

SUMMARY OF PROPOSALS 11/20/2017

	TING/TUCOWS	KBTL	ZRF
Management/Ownership	<p>No change Successful operator for 24 years (public company since 2001); plans to offer retention to all staff</p>	<p>Change Cooperative will own entire business and is first-time operator; plans to maintain current managementⁱ</p>	<p>ZRF is private limited partnership equity fundⁱⁱ with Faisal Nisar as general partner; Schurz has tentatively agreed to invest up to \$10 million as limited partner subject to board approval; While City has requested ZRF release identities of other limited partners, ZRF will not allow it; ZRF is first-time operator (but Nisar is experienced industry investor); plans to offer retention to all staff</p>
Offer/Source of Funding	<p>Addition to offer/same funding \$32.3 million: \$29.8 million guaranteed, plus up to \$2.5 million additional paid at closing if planned FY 18 capital expenditures are made, which is anticipated</p>	<p>Addition to offer/additional debt \$12 million (possibly up to \$18 million): \$12 million in cash funded by \$10 million loan and \$2 million equity raise (of which \$600k is currently committed)</p>	<p>\$25 million (provided that \$2.5 million in planned FY 18 capital expenditures are made, which is anticipated) ZRF will reveal sources of funds only to City's accountant under a Non-Disclosure Agreement.</p>

	cash	<p>Possible additional \$6 million in notes or carried interest (or cash, if sufficient equity is raised), including \$1.5 million loan from VEDA (not committed yet)</p> <p>Loan Terms: \$10 million graduated payments loan from Maine Fiber at 13.55% (\$5 million balloon after 10 yrs)</p> <p>MFC and VEDA loans to be secured by lien on all assets</p>	cash
Memorial Auditorium Move	No change Commits to move (but not to pay for move of) BT facilities from Memorial within 18 months of closing	Cost to move BT facilities from Memorial built into cash flow projections in 2019 & 2020	Commits to move (and pay for move of) BT facilities from Memorial within 18 months of notice
Potential City equity %	No change City may elect to retain ownership interest up to City's pro rata share of proceeds (approximately 19.5%), with Tucows retaining right of first refusal on City sale of interest	Change City may elect to retain interest up to City's pro rata share of proceeds (approximately 12.5%) in preferred equity interest or accept equivalent in cash; carried interest will be non-voting preferred shares that	City may elect to retain ownership interest up to City's pro rata share of proceeds (approximately 17.5-19%)(as may D&F, BWH, and Citibank, subject to City approval)

		pay no dividend and are callable by the cooperative	
Fiber build-out of Burlington	No change Will continue to support full buildout as planned by BT	No change Seeks 100% buildout in Burlington	Will continue to support full buildout as planned by BT
Projected capital investment over 5 years	No change Has agreed to fund planned BT capital expenses for maintenance and installation over next 10 years In addition, plans to deploy over \$50 million in capital investment in the region over the next 10 years	No change Has proposed own cap ex schedule that would fund capital expenses for maintenance & installation over the next 10 years No stated commitment of funds to network expansion.	Plans to reinvest entire profit into growth—no stated commitment of funds beyond BT cash flow.
Ongoing community investment in City	No change Annual contributions (indefinitely) of \$250,000 as follows: \$60,000 into BTV Ignite and \$50,000 free TV advertising for local startups and community events and \$140,000 to other community projects. Advertising will be on premium channels. In addition, free service to select local non-profits, sponsorships of local events and programs, free wifi zones	No change Annual contribution of \$50,000 to BTV Ignite starting FY19 and support of community projects (no specific financial commitment), including targeted technical training and co-working spaces, hosting events, internship opportunities for students, and PEG access channels	\$1.75 million over 7 years (\$250,000 a year) to create BTV Ignite Technology Innovation Fund, plus \$350,000 over 7 years (\$50,000 a year) for basic technical skills education for workforce/high school students. In addition, maintain and expand BT's community initiatives and start apprenticeship/internship program

	additional PEG access channels		
Pricing commitment	No change No price increases for core Internet & VOIP pricing for at least 30 months Content cost increases on video passed on at cost	No change No price increases for 36 months in Internet or phone. Content cost increases on video passed on at cost.	No price increases on broadband for 36 months. Content cost increases on video passed on at cost.
Customer service	No change Will maintain BT's current customer service focus and add extended support hours and additional tools, such as web forums.	No change Will maintain BT's current customer service focus.	Plans to expand BT's current customer service focus (no details)
Anti-monopoly future sales restriction	No change Included	No change Future sale not contemplated as a co-op	Included in concept (terms unknown)
Commitment to Net Neutrality policies	No change Included	No change Included	Not addressed

Other terms

If City takes equity interest, City's right to sell City's interest back ("put" right)	No change Included; City may sell back at same EBITDA multiple as Ting paid	Clarified City may sell back to coop 6 or more years after closing, based on average value of member share at closing date and market value of coop	Not addressed
Smart City Initiatives	No change Included	Not addressed	Included

Continuation of Lifeline program	No change Included	Not addressed	Included
200 Church BT offices	No change Lease or purchase to be discussed	No change 5 year option to purchase at price determined prior to closing or perpetual rights for use at market rent	Long-term lease with right of first refusal or option to buy at market value
Right to Repurchase	No change (separate language, not in prior Summary) If Ting divests itself of US fiber business or discontinues expansion, City may repurchase for up to 5 years following closing, based on EBITDA for 12 months prior to notice times same multiple paid by Ting	Not addressed	Will offer right of first refusal to City on future sale of BT provided City elects to operate BT as wholly owned municipal entity
Additional considerations	No change Will make BT Ting's Eastern headquarters for video services. Will make BT Center for Research and Development for technologies that integrate wired infrastructure with radio spectrum to achieve the next generation wireless	Change All BT subscribers become coop members automatically with share price of \$250 (non-Burlington subscribers will pay \$500) (City & School District will receive membership interest in KBTL relative to service usage) Any carried interest by City callable by coop at any time.	Board likely to consist of Nisar, Todd Schurz, Gary Evans, and industry expert. Nisar will handle all operations and management. City may nominate industry expert to BT Board if City rolls over most of its equity stake

	experience of “ambient connectivity”.	\$1.5 million loan from VEDA sought for working capital (15 years at under 4%), plus \$1 million line of credit	ZRF counsel represents that ZRF will contribute \$500,000 in working capital.
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ⁱ KBTL has verbally advised they plan to retain all staff.

ⁱⁱ This box expands on the information in the LOI based on conversations with ZRF legal counsel about the structure.