/Actual	2018 Budget	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected	2024 Projected	2025 Projected	2026 Projected	2027 Projected
REVENUE													
RESIDENTIAL REVENUE	4,748,684	5,361,987	5,909,908	6,628,464	6,959,887	7,307,882	7,673,276	8,056,939	8,379,217	8,714,386	9,062,961	9,425,480	9,802,499
BUSINESS REVENUE	1,839,565	1,961,163	2,102,262	2,115,742	2,221,529	2,332,606	2,449,236	2,571,698	2,674,566	2,781,548	2,892,810	3,008,522	3,128,863
MUNICIPAL REVENUE	1,035,100	1,011,183	997,539	1,058,196	1,089,942	1,122,640	1,156,319	1,191,009	1,226,739	1,263,541	1,301,448	1,340,491	1,380,706
ALL OTHER REVENUE	101,369	87,438	78,201	66,000	67,980	70,019	72,120	74,284	76,512	78,807	81,172	83,607	86,115
REVENUE TASK			200,000										
TOTAL REVENUE	7,724,718	8,421,770	9,087,911	10,068,402	10,339,338	10,833,147	11,350,951	11,893,930	12,357,034	12,838,283	13,338,390	13,858,100	14,398,183
COGS													
INTERNET PROVISIONING	224,857	167,096	174,250	212,382	241,704	241,704	241,704	241,704	248,955	256,424	264,116	272,040	280,201
VOICE PROVISIONING	330,152	339,437	267,721	273,600	284,544	295,926	307,763	320,073	329,676	339,566	349,753	360,245	371,053
VIDEO PROVISIONING	1,391,206	1,446,014	1,513,130	1,720,012	1,823,213	1,932,606	2,048,562	2,171,476	2,171,476	2,171,476	2,171,476	2,171,476	2,171,476
MISC EXPENSE	8,907												
TOTAL COGS	1,955,122	1,952,547	1,955,101	2,205,994	2,349,461	2,470,236	2,598,029	2,733,253	2,750,107	2,767,465	2,785,345	2,803,761	2,822,730
GROSS MARGIN	5,769,596	6,469,223	7,132,810	7,862,408	7,989,877	8,362,911	8,752,922	9,160,676	9,606,927	10,070,817	10,553,045	11,054,339	11,575,453
OPERATING													
OUTSIDE PLANT	767,704	416,247	413,105	465,648	488,931	513,377	539,046	565,998	582,978	600,468	618,482	637,036	656,147
NETWORK OPS	504,855	558,059	547,064	579,396	608,366	638,784	670,723	704,259	725,387	747,149	769,563	792,650	816,430
SALES	130,958	128,815	139,575	146,945	154,293	162,007	170,108	178,613	183,971	189,490	195,175	201,030	207,061
CUSTOMER SVC	584,740	537,972	485,201	556,538	584,365	613,583	644,263	676,476	696,770	717,673	739,203	761,379	784,221
ADMIN	584,090	532,497	528,104	524,573	550,802	578,342	607,259	637,622	656,751	676,453	696,747	717,649	739,179
BUSINESS	752,672	719,064	637,433	605,550	635,828	667,619	701,000	736,050	758,131	780,875	804,302	828,431	853,284
LEGAL & REGULATORY	224,547	203,149	152,291	149,000	156,450	164,273	172,486	181,110	186,544	192,140	197,904	203,841	209,957
SERVICE SUPPORT/HELP DESK	260,662	296,157	354,163	359,788	377,777	396,666	416,499	437,324	450,444	463,957	477,876	492,212	506,979
MARKETING	176,826	184,892	219,634	234,361	246,079	271,303	284,868	293,414	293,414	302,216	311,283	320,621	330,240
OTHER		27,800	77,088	40,697	42,732	44,868	47,112	49,468	50,952	52,480	54,054	55,676	57,346
SUPPORT FOR REVENUE TASK			154,043		161,745	169,832	178,324	187,240	192,857	198,643	204,602	210,740	217,062
TOTAL OPERATING	3,987,054	3,604,650	3,553,658	3,816,540	4,007,367	4,207,735	4,418,122	4,639,028	4,778,199	4,921,545	5,069,191	5,221,267	5,377,905
EBITDA	1,782,542	2,864,573	3,579,152	4,045,868	3,982,510	4,155,176	4,334,800	4,521,648	4,828,729	5,149,273	5,483,854	5,833,072	6,197,548
Memorial Auditorium				500,000	500,000								
Other One Time Charges*				875,000									
MAINTENANCE CAP (post 2017)	966,702	1,508,125	2,050,000	936,584	936,584	936,584	936,584	936,584	964,682	993,622	1,023,431	1,054,134	1,085,758
CAPITAL INSTALL LABOR			401,918	507,117	507,117	507,117	507,117	507,117	522,331	538,000	554,140	570,765	587,888
CASH FLOW PRE-DEBT SERVICE	815,840	998,474	1,127,233	1,227,167	2,038,809	2,711,475	2,891,099	3,077,947	3,341,717	3,617,650	3,906,283	4,208,174	4,523,903
Loan Service	279,266	558,532	558,532	800,000	800,000	1,400,000	1,400,000	1,400,000	2,585,136	2,585,136	2,585,136	2,585,136	2,585,136
Preferred Equity Dividend				40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000	40,000
Cash Added During Deal				500,000									
Cash Flow after Financing				887,167	1,198,809	1,271,475	1,451,099	1,637,947	716,581	992,514	1,281,147	1,583,038	1,898,767
Debt Service Coverage Ratio				1.46	2.43	1.88	2.01	2.14	1.27	1.38	1.49	1.60	1.72

Grey Section comes directly from BT's FY17-FY23 BT Plan Summary
 *See Capital Spending Breakout Page to understand the One-Time Charges

	2019-2022	2023+	
Revenue Growth			
Residential		5%	BT's 5-year plan ranges from 6-10%
Business		4%	BT's 5-year plan ranges from 8-11%
Municipal		3%	BT's 5-year plan ranges from 0-4%
Other		3%	BT's 5-year plan is over 20% per year
COGS Growth			
Internet		0%	BT's 5-year Plan are the same
Voice		4%	BT's 5-year Plan are the same
Video		6%	BT's 5-year Plan are similar
Other		3%	
SG&A Growth			
Total		5%	BT's 5-year Plan are lower--in the 2% range
Capital Spending			
Maintenance		0%	
Base Maintenance Amount			1,000,000 BT's 5-year Plan are similar
Preferred Equity	Amount	Rate	Cost
	1,000,000	4%	\$ 40,000

	FY 2016	FY 2017	Budget 2018
GPON Capex Totals	531,321	399,988	292,973
Add. Service Materials	191,805	261,916	284,759
Other Replacement Equipment	273,602	-	103,839
Misc Capex Totals	287,216	316,400	200,600
Swaps Cost/Upgrades		136,031	54,413
New Builds/Extension	224,180	835,665	1,063,416
Maintenance Capex	1,283,945	1,114,335	936,584
Unaccounted		100,000	(1,063,416)
Expansion Capex	224,180	835,665	1,063,416
Install Labor	357,973	401,918	507,117
Memorial Auditorium Move			\$ (1,000,000) From BT's Information
Employee Benefit Change Cost			\$ (50,000) *One Time Charge
PSB Approval Costs			\$ (250,000) *One Time Charge
KBTL Liabilities			\$ (75,000) *One Time Charge
Change in Working Capital			\$ (500,000) *One Time Charge



Loan Amount	\$	10,000,000
Target IRR		14%
Initial Return		8%
Years at Initial Return		2
Total Years Interest Only		5
Balloon Payment	\$	5,000,000

Year	Total Payments (No Call)
1	\$ 800,000.0
2	\$ 800,000.0
3	\$ 1,400,000.0
4	\$ 1,400,000.0
5	\$ 1,400,000.0
6	\$ 2,585,136.0
7	\$ 2,585,136.0
8	\$ 2,585,136.0
9	\$ 2,585,136.0
10	\$ 2,585,136.0