CONFIDENTIAL

MEDIATED SETTLEMENT AGREEMENT

This Mediated Settlement Agreement (this "Agreement") is made and entered into as of the 29th day of January, 2014 by and between Citibank, N.A., on behalf of itself and CitiCapital Municipal Finance ("Citibank"), The City of Burlington, Vermont ("Burlington") and McNeil, Leddy & Sheahan, P.C. (the "MLS Firm") (each a "Party" and collectively, the "Parties").

WHEREAS, Burlington entered into a Master State and Municipal Lease/Purchase Agreement dated August 9, 2007 (the "Lease") with Municipal Leasing Consultants, for certain equipment used in the Burlington Telecom system;

WHEREAS, the Lease was subsequently assigned by Municipal Leasing Consultants to CitiCapital Municipal Finance, and, as asserted by Citibank, assigned by CitiCapital Municipal Finance to Citibank;

WHEREAS, on September 2, 2011, Citibank filed a Complaint in the United States District Court for the District of Vermont against Burlington and the MLS Firm, Docket No. 2:11-cv-214 (the "Proceeding") with respect to the Lease;

WHEREAS, Burlington filed an Answer and Counterclaims against Citibank, and filed subsequent amended pleadings;

WHEREAS, the MLS Firm filed an Answer; and

WHEREAS, without admitting any liability, and without prejudice to their claims and positions in the Proceeding, the parties have mediated a settlement of the Proceeding and now enter into this Agreement to set out the terms of implementation of a complete settlement of the Proceeding.

NOW, THEREFORE, in consideration of the foregoing, and with a view towards resolution of the matter, the Parties are entering into this Agreement.

1. The Parties and their counsel believe that a settlement of the Proceeding on the terms reflected in this Agreement (the "Settlement") is fair, reasonable, adequate, and in the best interests of the Parties.

2. Nonetheless, in entering into this Settlement, the Parties acknowledge that no one of them is admitting to liability as to the claims and counterclaims in the Proceeding, and the Parties are entering into this Agreement solely because the Settlement will eliminate the burden and uncertainty of litigation. Citibank's entry into this Agreement is not an admission as to the lack of merit of any of the claims asserted. Burlington's entry into this Agreement is not an admission as to the lack of merit of any of the counterclaims asserted.

3. Stay of the Proceeding. The Parties, through their counsel, will stipulate to a stay of the Proceeding (the "Stay") in order to implement the Steps to Implement the Settlement as set out in Section 4, with all filing dates and responsive pleadings extended, and will

jointly stipulate to the modification of the Interim Stipulation as set forth in Section 5.2. The Parties shall request that the Court hold a status conference in July, 2014 unless a Closing (as defined below) occurs prior to such date or a Milestone is missed as set out in Section 5. During the Stay, Burlington shall undertake to obtain the approval of the City Council of the City of Burlington (the "City Council") and for a settlement of the Proceeding and the approval of the Vermont Public Service Board (the "PSB") and completion of the Financing, all as set out below.

4. Steps to Implement the Settlement. The parties agree to settle the Proceeding by the payment to Citibank in the amount of $10,500,000 (the "Settlement Payment"), together with any monies Citibank is entitled to receive as additional compensation under Sections 5.2 and 8, in full satisfaction of all claims in the Proceeding and with respect to the Lease and the Lease transaction as follows:

4.1. Closing: Upon Closing of the Financing (as defined below), Burlington shall make a payment of $9,031,085, consisting of (i) an expected $6,000,000 in funds from the Financing described below, (ii) the amount, or increase in the amount of the Financing as set forth in Section 4.6, (iii) the amounts credited under Section 4.3, (iv) the amounts held in escrow with the Court and paid to Citibank as described in Section 4.5, (v) insurance proceeds of $500,000, and (vi) Monthly Payments totaling $250,000 as set forth in Section 5.2, with all such payments in compromise and settlement of all claims or potential claims of any kind in the Proceeding or arising from the Lease or out of the Lease transaction. In order to implement the Settlement, and in order for Burlington to obtain the funds for its portion of the Settlement Payment, Burlington will finalize the terms of the proposed lease financing from its special purpose municipal lender, for a minimum payment of $6,000,000 (the "Financing"), such terms and conditions to be completed by February 28, 2014;

4.2 Upon approval by the City Council, as set forth in Section 5.1, and the contemporaneous execution of the mutual releases set forth in Section 7, MLS and/or its insurance carrier will pay Citibank on a non-refundable basis $1,468,915 and will be dismissed from the Proceeding with prejudice;

4.3 Two Hundred Sixty Thousand Two Hundred and Thirty-Five Dollars ($260,235.07), currently held by Citibank's Counsel, shall be immediately payable to Citibank and applied as of the date of this Agreement towards the Settlement Payment;

4.4 Burlington will submit a petition with the PSB and pursue all necessary regulatory approvals from the PSB in order to make the payments contemplated herein and in order to obtain all requisite approvals for the Financing (the "Petition");

4.5 Upon the Closing (defined below) or, if the Closing does not occur due to the Vermont Public Service Board's disapproving the Petition, the parties shall jointly request the Court to transfer the funds on deposit in the Court and held in escrow, currently in the amount of approximately $720,850, to Citibank to be credited to the Settlement Payment, if Closing occurs, or to any obligation owed by Burlington to Citibank in the Proceeding;

4.6 Upon the Closing, Burlington, may participate up to $1,300,000, to the extent available, in the Financing to increase the Financing amount to up to $7,300,000, or, to the extent it does not participate, shall otherwise cause to be paid at Closing up to $1,300,000 for Burlington's share of the Settlement Payment;

4.7 All payments made or received by Citibank, other than any amount of Monthly Payments above $250,000, shall be applied to the Settlement Payment, if Settlement is implemented. If the Settlement is not implemented, all payments set out in this Agreement and paid to Citibank will be credited to any obligations of Burlington to Citibank in the Proceeding. If the aggregate payments made to Citibank under this Agreement are in excess of any final award to Citibank in the Proceeding, whether monetary or otherwise, Burlington shall not be entitled to a refund of such excess amount; and

4.8 The Parties acknowledge that the payments due Citibank under Section 8 of this Agreement and the additional payments under Section 5.2 is additional consideration for the Settlement.

5. Milestones. The following are established as milestones to be met in order for the Parties to continue the Stay of the Proceeding. In the event that Burlington does not meet the milestones by the dates set forth below, the obligation to Stay the Proceeding shall terminate and each remaining Party shall be entitled to provide notice that the Stay is terminated in accordance with Section 6 of this Agreement.

5.1 City Council Action. Counsel for Burlington will submit this Agreement to the City Council seeking approval by the City Council of the terms of the proposed Settlement on or before February 28, 2014. If the City Council does not approve the terms of the proposed Settlement, by such date, the Parties may provide notice to terminate the Stay in accordance with Section 6 of this Agreement.

5.2 Monthly Payments. Commencing on the date this Agreement is executed by all Parties, Burlington shall make monthly payments to Citibank of the greater of (a) the amount set forth in the Joint Stipulation and Order entered March 27, 2012 (*i.e.* 60% of the Net Cash Flow as defined therein) (the "Interim Stipulation") or (b) $50,000 per month, from the net revenues of Burlington Telecom (the "Monthly Payments") to a

total of $250,000. After reaching a total of $250,000 in Monthly Payments, Burlington shall then make monthly payments to Citibank in accordance with the Interim Stipulation (*i.e.* 60% of the Net Cash Flow as defined therein) until the Closing. An aggregate of $250,000 of such Monthly Payment shall be applied to the Settlement Payment and any amount in excess shall be retained by Citibank and not credited to the Settlement Payment. If there is no Closing and the Proceeding resumes, all payments paid to Citibank under this subparagraph will be credited to any obligation of Burlington to Citibank. The parties shall file a joint stipulation in the Proceeding to modify the Interim Stipulation to specify that the monthly payments being made into court in that Interim Stipulation shall instead be made directly to Citibank until the Closing. (In the event that Burlington is obligated to make payments under the Interim Stipulation prior to the Court acting on the Parties' joint stipulation described above, the payments shall continue in accordance with the Interim Stipulation until the Court approves such joint stipulation, with such payments being credited towards the $250,000 sum).

5.3 Financing. Burlington shall actively and in good faith pursue the definitive agreement (the "Definitive Agreement") for the Financing to make the Settlement Payment. Upon signing of the Definitive Agreement, Burlington shall provide a copy to Citibank.

5.4 PSB Approval. Burlington shall file with the PSB, by March 15, 2014, the Petition and such other filings requesting PSB approval (the "PSB Approval") in order to implement the Settlement and in order to seek approval of:

a. Payment to Citibank from non-Burlington Telecom assets in order to settle the claims against Burlington, its officers, councilors, employees and agents, made in the Proceeding; and
b. The Financing and resolution of violations of the Burlington Telecom Certificate of Public Good, as required by the lender for the Financing and applicable law and current PSB orders.

5.5 PSB Proceedings. Burlington shall request that the PSB provide expedited treatment of the Petition. Burlington shall pursue the receipt of all necessary regulatory approvals from the PSB to approve the terms and conditions of the Financing, the leasing of the Burlington Telecom assets, and the cure of any violations of the Certificate of Public Good for Burlington Telecom. In the event that the PSB disapproves the Petition and the transaction, or any milestone set forth above is not met, the Stay may be terminated by any remaining Party as set forth in Section 6 of this Agreement. The Parties agree that should a third party intervene in the proceedings for Burlington's Petition for PSB Approval, or should the PSB set a schedule inconsistent with implementing the Settlement on a

timely basis, the remaining Parties will negotiate, in good faith, a reasonable extension of the Stay as necessary.

5.6 Burlington will provide to Citibank's counsel reasonable access to information regarding the Financing and progress towards City Council approval of the transaction, PSB Approval, and ultimate Closing, including copies of all papers filed with the PSB in support of or in opposition to seeking the PSB Approval and including contact with the lender or lessor providing the Financing. If requested by Burlington, Citibank shall provide reasonable assistance in support of seeking such PSB Approval.

6. Effect of Termination of the Stay. In the event that (1) the Court does not approve the stipulated Stay of the Proceeding, or (2) any of the milestones are not met by the dates as set forth above, as such milestones may be modified in writing by all remaining Parties, or (3) Burlington is unable to close on the Financing for the Settlement Payment, the Stay shall terminate three (3) business days after a remaining Party provides notice to each other remaining Party that such Stay is terminated (the "Stay Termination Date"). Upon and after such notice, each remaining Party may inform the Court and pursue its claims and actions in the Proceeding, without any objection by the other Parties; provided, however, that each remaining Party agrees to submit a joint stipulation requesting that: (i) opposition to pending motions for summary judgment will be due within 14 days, (ii) motions *in limine* will be due within 21 days, (iii) replies in support of motions for summary judgment will be due within 28 days and (iv) trial will begin no sooner than 45 days from the date the Stay is terminated.

7. Closing and Payment. In the event that the PSB approves the Petition, Burlington will close on the Financing, not less than 5 business days after such PSB approval becomes final (the "Closing"). Upon such Closing, Burlington shall pay the balance of its share of the Settlement Payment, subject to such credits as set forth herein, and Citibank shall execute such conveyances of its interests in the assets of the Burlington Telecom System (the "System") to Burlington or the party providing the Financing, together with conveyances of any other assets held under, or arising from, the Lease, together with any and all releases, UCC termination statements and mortgage discharges to release all liens in the System. Burlington shall provide to Citibank's counsel drafts of such documents for the conveyances and releases. Contemporaneous with the payment of the Settlement Payment to Citibank, each of the Parties shall execute mutual general releases for all claims arising or that could have been asserted in connection with the Proceeding, the Leases or arising from the Lease transaction. Such release shall extend to all shareholders, members, officers, agents, directors, employees, attorneys, advisors, citizen volunteers, insurance companies, and their respective, successors and legal representatives including in their individual capacities. The form of release is attached as Annex A. In addition, upon the Closing and execution of such releases, Burlington will execute a release to its insurance carrier making payment on behalf of Burlington in a form mutually acceptable. Upon Closing and implementation of the Settlement, the Parties will file a joint stipulated motion dismissing the Proceeding with prejudice, each Party bearing its own costs. Burlington's continuing obligation to make the payment of additional compensation under Section 8, however, shall survive as provided herein.

The Parties agree that upon City Council approval, and payment by the MLS Firm and/or its insurance carrier as set forth in Section 4.2, Burlington and the MLS Firm, and Citibank and the MLS Firm, agree to exchange mutual releases for claims in the Proceeding or that could have been asserted in connection with the Proceeding, the Lease or the Lease transaction. Such release shall extend to all shareholders, members, officers, agents, directors, employees, attorneys, advisors, citizen volunteers, insurance companies, and their respective, successors and legal representatives including in their individual capacities. All claims by Citibank against the MLS Firm, and potential claims described above between the MLS Firm and Burlington, shall be resolved under this Agreement upon payment set out in Section 4.2. Such payment made by MLS to Citibank shall be credited to obligations, if any, owed by Burlington to Citibank arising from the Proceeding. The Parties agree that the MLS Firm shall be dismissed with prejudice from the Proceeding upon such payment, each party to bear its own costs. Upon payment of the portion of the Settlement Payment by the MLS Firm and the dismissal of the MLS Firm from the Proceeding, the MLS Firm shall no longer be considered a "Party" for purposes of further notices or consents or actions to be taken under this Agreement after the date of such dismissal.

8. Additional Payment. The Settlement is predicated on the assumption that the Financing contemplated in paragraph 4.1 is intended as a bridge to the eventual arm's-length sale of the System to a private entity. At the time that sale occurs, the unpaid principal components of the Financing, including any participation by Burlington, accrued and unpaid interest to the date of such sale, accrued and unpaid fees of the manager of Burlington Telecom, fees and costs of the lessor providing the Financing, and the reasonable costs, expenses, taxes, broker commissions and expenses reasonably incurred in connection with the sale, shall be paid first. Any proceeds remaining after those payments shall be considered the "Net Proceeds" of the sale of the System. Burlington agrees to share any of the Net Proceeds which Burlington would receive or be entitled to under the Financing equally with Citibank and shall cause to be paid or conveyed, solely from the share which Burlington may receive or be entitled to upon such sale of the System, 50% of the Net Proceeds received by, or that would otherwise be payable to, Burlington from such sale. Upon the payment or conveyance of that 50% share, all of Burlington's obligations to Citibank shall be deemed complete and final, and if Citibank has accepted its 50% share in cash, Citibank shall have no further interest in any proceeds from Burlington Telecom or the System. Upon such sale and payment as set forth above, Citibank shall execute such releases and acknowledgments of satisfaction of the obligations under this Section 8 as reasonably requested by Burlington. In the event that the terms of the Financing, or any proposed restructuring or refinancing thereof, do not require Burlington to sell the System during the term of, or at the maturity of the Financing, or provide for a similar liquidity event resulting in Net Proceeds being payable to Burlington or Citibank from the assets of the System, then the consent of Citibank shall be required, such consent not to be unreasonably withheld or delayed.

9. Without Prejudice. This Agreement is entered into attempting to compromise the claims in the Proceeding. By entering into this Agreement, none of the Parties acknowledge or admit to any fault or liability. In the event that the Settlement is not implemented, or in the event that the Stay is terminated as set forth herein, any conduct or a statement made herein or

during the negotiations about the Settlement on behalf of any Party is governed by Federal Rules of Evidence 408 and any statement made during the discussion of the Settlement is privileged and confidential as provided in the Party's mediation agreement; provided, however, the Parties may indicate to the Court that the Parties agreed to request that the Court not schedule the commencement of trial until at least 45 days after the Stay Termination Date.

10. This Agreement and the Settlement contemplated by it, and any dispute arising out of or relating in any way to this Agreement or the Settlement, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of Vermont, without regard to conflict of laws principles.

11. The Released Parties who are not signatories to this Agreement shall be third party beneficiaries under this Agreement entitled to enforce this Agreement in accordance with its terms.

12. This Agreement may be executed in counterparts, including by signature transmitted by facsimile or email. Each counterpart when so executed shall be deemed to be an original, and all such counterparts together shall constitute the same instrument. This Agreement shall be deemed to have been executed on the date first set forth above. The words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and all references herein to Section or any exhibit or annex shall be construed to refer to Sections of, and exhibits to this Agreement.

13. Further Assurances. The Parties agree to execute such further documents or instruments and take such further actions as may be reasonably requested by another Party in order to implement the terms and provisions of the Settlement as set forth in this Agreement.

IN WITNESS WHEREOF, and intending to be legally bound, the parties hereto have executed this Agreement as of the date first written above.

CITIBANK, N.A.

By: Bruce Hall

CITY OF BURLINGTON

By: _____

MCNEIL LEDDY & SHEAHAN, P.C.

By: _____

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CITIBANK, N.A.

By: Bruce Hall

CITY OF BURLINGTON

By: _____

MCNEIL LEDDY & SHEAHAN, P.C.

By: William F. Ellis