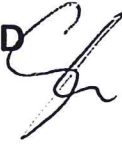


MEMO: BTAB, copy to City Council

FROM: STEVEN GOODKIND



3/14/26

RE: SALE OF BT

There have been some good discussions at the BTAB about criteria for the sale of BT. However, when the issue of how the city might get its' \$17million plus investment back is on the table, a disturbing pattern has developed. Rather than having important documents available at the meetings (at least on line if need be) the BTAB relies heavily on recollections of your consultant, Terry Dorman. While some of his advice is insightful, some of it turns out to be incomplete and/or at odds with the document record.

The most recent case in point was a discussion of the suggestion that the sale criteria include a requirement that the city retain a predetermined interest (share) in the new telecom entity. Terry said that we had to sell BT and CITI would object to any retained interest on the city's part that was not based on its' share of the sale proceeds, i.e. based on a predetermined share. Reading the "Mediated Settlement Agreement With CITI and the City of Burlington", I respectfully disagree.

Section 8 on page 6 of that document, which is attached to this memo, makes it clear that there are two basic options. One is a sale. The other, as referred to in the last sentence of this section, is a non-sale to which CITI will not unreasonably withhold its' consent. It seems logical that we could pursue an option that doesn't sell all of BT. Furthermore, the terms of the sale appear to be determined by Bluewater, not CITI. Of course CITI could object to anything we do, but the nature of the sale appears to be a matter between the City and Bluewater.

If the city wants to retain a predetermined interest in the future BT, along with the advantages that may ensue from it, that is our business at this point in time. We have an obligation to pay back the Bluewater loan and we have an obligation to share our

portion of sale proceeds with CITI. If there are other obligations that were agreed upon by the negotiators as Terry alludes to, which are not included in the written settlement, I don't know what to say other than "that isn't right!" We should not be held to them, as they were not approved by the city council or the PSB. The city taxpayers deserve criteria that go as far as possible to protect their interests. We should not rule out good options without fully vetting them ourselves rather than relying on a consultant's recollections.

There is one other point that needs to be made. D&F are obviously considered valued advisors on BT matters, but they have a conflict of interest. The Bluewater deal (not the CITI settlement) requires that D&F be retained to manage BT and that they get 10% of the sale proceeds. Under those circumstances, D&F have a clear conflict of interest when it comes to advising the city regarding the sale. Interestingly, the competing financing proposal did not include this type of arrangement with D&F.

Please consider the following:

- 1) Include a predetermined retained city interest in the BT sale criteria
- 2) Address D&F's conflict of interest

MEDIATED SETTLEMENT AGREEMENT w/ CITI
CONFIDENTIAL

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