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February 17, 2010

Bob Kiss
Mayor, City of Burlington
City Hall
149 Church Street
Burlington, Vermont 05401

Bill Keogh
President, Burlington City Council
City Hall
149 Church Street
Burlington, Vermont 05401

RE: Assistance to Burlington Telecom

Dear Bob and Bill,

We are a group of telecom professionals who firmly believe in the power and promise of community based broadband communications networks. We have been watching closely over the past few months the events in Burlington as they have unfolded with regards to Burlington Telecom (BT). Despite the very substantial problems that BT is currently facing, we believe that its underlying network is robust and that it should continue to be used to provide services to the residents of Burlington. Further, we believe that it is desirable that it continue to do so on a non-profit, community oriented public-utility basis.

We have reviewed and wholeheartedly support the recent report and recommendations of the city council's Blue Ribbon Committee on ways that BT may be restructured in order to maintain its services without any risk to the taxpayers. We are hopeful that through the guidance with this report, the City will be able to turn BT into a viable and commercially successful enterprise.

Nevertheless, we are aware that BT faces immediate dangers and substantial roadblocks on its path to success, including the pending interest payment due to CitiCapital Municipal Financing. As you no doubt understand, it would be potentially devastating on many different levels if BT were to default on this payment obligation. BT and the City of Burlington have already taken quite a battering in the public eye, both locally and nationally, and default on BT's obligations would further damage their position. In our view, there is a clear and present danger of a catastrophic loss of confidence on the part of the community, subscribers and potential financiers which could destroy the organization. Swift, decisive action is required to avert this.

It is for these reasons that we would like to offer the city a “safety-net” that it can fall back on if its own efforts to shore up BT do not prove successful. The core element of our plan is that we would put into place a team of seasoned telecom professionals, working on behalf of the citizens of Burlington, to oversee the process by which BT becomes the success we believe it can be. The three central elements of our proposal are:

1. The City of Burlington would assign full management and control of BT to our team. The purpose would be to stabilize the operation, prevent further immediate erosion and lay the groundwork for a sustained recovery. This would provide a breathing period during which the City could consider whether to retain full ownership of the network or (preferably) convert BT to a community-oriented independent non-profit company, consistent with the recommendations of the Blue Ribbon Committee. This assignment of management and control of BT would be formalized through a management contract with a term sufficient to inspire confidence and ensure stability. *This contract would be without profit to our team and would not add additional burdens to BT’s already precarious financial position.*
2. Our team will loan to BT such sums as may be required to cover BT’s first quarter lease payment to CitiCapital.
3. After assessing the needs of BT for new capital to enable it to become profitable and taking into account the City’s decision on the ultimate disposition of BT, our team would undertake to procure that funding.

Pursuant to item #1, above, our team would:

- A. Oversee the day-to-day operations of BT including but not limited to customer acquisition and retention, system expansion, and other business opportunities that are required for the success of BT. Our team has access to a cadre of seasoned telecom professionals with over 200 years of experience in all aspects of telecom management that can be put in place quickly.
- B. Work with CitiCapital to accommodate our plan for the revitalization of BT with the financial obligations to CitiCapital, while maintaining the integrity and goodwill of the City and BT in the process. To that end, the City of Burlington would appoint our team as its agent in dealing with all financing matters, including the existing CitiCapital obligation, and any new capital funding requirements.
- C. Manage the effort to restructure the existing debt such that it can be sustainable and raise such additional funding as we determine may be required to bring BT to profitability consistent with Vermont law. We have been in close touch with Stern Brothers regarding these financial issues and they have been very supportive of our efforts. Stern Brothers has also committed to assist us in this endeavor as may be necessary.

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- D. Manage relations with Vermont regulatory bodies to restore trust and return BT to compliance with all applicable laws and regulations.

We have put forward this proposal because we feel that BT faces a potentially devastating crisis and that without rapid, decisive action to correct major problems, it could soon descend into a “death spiral” from which recovery would be very difficult or impossible. Such a collapse would be severely damage Burlington City and have serious repercussions for Vermont as a whole. We are confident that our team has access to the skills and experience on short notice to take immediate control of the situation, stem the bleeding, stabilize the company and engineer recovery toward ultimate success, *and to do so on a non-profit basis which will not add additional financial burdens to an already precarious financial situation.*

Again, we are hopeful that the City can turn Burlington Telecom around and make it a successful enterprise. If, however, the City does not feel that it can accomplish this on its own in the short time period available, we stand ready to provide the City with the safety-net as described above — a safety-net which we believe is fully consistent with the recommendations of the Blue Ribbon Committee.

We would, of course, be happy to discuss our proposal with the City in greater detail and answer any questions that you may have at your convenience.

Sincerely,

Andrew H. Montroll, Esq.
Law Office of Andrew H. Montroll
Former President, Burlington City Council

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Richard Donnelly
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Cc: Burlington City Council