

Bridge Financing Comparison

March 26, 2014

The City of Burlington has obtained commitment letters from two sources to fund the bridge financing necessary to close the Citibank settlement. Both sources represent viable alternatives that meet the needs of the settlement as well as the City's requirement to share in future proceeds from a sale or partnering of BT.

The basic structure of the bridge facilities is largely same. Each will be a sale-leaseback transaction whereby all BT assets are purchased / transferred to a special Purpose Entity ("SPE") owned by the financing source. The City will continue to operate BT under its current Certificate of Public Good ("CPG") and the lease payments will be subject to annual appropriation. The Lessor will hold title to all the assets of BT, including accounts receivable, contracts and intangibles such as trade names. The CPG will be amended to reflect the SPE as the owner of the BT assets. All revenues will be deposited to a lockbox trust account that will have a mechanism to transfer funds to an operating account on a monthly basis.

The bridge financing allows the City to control the sale or partnering of BT for four years following closing of the Citibank settlement. Each commitment provides for a decreasing share of excess proceeds to be paid to the City, which, in turn, will be split with Citibank.

The table below compares the sharing formula for the funding sources, by showing the percentage to be paid to the City.

Months after closing	Rosemawr	Pecor / Merchants	Difference
Up to 30 months	50%	50%	0
31-36	40%	50%	10 points
37-48	40%	35%	5 points
49-60	20%	25%	5points
After 60 months	20%	10%	10 points

The interest rate offered by Pecor / Merchants is 7%, which is 87.5 basis points lower than the rate offered by Rosemawr, 7.875%. It should be borne in mind that these rates are within the low end of the competitive window and compare favorably to rates proposed by other special situation lenders contacted by the City. The next best proposal contemplated a 12% interest rate and a maximum of 20% excess cash proceeds to the City. The table below compares the two proposals.

	Rosemawr	Pecor	Difference
Fee	\$600,0000	\$60,000	\$540,000
Interest rate	7.875%	7%	87.5 basis points
Monthly P&I	\$54,325	\$46,544	\$7,781 per month or \$93,368 per year
36 month debt service	\$1,955,700	\$1,675,596	\$280,104 exclusive of origination fees
Proceeds to City upon sale @ \$14M at 36 month	\$3,505,985	\$4,781,414	\$1,275,429

Rosemawr
Management

This document constitutes a commitment to enter into the transactions described herein, including the provisions for lending, leasing and/or the purchase and sale of certain assets. The resulting transactions will be subject to final due diligence and the completion and execution by all parties of acceptable documentation.

Burlington Telecom
Commitment Terms and Conditions

Purpose: Rosemawr Management LLC (“RM”), on behalf of its investment funds, hereby offers this Commitment outlining the terms and conditions for its purchase-leaseback of the telecommunications system, including its tangible and intangible assets (the “System”) currently owned and operated by the City of Burlington, a political subdivision of the State of Vermont (the “City”). The System will be purchased by a special purpose entity to be formed and controlled by an RM investment fund. The transaction must be documented pursuant to an asset purchase agreement and related transfer documentation (collectively, the “Purchase Agreement”). The System will then be leased to the City pursuant to a lease agreement and related documentation (collectively, the “Lease”).

Proceeds of this proposed transaction must be used, together with other monies provided by the City, to terminate and extinguish an existing telecommunications lease, and associated litigation, between the City and Citibank (as successor to CitiCapital) and to acquire the assets comprising the System for lease to the City for continued operation of the System.

Purchaser/Lessor: A special purpose Delaware limited liability company authorized to do business in the State of Vermont and directly or indirectly wholly-owned by one of RM’s investment funds.

Lessee: The City, acting for and on behalf of Burlington Telecom (“BT”), an enterprise activity/fund of the City.

Purchase Price of Leased Assets: \$6,000,000 (90% of \$6,600,000, the aggregate principal component of all required Lease payments).

Funding Date and Funding Expiration

Date: RM will fund the purchase price on or before the thirtieth (30th) day following the approval of (i) the sale/leaseback transaction and proposed Subsequent Sale (as defined herein) and (ii) a dual party (owner/operator) Certificate of Public Good, in each case by the Vermont Public Service Bureau (“PSB”), provided such date occurs

prior to the Funding Expiration Date (defined below). The Funding Expiration Date shall be September 15, 2014, unless extended by RM in its sole and absolute discretion.

Lease Interest Rate:

Taxable interest rate; commencing at 7.875% per annum; substantially level monthly lease payments (including interest component) on the first day of each successive calendar month following the Funding Date; twenty (20) year amortization based on \$6,600,000 principal component.

Subsequent Sale of System:

As set forth herein, the City and RM shall have respective rights to direct a sale of the System (in either case, a "Subsequent Sale") to a third party purchaser. During the initial four (4) years following the Funding Date, the City will be permitted to direct a Subsequent Sale to a purchaser or partner of the City's choice, with the prior written consent of RM. Beginning at the end of the fourth year following the Funding Date, RM shall have the right, at its sole discretion, to direct a Subsequent Sale of the System to a purchaser of RM's choice. In either event, the City will covenant to cooperate fully in the Subsequent Sale of the System. In connection with any Subsequent Sale during the term of the Lease, RM will receive the following percentage of the net sale proceeds:

<u>Subsequent Sale Date</u>	<u>Net Sale Proceeds to RM</u>
From Funding Date through 30 th month following Funding Date	50%
From 30 th month following Funding Date through 48 th month following Funding Date	60%
From 49 th month following Funding Date and thereafter	80%

For this purpose, "net sale proceeds" means the proceeds of such Subsequent Sale after repayment of the unpaid principal components of the lease payments due RM pursuant to the Lease, accrued and unpaid interest to the date of such Subsequent Sale, accrued and unpaid fees of the Manager (as defined herein), any expenses incurred by RM in connection with the Subsequent Sale and, subject to RM's prior consent, the direct costs and expenses incurred by the City for the Subsequent Sale.

During the term of the Lease, RM's interest in the System may be sold, transferred or conveyed by RM, in whole or in part, subject to the Lease, to any entity at RM's option, without BT's consent so long as the purchaser is a financial buyer (or other purchaser approved by the City) and not a telecommunications operator. Any conveyance of RM's interest shall remain subject to the Lease and the terms of the financing agreements with respect to a Subsequent Sale. RM's rights as lessor pursuant to the Lease will be acquired by any such purchaser or transferee.

Non-Appropriation and Default:

The Lease payments will be subject to annual appropriation by the City but not in any event to exceed the net revenues of the System. In the event the City elects not to budget and appropriate moneys to fund either (i) Lease payments owed to RM or (ii) the City's telecom service or subscription fees payable to BT for any year during the Lease, or in the event of a default by the City under the Purchase Agreement or the Lease which is not timely cured, RM, or any successor lessor, will be entitled to (a) sell the System or RM's interest therein to any party in RM's sole and absolute discretion and without the consent of the City and (b) retain 100% of the net sales proceeds (as defined above) from any Subsequent Sale.

Security:

The leased property (the "System") shall consist of (i) all property, plant and equipment, cash, reserves, and accounts receivable of BT, (ii) all contracts, subscriptions, leases, etc. to which BT is a party, (iii) all rights of way, easements and access rights owned by BT, (iv) all permits, licenses, approvals and rights to own and operate the System, and (v) all intellectual property, intangible assets and goodwill owned or possessed by the City. In addition, in the event of a non-appropriation or default (described above) that is not timely cured, RM, or any successor lessor, and any subsequent purchaser, will have continued access to operate and maintain any facilities in which the System is then physically located, in order to direct a Subsequent Sale and/or continue the operation of the System. No additional security support, including ad valorem taxes, will be required of or provided by the City.

While the Lease is in effect, there will be no additional borrowings, or any other pledge of BT assets, permitted on behalf of BT or relating to the System without the written consent of RM.

Distributions:

So long as the Lease is in effect, all Net Revenues (defined below) of the System will be deposited upon receipt into a lock box account to be held in trust at a depository institution and applied to of payment of BT operating and capex payments, Lease payments due to the lessor and reserve fund deposits and replenishments, and all such funds will be held for the benefit of the System and RM, subject to an appropriate perfection mechanism. For this purpose, "Net Revenues" exclude operating expenses and budgeted capital expenditures incurred in the ordinary course for the benefit of BT and the System and funded from the lockbox account on a priority to Lease payments and reserve fund deposits and replenishments. Capital expenditures outside the ordinary course of business to expand or improve the System will be subject to prior approval of RM. In the event of any non-appropriation relating to Lease payments owed to RM or telecom service or subscription fees payable by the City to BT, monies held in the lock box account shall be an asset of RM and available, with the consent of RM, to fund budgeted operations of the System until completion of a Subsequent Sale.

Covenants:

The City will continue to operate the System under the Lease. The City will be expected to enter into customary Lease covenants relating to care and maintenance, and insurance, of the System, and periodic operating and financing reporting requirements.

**Closing
Conditions:**

1. All rights of CitiCapital and the City with respect to the System, and all obligations of the City and BT to CitiCapital, will be terminated and released.
2. The PSB must approve all aspects of the transaction that are subject to PSB review and/or approval, including without limitation, the initial sale/leaseback transaction and the rights of the City and/or RM to direct a Subsequent Sale as contemplated herein, it being recognized that a new license will be required for a new owner upon a Subsequent Sale.
3. The City, and its agencies, boards, authorities, instrumentalities and enterprise activities will remain customers of BT during the term of the Lease.
4. So long as either (a) the Lease or (b) RM's right to participate in net sale proceeds, remains outstanding, BT will not make any payment (or accrue any obligation) to the City (for allocated expenses, dividends, etc.) other than for actual and budgeted costs and expenses incurred for the BT System, which specifically include only (i) payroll and benefit costs for City employees serving BT, (ii) payments in lieu of taxes for real estate and personal property under the existing PILOT agreement, (iii) fair rental payments under the existing MOU for use of school department properties, (iv) costs of conduit access, (v) make ready surveys and make ready work at the same rate Burlington Electric Department charges for other cable or telecommunication providers, and (vi) any amounts required to be paid to the City under the terms of the certificate of public good for BT.
5. BT will retain or assume all liabilities resulting from operation, management and maintenance of the System. BT will maintain policies of insurance against all such risks of the types and in the amounts acceptable to RM and appropriate for comparable telecommunications systems. Such insurance policies will name RM as additional insured or loss payee as appropriate and provide no less than 60 days' notice to RM of any purported cancellation.
6. Dorman and Fawcett will continue to provide their services as manager of the BT enterprise ("Manager") unless otherwise agreed by RM. The Manager's annual expense will be accrued and paid upon the Subsequent Sale of the System as contemplated herein (after payment in full of the unpaid principal components of the Lease payments and accrued and unpaid interest, but prior to the distribution of the net sale proceeds).
7. RM approval will be required for annual BT operating and capital budgets, including employee compensation and benefits, such approval not to be unreasonably withheld, in order to ensure that operating expenses and capital expenditures are consistent with projected revenues and operating margins. RM's prior approval will be required for unbudgeted capital expenditures.

Indemnification:

The City will provide typical indemnification to RM with respect to the condition of the assets, the System, any environmental issues and title to property and interests in property, among other standard representations and warranties. Depending on the

City's ability to indemnify, RM may require a limited escrow to cover potential indemnification claims.

Expenses:

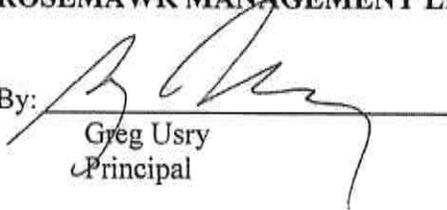
RM will be reimbursed by the City from BT revenues or the proceeds of the initial sale/leaseback transaction for all reasonable legal and consulting fees and other diligence expenses incurred by RM in connection therewith, regardless of whether the initial sale/leaseback transaction is consummated or not. Upon successful consummation of the initial sale/leaseback transaction, all such expenses incurred by RM will be paid from the proceeds received by the City from RM's purchase of the System. If the City fails to consummate the initial sale/leaseback transaction by the Funding Expiration Date in accordance with all conditions and requirements of this Commitment for any reason, the City will reimburse RM all of its expenses set forth in this paragraph.

RM will be reimbursed from the proceeds of any Subsequent Sale for all reasonable legal and consulting fees and other diligence expenses incurred by RM in connection with the Subsequent Sale.

**Acceptance/
Expiration:**

This commitment will expire five business days following the date of RM's execution below if not accepted in writing by the City.

ROSEMAWR MANAGEMENT LLC

By: 
Greg Usry
Principal

Date: March 26, 2014

**Agreed and Accepted By
THE CITY OF BURLINGTON, VERMONT**

By: _____

Name:

Title:

Date: _____

RAYMOND C. PECOR, III
King Street Dock
Burlington, VT 05401

March 26, 2014

City of Burlington, Vermont
d/b/a Burlington Telecom
149 Church Street
Burlington, VT 05401

RE: Burlington Telecom Financing

Ladies and Gentlemen:

Burlington Telecom ("BT") is an enterprise fund of the City of Burlington ("City") and is currently operating as a telecommunication system that serves residents and businesses in the City. Pursuant to the Mediated Settlement Agreement, dated January 29, 2014, among, inter alia, the City and CitiCapital Municipal Finance ("Citibank") concerning BT obligations to Citibank (the "Settlement Agreement"), the City is to fund the majority of the \$10,500,000.00 settlement payment to Citibank by means of an interim \$6,000,000.00 "bridge" transaction (the "Bridge Transaction"), and the City intends that the BT system will thereafter be sold to a private entity owner-operator. Under the Agreement, Citibank is also entitled to share in the proceeds of the sale of the System to the ultimate purchaser.

The City has solicited proposals for the \$6,000,000.00 Bridge Transaction, which is to be structured as a purchase and leaseback of all components of the BT system, other than the land and building located at and known as 200 Church Street, Burlington. 200 Church Street will be treated differently from the other components of the BT system, and will be subject to a lease with purchase option, and leaseback to the City.

I am pleased to provide the City this commitment to provide lease financing through a Bridge Transaction for BT and the BT system. This commitment supersedes and replaces in its entirety the previous commitment contained and described in my letter dated March 21, 2014.

The proceeds of this financing are to be used, together with other funds as described in the Settlement Agreement, to make the City's required payments to Citibank. The following are the principal terms and conditions for me to extend the financing to the City.

1. The Bridge Transaction

Lessee: City of Burlington, Vermont d/b/a Burlington Telecom

Lessor: A special purpose entity to be formed and owned by Raymond C. Pecor, III (the "SPE")

**Financing Lease
Principal Amount:** \$6,000,000.00

Origination Fee: \$60,000.00

Interest rate: Seven percent (7%) per annum (taxable)

**Maximum Lease
Term:** Five (5) year term, with equal monthly Lease payments (principal and interest) of \$46,544.33, based upon a twenty-year amortization. Lease payments during each year of the term will be subject to annual appropriation by the City, and Lease payments will be due and payable monthly on or before the 15th day of each month. Lease payments shall be made solely from BT revenues, the Lease obligations shall not constitute an indebtedness of the City, and the City will not be required to use any general fund monies or tax revenues to make any such payments.

If the City continues to operate the BT system after the expiration of the 5-year lease term, it will do so as a holdover tenant until a successor operator assumes operation of the BT system in compliance with applicable regulatory authority. During such holdover tenancy, the other terms and conditions of the Lease, including the monthly Lease payments, shall continue.

**Structure:
Sale - Leaseback:** With the exception of 200 Church Street (discussed below), the sale-leaseback transaction would include the following: (a) all property, plant and equipment of the BT system (whether presently owned by the City, Citibank, or any third-party); (b) all property interests and contract rights (including, but not limited to, easements, rights of way, and licenses) necessary for the use and operation of the BT system, all for a term not shorter than necessary to support a commercially reasonable sale of the Telecom System; (c) all contracts, subscriptions, and leases to which BT is a party; and (d) all accounts receivable, inventory, customer lists and subscriber agreements of BT (collectively, the "Telecom System"). The Telecom System will be sold and conveyed to the Lessor for lease back to the City.

Lessor will lease back the Telecom System to the City so that the City can continue to operate the Telecom System during the term (the "Lease").

As described below, in the event of non-renewal or expiration of the term, non-appropriation, or an event of default that is not timely cured, the Lease shall terminate, and the Lessor will have complete access to, and the right to use and sell, the Telecom System free of any further or continuing interest of the City or BT other than, in the case of expiration of the maximum Lease term, the right to share in Net Sales Proceeds as set forth herein.

**200 Church Street -
Lease, with Option
To Purchase, and
Leaseback:**

The building and land located at and known as 200 Church Street, Burlington ("200 Church") shall not be included in the sale-leaseback to the Lessor, but shall instead be leased to the Lessor and subleased to the City for use in connection with the City's operation of the Telecom System. The lease of 200 Church to the Lessor shall include an option to purchase 200 Church for \$100 upon (a) an Event of Default (hereafter defined) or (b) if the sale proceeds from the sale of the Telecom System would be less than \$6,000,000.00.

**Operation and Management
of the Telecom System:**

During the term of the Lease, the City will continue to operate the Telecom System. Operation shall be consistent with prudent utility practice and the Certificate of Public Good for BT.

The City and the Lessor intend and agree that BT and the Telecom System will be operated on as close to a stand-alone basis as is commercially practicable. BT and Telecom System operations will be overseen by the Burlington Telecom Advisory Board, or its successor.

BT shall incur no additional debt or finance lease obligations during the term of the Lease.

Dorman & Fawcett ("D&F" or the "Manager") will continue to provide their services as general manager of BT, unless otherwise agreed by the City and the Lessor. D&F shall have the sole discretion to purchase goods and services from the City, at mutually agreed pricing, or from third-party

vendors. The Manager's fees will be accrued and deferred (with interest accrued at the rate of 7% per annum) and paid upon the sale of the Telecom System as contemplated herein (after payment of the then remaining unpaid balance of the Financing Lease Principal Amount (as set forth on Exhibit A attached hereto) and accrued but unpaid interest, but prior to the distribution of Net Sale Proceeds).

BT Revenues:

All revenues from the use and operation of the Telecom System would be direct deposited to a "lock box" and Trust Account designated and established by Merchants Bank (the "Trust Account") to be held in trust and applied to payment of Lease payments and Telecom System costs of operation. After the City ceases to operate the Telecom System, the Trust Account shall terminate and all funds therein shall be available to the Lessor.

At the commencement of the term of the Lease, the City will deposit the sum of \$500,000.00 from its prior operation of the Telecom System into BT's operating account (the "Initial Account Balance").

Annually, prior to the commencement of each Lease year during the term of the Lease, the City shall provide Lessor with BT's proposed annual capital and operating budgets for the Telecom System. Annual budgets shall be consistent with projected revenues and reasonable operating margins. Budgets shall reflect operating expenses and capital expenditures to be incurred in the ordinary course, along with necessary costs to operate and maintain the Telecom System as a going concern. Lessor shall have the right to review and approve such budgets, such approval not to be unreasonably withheld or delayed. Lessor's objective is that BT and the Telecom System will achieve budgeted cash flow before Lease payments. Capital expenditures outside the ordinary course of business to expand or improve the system network will be subject to approval by Lessor in its discretion. Capital additions or improvements to the Telecom System shall be and become property of the Lessor subject to the Lease.

Distributions from the Trust Account to BT's operating account will be authorized monthly against BT requisitions which shall be consistent with the monthly allowances therefor in the approved budgets.

The City will not assess BT or the Telecom System for any overhead or other general assessment of any kind, and BT will not make any payment of any dividend or distribution to the City other than for actual costs and expenses incurred by BT for the Telecom System. Notwithstanding the

foregoing prohibition: (a) BT may make payments in lieu of taxes for real estate and personal property under the existing PILOT agreement in an amount not to exceed \$100,000.00 per year (as adjusted for increases in municipal and education tax rates and for personal property additions, but not for reassessment of real estate), subject to Lessor's review of the basis for the PILOT fee calculation; (b) fair rental payments under the existing MOU for use of school department properties in an amount not to exceed \$20,000.00 per year; (c) costs of conduit access, make ready surveys, and make ready work at the same rate Burlington Electric Department charges for other cable or telecommunication providers; and (d) payments to City departments for actual costs and expenses of goods and services provided to BT, as may be required under the existing Certificate of Public Good for the City's operation of the Telecom System.

During the term of the Lease, Lessor shall have no obligation to make any payment on account of BT or the Telecom System.

Financial Reporting:

BT shall maintain books and ledgers, including its general ledger, separately from the books and ledgers of the City.

BT shall provide monthly reporting to the Lessor, not later than the 20th day of each month, of its financial results, such reports to include an income statement, balance sheet, and statement of cash flows, in each case with a comparison of actual-to-budget for the preceding month and year-to-date.

BT shall provide annual audited financial statements for BT's operations (separate from the City's audited financial statements) to the Lessor within 120 days of its fiscal year-end, including income statement, balance sheet, and statement of cash flows.

Events of Default; Remedies:

If any of the following events shall occur, they shall constitute a Lease default ("Event of Default"):

- (a) The City shall fail to make an annual appropriation for the Lease payments;
- (b) The City fails to perform or observe any obligation or condition of the Lease, which is not timely cured after written notice from the Lessor;

- (c) The City ceases to be a customer of, or materially reduces its use of the, Telecom System;
- (d) A material failure by the City to meet an approved operating or capital budget; or
- (e) The value of the Telecom System upon its sale to an ultimate purchaser is less than the then remaining unpaid balance of the Financing Lease Principal Amount (as set forth on Exhibit A attached hereto) plus accrued but unpaid interest.

Upon an Event of default, the Lessor shall have any and all of the following remedies: the right to terminate the Lease and to use and operate the Telecom System; the right to exercise its option to purchase 200 Church; the right to direct a sale of the Telecom System; and, upon the sale of the Telecom System, the right to all Net Sale Proceeds (hereafter defined), except for 10% payable to D&F.

2. Sale of Telecom System

City's Right to Direct Sale:

The City intends that the Telecom System shall be sold to a private entity during the term of the Lease. The City shall have the right, subject to an Event of Default, to direct a sale of the Telecom System to a purchaser of the City's choice, subject to the Lessor's prior written consent, not to be unreasonably withheld or delayed. The Lessor may grant such consent in advance if the sales proceeds would reach an agreed-upon threshold.

If the City sells or leases 200 Church in connection with a sale of the Telecom System, the allocation of value shall between 200 Church and the Telecom System shall be based upon fair market value of 200 Church.

Lessor's Right to Direct Sale:

In the event that the City has not entered into a purchase and sale agreement (providing for a closing within six months from the date thereof) for the sale of the Telecom System within four years from the commencement of the Lease, the Lessor shall have the right to direct a sale of the Telecom System, which sale shall include a right of the purchaser to purchase 200 Church for its then fair market value or to lease 200 Church on commercially reasonable terms with an annual rent of \$120,000.00.

Upon an Event of Default, the Lessor shall have the right to exercise the purchase option as to 200 Church and shall have the right to direct a sale of the Telecom System, which sale shall include a right of the purchaser to purchase 200 Church for its then fair market value or to lease 200 Church on commercially reasonable terms with an annual rent of \$120,000.00.

Cooperation: In each such case, the parties shall cooperate in conducting such sale and conveyance of the Telecom System and, if applicable, the sale or lease of 200 Church.

Net Sale Proceeds: "Net Sale Proceeds" means:

(a) (i) all amounts held in the Trust Account and in any BT operating, capital, reserve or other deposit accounts; and (ii) the gross proceeds of a sale;

Less:

(b) the following amounts, in the order listed: (i) the then remaining unpaid balance of the Financing Lease Principal Amount (as set forth on Exhibit A attached hereto) and any accrued and unpaid interest; (ii) accrued and unpaid fees of the Manager (together with interest at the rate of 7% per annum); (c) any transfer taxes; (d) any expenses reasonably incurred by the Lessor or the City in connection with the sale; and (e) in the event the gross proceeds of the sale exceed an agreed threshold, the Initial Account Balance shall be paid to the City.

Allocation of Net Sale Proceeds:

The Net Sale Proceeds from a sale of the Telecom System shall be allocated among the City, Lessor, and D&F as follows:

Sale within three years from commencement of the Lease term:

City:	50%
Lessor:	40%
D&F:	10%

Sale within four years from commencement of the Lease term:

City:	35%
Lessor:	55%
D&F:	10%

Sale within five years from commencement of the Lease term:

City:	25%
Lessor:	65%
D&F:	10%

Sale after five years from commencement of the Lease term:

City:	10%
Lessor:	80%
D&F:	10%

Upon and after an Event of Default, the Net Sale Proceeds shall be allocated 90% to the Lessor and 10% to D&F.

3. Lessor Financing

Merchants Bank

Financing;

Collateral Security: Lessor intends to obtain financing for funding of the Bridge Transaction from Merchants Bank (the "Bank Financing"). In connection with the Bank Financing, Merchants Bank will require collateral security in the form of mortgages, security interests, assignments of leases, and generally an assignment of all right and title of the Lessor in the Bridge Transaction. All collateral security provided by Lessor to Merchants Bank shall be subject and subordinate to the City's rights therein, until the expiration or earlier termination of the Lease or an Event of Default. The City acknowledges the requirement that the Lessor provide such security in connection with the Bank Financing in order to participate in the Bridge Transaction as described herein. Lessor shall provide the City copies of all collateral security documents. To the extent the City feels that such an assignment requires notification and approval of the State of Vermont Public Service Board, the City shall have 10 days from receiving notification of the assignment to notify Lessor that and the parties shall jointly petition the Board for approval of such a transaction prior to the execution of the assignment. Any such assignment shall remain subject to the Lease and the terms of the other applicable financing agreements.

4. Regulatory Approval

PSB Approval: The Bridge Transaction will be subject to receipt of all necessary approvals and consents from the State of Vermont Public Service Board ("PSB"). The parties recognize and acknowledge that any subsequent sale of the Telecom System must be approved by the PSB and any such buyer

of the Telecom System would be required to obtain all regulatory approvals from the State of Vermont Public Service Board.

5. Closing

Closing Conditions:

1. All rights of Citibank with respect to BT and the Telecom System, and all obligations of the City and BT to Citibank, will be terminated.
2. The PSB must approve the Bridge Transaction (including without limitation the conveyance under the sale-leaseback of the Telecom System).
3. D&F will execute a management agreement, which shall be subject to Lessor's review and approval, such approval not to be unreasonably withheld or delayed, agreeing to continue to provide their services as Manager of BT, unless otherwise agreed by the City and the Lessor. The Manager's fees will be accrued and deferred (with interest accrued at the rate of 7% per annum) and paid upon the sale of the Telecom System as contemplated herein (after payment of the then remaining unpaid balance of the Financing Lease Principal Amount (as set forth on Exhibit A attached hereto) and accrued and unpaid interest, but prior to the distribution of Net Sale Proceeds).
4. Opinion of Counsel to the City. Counsel to the City provides a legal opinion to, and reasonably acceptable to the Lessor and Merchants Bank, concerning due authorization, enforceability, and other customary matters.

Documentation:

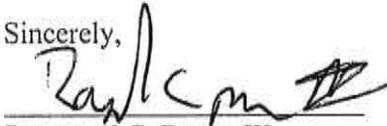
The closing of the lease financing is subject to documentation reasonably acceptable to the Lessor, and consistent with the terms set forth in this commitment letter. These documents will include, but not be limited to: (a) deeds and transfer instruments conveying the Telecom System assets to the Lessor; (b) the Lease of the Telecom System to the City, with customary lease covenants relating to care and maintenance, and insurance, of the Telecom System, and periodic reporting requirements; (c) a deposit trust agreement into which the revenues of the Telecom System will be deposited to be held for purposes of payment of costs of operation, lease payments and reserves; (d) a lease, with option to purchase, of 200 Church to the Lessor, and sub-lease back to the City; and (e) a management and sale agreement to provide for continued operation of the Telecom System and rights of the City and the Lessor to direct a sale, as set forth herein.

City of Burlington, Vermont
March 26, 2014
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Expenses: Regardless of whether the lease financing closes, the City shall be responsible for the costs and expenses, including legal fees and costs, reasonably incurred by the Lessor in preparation for a closing (including Lessor's obligations to Merchants Bank in connection with its commitment to finance). The parties agree that such payments are only to come from BT revenues. To the extent the transaction closes, expenses may be paid from the proceeds received by the City from the financing.

Acknowledgement and Acceptance:

To accept this commitment, and the terms and conditions stated herein, please sign and return the enclosed copy of this letter to me on or before March 28, 2014.

Sincerely,

Raymond C. Pecor, III

ACKNOWLEDGEMENT

The terms and conditions set forth in the foregoing commitment letter are hereby accepted.

City of Burlington, Vermont d/b/a Burlington Telecom

By: _____
Duly authorized agent

Dated: _____

Exhibit A

Financing Lease Principal Amount

<u>Month</u>	<u>Unpaid Principal Amount</u>
1	\$6,000,000.00
2	\$5,989,126.90
3	\$5,977,040.56
4	\$5,966,030.97
5	\$5,953,811.75
6	\$5,942,664.05
7	\$5,931,450.08
8	\$5,919,031.90
9	\$5,907,677.43
10	\$5,895,122.48
11	\$5,883,625.86
12	\$5,872,060.90
13	\$5,857,048.73
14	\$5,845,325.76
15	\$5,832,412.07
16	\$5,820,542.63
17	\$5,807,486.35
18	\$5,795,468.72
19	\$5,783,379.64
20	\$5,770,109.55
21	\$5,757,869.71
22	\$5,744,452.85
23	\$5,732,060.47
24	\$5,719,594.42
25	\$5,704,860.44
26	\$5,692,232.67
27	\$5,678,438.18
28	\$5,665,653.33
29	\$5,651,705.91
30	\$5,638,762.13
31	\$5,625,741.40
32	\$5,611,564.35
33	\$5,598,381.92
34	\$5,584,047.46
35	\$5,570,701.44

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36	\$5,557,276.07
37	\$5,540,573.56
38	\$5,526,969.07
39	\$5,512,223.74
40	\$5,498,450.72
41	\$5,483,541.31
42	\$5,469,597.76
43	\$5,455,571.31
44	\$5,440,415.20
45	\$5,426,215.26
46	\$5,410,890.25
47	\$5,396,514.77
48	\$5,382,053.85
49	\$5,364,410.39
50	\$5,349,758.58
51	\$5,333,993.69
52	\$5,319,161.05
53	\$5,303,220.11
54	\$5,288,204.51
55	\$5,273,099.64
56	\$5,256,893.70
57	\$5,241,602.68
58	\$5,225,215.51
59	\$5,209,736.16
60	\$5,194,164.79