

Transcript, Part 1 of 3, of Burlington City Council Meeting, November 27, 2017, relating to the sale of Burlington Telecom to Schurz/ZRF.

Meeting agenda and minutes:

<http://www.boarddocs.com/vt/burlingtonvt/Board.nsf/goto?open&id=ATBKS5525EC3>

Burlington City BoardDocs Agenda Item 5.10 -Final Selection Of A Burlington Telecom Buyer:

<http://www.boarddocs.com/vt/burlingtonvt/Board.nsf/goto?open&id=ATBPFR646313>

For verification of accuracy of transcript, compare the text to the recording at the CCTV link below. Note, um's and ah's are omitted. Asterisk * was inserted in locations where text might be incorrect due to audio quality.

Time codes on the transcript are from the CCTV recording of the meeting here:

<https://www.cctv.org/watch-tv/programs/burlington-city-council-362>

Other places to watch the recording of this meeting:

- 1) YouTube, to watch it (full length, all 8 hrs, no edits for recesses)
YouTube streamed recording (<https://www.youtube.com/watch?v=iNiJBQVtwlo>)
- 2) CCTV Ch. 17 Town Meeting TV YouTube Channel:
<https://www.youtube.com/c/channel17townmeetingtv>

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Parties speaking in the Nov. 27, 2017 City Council meeting and reflected in the transcript:

AD: Ali Dieng, Ward 7 City Councilor
AM: Alan Matson, President of Keep BT Local Coop (KBTL)
AR: Adam Roof, Ward 8 City Councilor
BA: Beth Anderson, CIO and Acting CAO
CM: William "Chip" Mason, Ward 5 City Councilor
DH: Dave Hartnett, North District City Councilor
DL: David Lansky, Board Member, Keep BT Local Coop
EB: Eileen Blackwood, Burlington City Attorney
FN: Faisal Nisar, ZRF
GE: Gary Evans, Formerly with Hiawatha Broadband
JK: Jane Knodell, City Council President, Central District City Councilor,
JSh: Joan Shannon, South District City Councilor
JSm: Jeff Small, outside accountant working for the City
KP: Karen Paul, Ward 6 City Councilor
KW: Ward 4 City Councilor, Kurt Wright
LO: Lori Olberg, City Council Meeting support, Burlington Clerk's Office
MT: Max Tracy, Ward 2 City Councilor
MW: Miro Weinberger, Mayor of Burlington.
RD: Richard Dean, East District City Councilor
RO: Ralphine O'Rourke, City's outside counsel from Primmer Piper Eggleston & Cramer PC
SB: Sharon Bushor, Ward 1 City Councilor.
SM: Sarah Moore, Ward 3 City Councilor
Ting representative (man): No record of his name on BoardDocs CC meeting minutes
Ting representative (woman): No record of her name on BoardDocs CC meeting minutes.
TS: Todd Schurz, Schurz Communications

Video timecodes on transcript are from this video version::

<https://www.cctv.org/watch-tv/programs/burlington-city-council-362>

0.00.00

JK: So, good evening everybody. I'd like to convene this regular meeting of the Burlington on City Council on Monday, November 27th, at 5:45pm.

{jump to work session on BT sale}

00:02:10

JK: So we're into our second item which is a work session to answer Councilors questions on the new BT bids, and we will have a public forum, time certain at 7:30 as is our normal practice. But we'll have about an hour and twenty minutes or so to take up Councilors questions on the bids that are before us at this time.

JK: I understand that Mr. Dorman is available by phone as needed and Mr. Noss(check spelling) is available by phone as needed. And otherwise, welcome to the bidders from KBTL , from ZRF and from Ting. We're appreciative of your being here today to answer our questions.

JK: So, my idea was that we might spend some time on each bid and then if there's left over time, we could just take any question on any bid. Does that sound like .an acceptable way to proceed?

JK: So why don't we start with the new bid, with the ZRF with Schurz bid, and we have Mr. Nisar here, Mr. Schurz and Mr. Evans. So, I will open it up for questions for the team.

JK: Also the. be advised our legal counsel, Ms. Blackwood and Ms. O'Rourke, will let us know if we're venturing in to territory which we should avoid. So, I'll be looking to them for that..counsel..

JK: So who would like to kick off? Any questions.

JK: Councilor Wright.

JK: Would you please come up. Would you like all three to come up?

KW: Sure.

JK: OK. That would be great.

KW: Good evening and welcome. Todd,. Faisal and Gary.

TS: Thank you.

KW: Appreciate you being here.

JK: Just a note of warning, everyone will need to speak right into the mics for it to get picked up in the room and by Channel 17.

00:04:30

KW: So you, could you whoever, again, it's most appropriate to answer this talk alittle bit about the merged proposal, explain it to us, what Todd your role with Schurz is in the proposal and also what the role will be of HBC , any, if there is a connection to HBC, are we able to take advantage of best practices, etcetera with HBC.

00:04:52

TS: Sure, and thanks for the question. I'll start and then I will turn it over to the experts, how's that?

TS: And thank you for having us here. We appreciate that.

TS:As some of you know, when our companies were invited back in to this process, we really thought about what would be the right way to do that and since you'd encouraged others to possibly do a joint venture, for the first time Gary Evans called me, and Gary is the former CEO of Hiawatha.

TS:He called me and said I think you and Faisal would like each other and would be worth meeting, so we met for the first time a week ago Tuesday after the last City Council meeting

and said “Gee” there might be an interesting way where we take the best of our two offers , address some of the issues that this group has raised, and others have raised, and see if we can bring the best of both.

00:05:53

TS: Specifically , and I’m going to let him address the rest of that, but specifically about Hiawatha, our company since we began this process with Burlington and announced that we are in the process of acquiring Hiawatha. I expect that will close at year end so we do not own Hiawatha today, so I don’t want to leave an impression, we have an agreement and we’re proceeding and I fully expect that to happen at the end of the year.

TS: Our intent would be that there would be active sharing and collaboration between those two entities because we think that there’s a lot that each can learn from and benefit from each other.

TS: So that’s certainly our, that’s our clear intent.

00:06:35

FN: First of all, thanks a lot everyone for giving us the opportunity and inviting us back to the process. So we, we appreciate that. I think Todd covered it well, that when we were both out of the process, we were both getting comments about our respective proposals. There were things which were ...we understand people liked about our proposals. People liked our community development initiatives, they liked our BTV Tech Innovation Fund, liked the job retraining program, but there were concerns about us, which we, which we receive directly and indirectly.

FN: And I would say the same is true about Schurz. So our idea was how can we combine the two where we can bring the best of both options. Where we can create what I say, more optionality for the city. With on one end, you have the option to be able to create more options * day.

FN:And, ,in the future, we thought that it will open more doors, and that’s why we combined our solutions.

FN:And as for as HBC is concerned, the first time when we met , the discussion was... our vision of BT, what do we think of BT, and that ‘swhen we got together and we had the same vision. There were aspects in our proposal ...with Schurz became part of our vision and that is how the tech development, community development, and how what I say the two plans work very well together

FN: So, we’re going to work with HBC , with Schurz, and we have an agreement that , we’re going to,...but we will not dictate it, we’ll let the management teams of both companies, sit in a room and say how can we work together? How can we learn from each other?

FN: And, that’s our intention. because at the investor level, we do not want to be dictating terms to the management, of either HBC or BT.

00:09:08

FN: But the intent is there's going to be collaboration, in terms of technology, in terms of economies of scale, in terms of products and services. There are a lot of things which BT wants to do which HBC has done. So, we were very excited in the past because Gary Evans our partner is the founder of HBC. But so we, our view was we have access to HBC's knowledge through Gary.

FN: But, why this partnership, we believe is good because, it, not only we have access to Gary who is the founder, we have access through Todd to HBC to all the resources.

00:09:53

GE: I would simply say, and thank you for allowing me to come back, I find Burlington kind of a second home for me and it's, it's quite a nice second home I might add. It has long been a dream of mine that there would be a collaboration between HBC and BT. And after meeting Todd in Winona and spending time also with Faisal, it just seemed to me that the two gentlemen would work well together, and it would give us an opportunity then to allow the synergies that I thought would be beneficial to both entities to take place, so, you know, I hope that happens I guess you will tell us tonight.

KW: Alright. Thank you.

KW: I think I have a couple more but I'll let somebody else go.*

JK: I have Councilor Tracy and then Councilor Roof. Was that a hand up Councilor Roof? Ok. And then Mason.

MT: Thank you and thank you for joining us tonight.

MT: One of the issues that's grown in importance not only over the course of the that time we've been discussing this has been that of net neutrality with the FCC set to basically roll-back that provision and it's of deep concern to us, and has been throughout this process, even before that FCC decision came forward, and it's something that I put to the Tucows folks I believe last time they were here, or I get all these meetings confused.

MT: But anyway, one of the things I would just really appreciate hearing is your views on net neutrality, do you commit to maintaining neutrality, and if so, how, what particular means will you, will we have to really insure that that truly is the case.

00:11:43

FN: So, I would, we have seen some comments ...So let me first acknowledge to fears that when we put the LOI together, we did it very quickly in four days because we just formed our partnership, so there was an omission and it was not mentioned.

FN: So first of all, we have fixed that, so we issued an LOI supplementing, in which we have addressed that we are committed to net neutrality. But in addition, I think our answer is, we are committed, it's a very clear position, internet should be open, privacy should be respected, and all traffic should be treated the same.. So I think that's the principles on which we agree and we'll proceed that way. So we will commit to that, yes.

MT: I know this is sort of new territory but are there ways that you can think of that we can really,, that you're thinking of, to sort of contractually define that so there would be ways to verify that, I just really..

FN: We will put that in the contract.

MT: OK

FN: So we will, as part of the contract, we will agree to net neutrality.

MT: Thank you very much.

00:12:58

JK: Thank you. I have Councilor Roof then Mason.

AR: Thank you President Knodell. Thank you for being here . I want to talk alittle bit about valuation and equity. First question will be really simple with regard to valuation. The, some folks in the public have been curious in looking at the range of offer prices, frankly, so could you explain the offer to, the offer of \$25 million dollars.

FN: Right. I think...I think... the offer price of \$25 million should be looked in the context of who the buyer is. ZRF is a financial investor and is valuing the company on a stand-alone basis. If we, one compares that price to a strategic buyer, whether that is A or B, a strategic buyer can always pay what we would say, would be, quote, unquote strategic premium..

FN: What it basically , the way we think about it, that they have other businesses , they have other... resources, they have other place where they can justify paying that premium, as far as any financial investor is concerned, we only have one plan, we only, that is Burlington,Burlington plan.

FN: We don't have five other companies, and we do not have any... other strategic plan.

FN: This is, so when you go to a sale to a financial buyer, there is always going to be different than a sale to a strategic buyer . And the way I would explain it is , if you have, if you have a piece of land, somebody's going to build a home on that, is going to pay a very different price than somebody whose going to use it for some other commercial purpose.

FN: So, in our case, we don't have that other use. So our use is BT finance only.. So that's reflected in our price and I do think we have improved our price materially from where you all know we were, and part of that is thanks to Todd. *

AR: So the other half of my question is about equity... and the type of buyer that you are, as you say a financial buyer as opposed to a strategic buyer, the value proposition as you've laid out and characterized is an equity position that the City would maintain going forward., rolling the net proceeds into a position..

AR: There's uncertainty at least for some, around whether or not that is something that the state Public Utility Commission will allow the city to do. How would you evaluate your proposal, if say the PUC were not to allow the city to maintain that interest?

00:16:03

FN: We believe that we are giving an overall better value if we believe in the growth prospects of the business.. If the city is not allowed , we, to take an equity position our understanding is that, that answer is not here today, and if there are ways to protect you know, equity . You see, equity has , in our view, equity can go down in value, and go up in value, right, everybody here we've been talking about equity can go up. But equity can go down. ,too. Right?

FN: We are comfortable, if that's where the group thinking is, to provide what I call a downside protection, where your equity stake at closing , whatever that equity value is, will be protected, by,the {unintelligible}.

FN: Say you're a 20% owner, for, I'm just picking a number, the remaining shareholder, the 80% or let's just say \$20 million, will stand behind it. So, you will, we can put together a right for you to protect your equity.

FN: So,..I think that those are the types of things which we are open minded towards, if you are open towards taking equity position there.

AR: And this is a yes or no clarifying question, because you did you bring up some sort of protection, just to be clear, as of tonight, the LOI that this Council will be considering, that protection is not in place. Correct?

FN: Yes. We have not put that, you see we are negotiating , it takes two parties to... negotiate a deal. If you, if you think we have a merit, and you think you are interested in our proposal I think we are comfortable adding that to our LOI or to the deal, where we would protect what I call downside protection, which is let's just say your equity value is 4.75 million we're happy to add that , say we will stand behind it...where you can put your equity back to BT.

FN: But, I will ask for a six month notice. We can do, we can reduce the risk, to the max, ability of the other shareholders. We can put the equity back to the company. It is not in the LOI today. You are correct.

AR: Thank you.

JK: I have, Thank you Councilor Roof. Councilor Mason, then Moore.

00.19:04

CM: So, I guess a process question, first because I'm confused about how really to respond to new things that come up on the floor, because.... Part of the difficulty that I'm personally struggling with is, I appreciate the value proposition that's been presented it's really the carried interest and the future sale, but we've had a legal risk identified that the PUC very well may not allow that., so for me personally, if we're not going to get a carried interest, it's difficult to accept an offer of , that' \$7.3 million less than the second.

CM: So, I appreciate what you've just stated might be considered would be a potential amendment, I'm not sure how we are supposed to respond , and I see the attorneys talking, I just don't know.

CM: I mean, part of the difficulty for us is, unfortunately , and I appreciate you are new, but so much information is coming at us so quickly that it's almost near impossible to stay on top of it , exactly what's on the table.

0:20:04

CM: So, I'm not sure ...to Eileen and....Ralphine, are we, ..are we permitting amendments on the floor now or are we ..

JK: I just want to kind of add to that just a little bit. It's, and you still have the floor. Because we had a recent an EMAIL this afternoon from Mr. Dorman with some potential new aspects to other bidders LOIs as well, so I think we need to , I'm looking to the city attorney for some guidance about how we should be regarding information from bidders about measures they'd be willing to take moving beyond tonight ,if they move beyond tonight.

00:20:47

EB: Couple things I guess. As phrased, you've set up a voting process, if you go forward with it, that is adopt, accepting the LOIs as provided to you so I guess if there were terms that come out in these representations tonight or that came out in Mr. Dorman's EMAILs, that you would want to add into the those, you're going to need to add them in somewhere to say that they're important. .

EB: I think part of, part of the problem is that we haven't had any time , I mean, we're hearing this for the first time., and we haven't had any time to think about it or evaluate it or to ask a lot of questions about what it looks like . And that just makes it very difficult.

CM: So, I appreciate that, but I'm not.... OK.

RO: When we talked to Terry earlier today, he suggested that if there were going to be any changes, that one thing we needed to be mindful of, is giving other bidder the opportunity to respond in kind. So, for example, if somebody were to suddenly appear with some material change that wasn't in one of the other bids , there has to be the ability to respond to that.in order to have it be fair.

CM: So what does that mean in plain English? Because, I mean, what I'm hearing is, if they're willing to extend the put right at a certain, that may address , for me..

RO:{unintelligible talking over Mason}

CM: Let me finish. For me personally, the potential risk associated with PUC denial of carried interest . That's a material factor for me in terms of the valuation of whether to take an offer at 32.3 or 25.

RO: Well, I think you're going to have to take it on a case by case basis to a certain extent. I mean, the Ting proposal already has a put right in it as does the KBTL proposal . They each have their own tweaks and turns to it. They've been discussed for awhile, this is sort of alittle bit on the fly so we're not sure what that looks like yet.

RO: So in that case, I don't think you'd have to go back necessarily to the other bidders about a put right because they already have put rights in there.

00:22:52

FN: The way we think about, we call it down side protection versus a put right. Put right is a liquidating mechanism.. How would we get out.?

FN: How, if I am in equity position with you, let's just say if this is with Schurz, the question is a valid one, how are we going to get out. ..Schurz?

FN: Because you want to own forever and we want the option to exit at some stage. Therefore, we think of that as a liquidity option. A liquidity route..

FN: In our case, we think we have alignment of interests, where you have a partner, call it five years,, ten years, who will exit, so you can come along so you have a path, a liquidity path open. Or there will be a partner who will want to own forever, you could in that case join him.

FN: What we are talking about is downside protection and the liquidity options as I currently understand, are tied to the business performance. If EBITDA goes up, value goes up. If EBITDA goes down, value goes down. *

00:24:46

FN: What I'm, what we are talking about is a downside protection. My value at closing is \$5 million. Are the other 80% shareholders willing to stand behind saying, we can... things are not going great and I don't like it, or for whatever reason, we have some other use of money. You can come back to the 80% shareholders and say, we need our \$5 million back.

FN: All I'm going to say is that, just give us six months, so that we can give you that money.. So that's what I call downside protection. Not the liquidity path, not the put option, it's downside protection.

FN: Can we do these things? We can. Yes, I agree that we just came back into the process and we tried to put it together as fast as we could. And there are things which we are hearing which we are trying to address. So, our proposal, yes, if it is looked on cash basis. I agree with what it is.

FN: But our proposal is based on the fact that BT was early. ...There was no Facebook, there was no Netflix, there was no YouTube at that time. They're here now. Do you want to make that decision today or do you want to make that decision X years from now, and still have the same decision. I want cash, I want equity.

00:25:55

FN: You will have one party driving the value... and you will have another party who is an interested party potentially,{points to TS} with no rights, but if they want to buy, they will have to pay market price,.in a competitive process.

FN: What market price in a competitive process does, we all saw what it does, it, we all saw it, Where, it moved us, it moved them, it moved everybody. So, the whole idea is... create more optionality, We are listening to the comments heard and we are trying to address it as we are..

FN: And if you have to make the decision on the LOIs as presented, then you have our LOI. Our thinking is that it will be a collaborative process if there is a .., if both parties want to do this, we can do it. If you want us to write it down I'm sure I can go out and we can get you something very, very quickly, like, but...

FN: Maybe that's. If that's a right, or not.. We don't have all the answers. All I can tell you is we have the... right intentions and we are pretty, we try to be creative, to do the best we can..

FN: But, Yes,...do not have all the answers today..

00:27:28

JK: You still have the floor Councilor Mason.

CM: Thank you President Knodell.. You briefly touched on it, Faisal, could you sort of talk about liquidity and the exit strategy, you know, what you're looking at five, ten years out.

FN: The way we look at exit, and, I think we have heard some comments about, you know,, our exit and we are investors. Yes, we are investors. What we like to think of ourselves as company builders. We're building, we're builders..

FN: We're building the company, we're building the community. If you look at our plan, it is building both. We are going after what we, I call operational improvement, how the business will do better. And I think we gave you the plan, I don't want to repeat the same plan, we have three doors,. Increase the penetration, you have a plane, you sold four seats, sell two more, business performance doubles. Go after business customers, give them the best service. Become a one-stop-shop. Expand in the regional area. That's our business idea..

FN: And, on, on the community side, we have said, and ...that's a very big piece of our plan, and I really would like to stress on that. which is, why are we doing it? If it's New York, you can write the first check for a startup and that's your startup and you can go pursue your dream.

FN: From our perspective, if BT makes these investments in startups, these are BTs investments. So they will, they will generate jobs, And if we get one company, we don't know, if we get one company, that's the, that's the value we think BT can play.

FN: So it's the ecosystem development. And same goes about the job retraining program. So, these are the two things. Why are we doing it? I think the way we're doing it is that strength of community, relationships, will drive penetration, penetration will drive performance. The more performance you have the more strength of community you will have, this is the cycle.

00:29:59

FN: How do we exit at the end of qualified our investment period, five years, ten years?. I think what we will do is. I think we will have created what I say, we would have realized the opportunity which is right in front of us. Every day, every other day, there's more streaming, the value of your network continues to go up.

FN: In humble my opinion, nobody on this table, not us, not anybody who is outside, nobody can pay you for your potential today. So our view would be to grow the business through the way we talked about and that's when we will exit. And when we exit, anybody who's going to buy you, is going to buy the customers, is going to buy the community, is going to buy BT's value.

FN: People have other opportunities. So, I think at that time, it's going to be a process, If Schurz is interested,, they will have to pay market price through a competitive process, which I think

from City's perspective, you will have an option . If ZRF is exiting, you want cash, you take cash. You want to take part cash, you take part cash.

FN: You want to role with somebody, Schurz or somebody else, you make that decision.

FN: So it will be, let's build the business first.. Let's do the...you know, let's execute our plan and... when we are at strength, we will find the, we will do the right thing.

TS: Can I just add a couple things very quickly, his plan is better in terms of liquidity options for the city than our original plan was. As a privately held company it's hard for you , there's more liquidity options built into this structure, I think it's a much cleaner option, because the City has a right of first refusal, our company does not.

TS: So, I think there are things built in that are very much to the city's benefit . I think this is a strength of his.

JK: Great. Councilor Moore.

SM: Thank you. This really speaks to the question that I had, because I'm interested in the right of repurchase, and we heard at the last meeting, Councilor Knodell's economic assessment of, if, if there were a hostile take-over of Ting and Ting owned BT how much that might cost for the City to repurchase BT, and the estimate seems far out of anything that the City would be able to pay.

SM: So I want to respect and recognize that maybe these details aren't worked out yet , and it's not fair to change it at this point in the night, but I am interested in that...and that's a yea....

FN: What we, again, we responded to the feedback we were getting. What we heard was right of first refusal is important to the City.. You are right, it may be, it may be practical, it may not be practical.at that time. So, from our perspective, we listened, and we heard you, and we said you can have the right.

FN: Todd is right. Todd does not have that right. Only you have that right. To what an extent you will have the ability to use it , honestly, I, we're, I'm not the best judge for it, but at least you will have an option.

FN: If you want to take it back as a municipal government- owned , you can take it. Anybody who will be the buyer at that time, I don't know how the finances work, I don't know how the City's processes, but it would just have to be commercially reasonable..

FN: So, to, which an extent it is really doable, listen, the reality is, people , don't, we as investors, we don't like to give right of first refusals because it decreases the value of the business. But given the nature of the partner and the importance to the partner which is, if we've given the chance with you , we have accommodated it. I think that..

TS: And can, So, I don't have it, our company doesn't have it. It's on the record that we've agreed to put up \$10 million into this ZRF bid, we don't have it because multiple rights of first refusal don't work. Really, only one person can have it.. And we agree that the City should be the one that has it.

TS: So that was the strongest thing we could put into the letter.

00:35:15

JK: Thank you, Stu.. One more question for ZRF for now and then we'll move on to Ting., then we can circle back. Oh , Sha, I just want to be sure there is enough time for everybody. All the bidders.

JK OK. Do you want me to just keep going with ZRF? I'm just looking for the Council. Ok, great, so we'll just keep going. So, we have Dean, Shannon and Dieng.

0:35:36

RD: Thank you very much. I really appreciate you coming here tonight and giving us information that we really need to understand this bid. One of the questions that I'm concerned about is, we understand that Schurz will be a minority investor in this corporation , in this offer, but there are other equity investors who will be part of the \$25 million that you're offering. Can you give us a little more insight about who those investors are , and if you can't, can you tell us why you can't share that with us?

FN: First of all, Schurz would be a minority of the comp, BT. Schurz under any circumstances will not be able to own a majority of BT..So they will stay at minority.. In terms of other investors, they're private individuals , and we, and a lot of private individuals do not like their private information on public websites, and we have, under an, under confidentiality we have shared the information, but I think it's important to understand how the mechanics of our deals work. It's not that we're not a public company or a private company. We're LPs. The structure is a general partner and a limited partner. The control, the decision-making is all with general partner.

FN: General partner is ZRF and that would stay as such. So, even if somebody had everything in ZRF they would not be able to make any decisions, change anything, without the general partner. So the general partner is ZRF, it would stay as such, Schurz will be a limited partner, where they, yes they are contributing money, but they would not have rights over, over the general partner.

FN: They are, they, we will,, we think Schurz has, through HBC, has a lot of value to add, we have requested them to be on the board and they have accepted. We will do a partnership agreement with them. And, but, again, we will be very careful by saying, we will have the managements decide the partnership, not us dictate because they are our LP.

FN: So the structure is GP, LP , ZRF is the GP..., private individuals, we just have to respect their privacy. We have given all the information to...City's accountants, we're putting everything. So, we just have to respect , and it's a lot of investors whether they're private individuals or even , you know, endowments , states, pensions, they like to keep their privacy because ultimately * they're investing in GP..

JK: Yes., you may.

RD: So, has the city had an opportunity to review what the accountants , you have submitted to Small for review.

JK: Yes. And at some point I'm going to ask Mr. Small to come up..

FN: We have had, we have provided all the information, everything to Jeff, and he's reviewed them, and.... to his satisfaction.

FN: And, but, I, I shouldn't be speaking on his behalf.

JK: So, can we explore this alittle bit. Is there a desire at the table to go into this, Mayor, did you want to weigh in.

.MW: I just want to be clear, I that was, there was a misunderstanding the question. The City has not been able to, the City's accountant has not been able to review it, but there's no other review that, what's been disclosed to the City is simply the names of the investors but not any financial information. That's correct, right?

FN: Right, that's is correct.

FN: But we would, you know, there was a lot of discussion over this over the weekend, can we be assured confidentiality, and I think what we heard is, there are limits on what we can assure in terms of confidentiality, so therefore in order to protect both sides I think the lawyers figured out a solution which we are comfortable with.

00:40:21

JK: Can we just stay on this alittle bit? So, the ,Is it correct that the law, we have figured out a solution to the two perspectives on the disclosure of the investors in terms of getting the information the City needs ?

RO: I think the way to answer is to tell you what we have agreed to and then in part you have to figure out what you're comfortable with in terms of what we've done so far . I can't speak for the City Council in terms of what level of comfort you'll have , but I can tell you what we've arranged so far.

JK: Great..

RO: So, we have received a revised LOI Supplement from Schurz and ZRF that outlines their, it's, it's still a non-binding just as the other LOIs are , statement that they're going to raise \$25 million and that they have provided the equity, the private equity letters have been provided with the names on them to Jeff Small and they provided... financial information to verify... whether they can commit to what they've said in their equity letters, and Jeff can speak to what he's looked at and what and whether he's , whether they've met those assurances. I don't..

JK: So maybe does it make sense to go to Mr. Small?.

RO: Hang on one second. President Knodell, they also, provided me a separate letter that gave the names, the individual names, of the investors,... They asked me to keep that confidential. If the City Council presses on that point or the Mayor presses on that point, I have been authorized to release most of those names to you , and, but they wanted to keep that confidential,

JK: Would the Council like to hear from Mr. Small at this time, on this point? Yes please.

??: Yes.

00:42:20

JK: So, could, Mr. Small, would you come up, and I think you guys are not off the hot seats yet, but we can add Mr. Small to the table.

JK: Substitute him in.

JK: Thank you for being here tonight.

JSm: You're welcome.

JSm: Questions or just statement?

JSm: I have a non-disclosure agreement with the group (points to Faisal Nidar) to. I verified with them, the letters of equity for the parties and had backup information in the forms of bank statements and brokerage statements that validate the amount of the bid so they do have the funds in aggregate to close the deal.

JK: You said they do have the funds in aggregate to close the deal?

JSm: Correct.

JK: Councilor Dean?

RD: One, not for Mr. Small but, again, for Faisal and his group in terms of equity investors, we understand you have a current group that's going to provide this \$25 million which is the bid which is in front of us. Will there be further equity investors at a later date in the company, and who again, how would the city know who those investors are and how they affect the company at that time.?

FN: So, the way, you know, this is an evolving process., I'd. Normally what you do is, once you have the deal, you, which we don't, you syndicate the deal afterwards. So we bring investors in they, we will,, we're going to syndicate, you know, let's just say, a piece of that, to other investors, and we have agreed we will comply with all the Asset Purchase Agreement requirements, and we will comply with all the PUC requirements.

FN: But at this stage, we don't have the deal so, if anybody, and we would want to bring in say some local investors into the deal ...we'll do it...it's just at this stage what we are saying is from current investors we are, we are underwriting the deal entirely, entire deal..

JK: All set?

JK: I have Councilor Shannon and then Dieng.

00:44:55

JSh: Thank you. Oh. Did you want, did you have something more to.?

JSm: No, I was ..

JK: I think we're good with Mr. Small for now so thank you and..

00:45:10 [Jeff Small leaves the table and Todd Schurz returns]

(joking with Jeff Small. Laughter.among Gary Evans, Todd Schurz, Jeff Small and Faisal Nidal.)

JSh: I'm going to ask a question that was answered, asked, before but I don't think that it was answered., and I would like a direct answer. The question that was asked was about how your

offer would work if the City was not able to have a carried interest because we don't know whether or not we can have a carried interest. And your response was about how we would protect our carried interest and how you would buy back our carried interest and there would be a liquidity option.

JSh: But that is not my question.. My question is... without a carried interest, what is, what would make your bid more valuable than the Ting bid, what should we consider, that makes your bid valuable without the carried interest ? I think that the carried interest, with the carried interest the value of your offer is clear.

JSh: But I think you have said to us, if what you want is cash, the Ting offer is the better offer, and I wondered if that's still your position or if you see some other value if we're unable to have a carried interest?

00:46:33

FN: I think...What is most important to the City, that's, that's a decision this group collectively needs to make. If it is, if cash is the only criteria, or is the leading criteria, or is that something the most important aspect , then....we're not the price leaders, We just never would be.

FN: But our understanding was that there are elements here in your decision which are more than... cash. And, what we tried to do in our plan is , and this goes back to our original discussion, that....what...the way we see the true value of Burlington Telecom. How .Burlington Telecom can play a role in the ecosystem development of Burlington.

FN: And we are saying we will play our little role in that bigger goal. And to that it is ...it is...the tech innovation fund and the job retraining program. You see, all the, you know, if we , let's just say, ZRF and Schurz are putting \$ 1.75 million into that entity , if we wanted to work together, why can't we raise more money around that vehicle, managed by BTV Ignite, go to UVM, go to these places, do the competitive process, pick two, three startups, fund them for the first 50 or \$75,000 dollars, and then if we can have just one company raise \$5 million of Series A, that can create thirty jobs.

JSh: So, my understanding is..

FN: That's why..

JSh: that your answer is, your offer includes the \$250,000 annually for seven years for the BTV Ignite project plus \$50,000 for the tech education. Ting's offer includes \$250,000 annually, for ...indefinitely, longer than seven years, and for similar things, with some flexibility. I assume you're flexible as well.to develop businesses in Burlington, but their offer is also \$7.3 million more than your offer. So, those two things seem to be kind of the same.

JSh: If we're not able to have a carried interest, how do you make up for that difference? Because, with the thing you mentioned, is really pretty comparable, I mean you pay \$50,000 more annually, but they pay it , you know.. forever.

FN: So..., what we're going to try to do is ,...talk about the merits of our deal and we, where it's compared to the other offer . We will leave in, I would say, better hands to decide which, A is

better or B is better. So, our job tonight is not to go and say why we are better than Ting or KBTL. Our job is why we think we have a proposal which we think has...has merits to do that.

FN: So, if, if, to go back to the startup point, you see, our plan is integrated. The startups....the... and tech redevelopment are a key assumption to how we are driving value.. out of the business, so we are....

JSh: Mr. Nisar, I don't mean to interrupt you but I do know that President Knodell is going to cut me off soon,

FN: OK.

JSh:...so I want to just make sure that I understand your answer is that what's in it for Burlington , I understand you don't want to compare, but what's in it for Burlington is this \$250,000, without the carried interest, the benefit to Burlington comes in the form of the \$250,000 a year, annually, plus the \$50,000 a year for the tech set, for \$300,000 a year.

JSh: Do you have any other elements that make your offer, you know, compelling or differentiated from the others to benefit the City?

FN: For us, it's not about the money we can put in. For us it is about the catalyst role we can play. We can, we would not have \$10 million to put in the BTV Ignite fund, but if we lock our arms together we can sure raise more money around that vehicle, and that vehicle, let's just say, we put 1.75 in over seven years, why can't we raise more money around it? And why can't that, why can't that not be local businesses not jump in? Why can't we not say that, you know, there's a lot of, well,...startups and this part has to , is integrated in our plan..

FN: So, you have the best universities,

JSh: OK. I think I, I think I understand you're trying to, you know, build on what that \$250,000 or \$300,000 can do

FN: So it's just....

00:52:32

JSh: So let me ask , also follow up on another question that was asked, how long is the right of first refusal? We started this conversation when we were able to meet previously, you referenced tonight that commercially reasonable would be a requirement. In conversations with Terry Dorman, he indicated that a commercially reasonable right of first refusal might be 30 to 60 days . Is that your assessment of a commercially reasonable right of first refusal?

FN: Under normal circumstances in business, partners, it's 30 days. Given where the City is, we have accommodated City and City's processes to make it longer and we will be open minded to make it longer. But...can we, you know,...make it , to a point where it is hurting the business in which you will actually be, if ,you know, you're the equity partner, no.. It would, it has to be, it will have to be commercially reasonable and we expect that if we are reasonable with you, you will be reasonable with us.

JSh: What is, what is the longest you can envision extending a right of first refusal?

FN: I've not thought about it completely. So maybe, I just need to talk (looking over at Todd Schurz) to Todd, but ...we would need to understand how long you need. We would need to understand how, what is the fastest you can act on, if you need to if you plan to.

JSh: Well, I think we need to know how long you can give us because as you've seen through this process, we'll take all the time we can get, and more.

FN: Right

JSh: ..so we really need to hear from you, what are the upper limits, even if it's a range, of what is, what would be a reasonable , commercially reasonable, right of first refusal.

FN:... I can see ourselves going up to ...90 days. Anything on top of that, we would have to have a longer discussion about it.

JSh: OK. Thank you very much.

00:54:54

JSh: I still have many questions but I'll.....

FN: I think one thing we should..

JSh: let somebody ask some.

JK: Thank you Councilor Shannon.

FN: One thing I do.want to clarify , right of first refusal decrease the value , they decrease the very value of the business in which you'll be partners in. What we can't do is say put a price on my house I'll tell you in a year if I want to sell it to you or not. If that's what it is, you'll always get the people who are not serious bidders. So, I think, to, you know, given, again, we are trying to respond to your needs so we will go more than two times, three times what commercially reasonable is.

JSh: I completely agree. A right of first refusal can kill any deal. Thank you.

00:55:38

JK: I have Councilor Dieng and then Bushor. And then if there's any questions for other bidders, people should bring them forward.

JK: Councilor Dieng.

AD: Thank you President, and I have two questions. The first one is, it sounds like you've been following the BT sale process right after you were voted out. You've been following it from Indiana?

TS: From afar, yes.

AD: Exactly.

AD: And you know about all the details , you know, joint proposal that did not work, and I was just wondering if you reached out to KBTL or KBTL reached out to you to find a joint proposal to bring it forward to us? That's my first question.

TS: To Schurz?

AD: To both of you.

TS: No, but no, Gary introduced the two of us , I did not , no one else reached out to us, and we didn't reach out to anybody else.

FN: Ah (after leaning over to talk to Gary Evans) I think it's appropriate to... ask this question to KBTL.

AD: They will come later.

FN: Yea. They will be here . We just want to respect and not comment. I think it's an appropriate question for them.

JK: Let's have them ans., we'll have them answer

FN: The answer is, are we open minded? The answer is yes.

FN: Open minded, yes. Have there been discussions in the past...I think it's an appropriate question for them..

AD: Yea. Thank you. And, I think... Councilor Shannon did talk about, a little bit of ongoing community investment and it sounded like reading your proposal, it's like you will be investing \$1.75 million into the community for seven years... and that's it. No.

FN: No. There is no that's it.

FN: There is no that's it.

AD: Thank you. Yes..

FN: This is a start.

AD: I understand.

FN: This is a start of a partnership. The goal is to not say, because the \$250,000, and that's what I was trying to say. Don't look at this 250 as a 250 towards start up and we forget about it.

AD: I'm looking for the seven years.

FN: No this is no that. There will be . You have our commitment. The only thing is, when you do put things on piece of paper you want to, you know, be careful in terms of what you write.

FN: So, if, the fundamental thesis is... strength of community relations will drive network penetration. Network penetration will drive business performance. The more the business does better, the more the business will, you know, put more money into the community.

FN: That's it.

FN: So the fundamental assumption ..of... this proposal is ...we just think it's good business. We.... Because ultimately the 7000 people who are our customers , they give us, you know, their vote every day. If we do the right thing by them, and if they say great things about us, and if they say, well I like, well, I like Burlington Telecom, you know. They gave internship to my kid, well I like them because they gave... a high school, and they gave him apprenticeship, you know.. I like them because they invested ...That's the way to drive business.

FN: It's, it's, we may get a huge startup out of here. We don't know. There's only one way to know. Try it.

FN: So there is no cap. This is not that it's written in stone. If we have more funds and our strategy works, why can't we put, do more than 250? Why can't we do it for ten years? We can. And, anybody who will buy into this, this entity in five to ten years will have to be a buyer of Burlington values.

FN: And, that said, anybody, whoever it is, Schurz, ABC, whoever that is, no investor, financial or strategic, would ever want to be, if you don't, if you don't share the values.

FN: So, to answer your question, No, there is no cap, it's not a number written in stone, and it's not something that we are saying, this is it. There is no this is it, this is the only thing we could show at this stage.

1:00:56

AD: So, my last question, I'll try to combine them, and it's, because earlier, you did talk about it and I think you made it very clear that the value of a company can go up, the value of a company can also go down, but it sounds like the 1.75 million over seven years is locked. That's definitely you will do it whether the company go up or down. But afterward, if the company go down, would you still commit? That's what I'm really asking.

AD: Would you commit in \$1.75 million, or would it go down? And now my last question, would be, if you are the successful bidder, buyer of this company, will we still have the name to still be Burlington Telecom, or will it be Schurz, KBT? What would it be?

FN: You see, that's the beauty of this proposal.... It is, It will be Burlington Telecom. ...We only have one plan. Burlington's plan. We're making one investment. Burlington Telecom and people of Burlington.. We do a good job here, Burlington Telecom will just take care of itself.

FN: So, it would not be Schurz, it would not be anything else. It would be Burlington Telecom.

1:02:17

FN: And the thing which I like about this partnership is that let's just say five, ten years later, Schurz wants to be the buyer, in a process which will be competitive, on the price which will be market determined as we all saw what it can be. My understanding and Todd can correct me, they have no right to acquire the company other than, we would have done five to seven year, ten year due diligence on them to see if we can share the values or they don't. my understanding is, it will be, even in that scenario, it will be Burlington Telecom.

TS: It..So, I'll speak for our company, the way we looked at it, is the value, this is a competitive telecommunications market, the local brand name has great good will in the community, of course you keep the local brand name.

JK: Councilor Bushor.

SB: , Thank you. So, I'm going to have a couple of questions and one of them is going back to Councilor Shannon was starting about what else your offer has in it, besides, if indeed we don't

have an equity share in the entity . So getting to that point, but that's not my main question, but it's one of my questions.

SB: If indeed we were not allowed to take that equity share and had to take the cash, would we as a community, if the community, if the residents still had a desire to have some portion of an equity share in the entity, would we be able to exercise that , and is there a limit on when we could exercise that?

SB: So let's say you get, you get the nod and the partnership is here and we go through the process in all earnest and we get told that we cannot take the equity share, we have to take the money, and pay off our debt, and there's no portionality of that. My question to you is, if the city then realize that, and we have some money and we did what we needed to do with that money, but there was a strong desire from the community, an outpouring of or a cry from the residents saying, we still want to have a say in this entity, would we be able to exercise that and for how long would you be able to offer that to us?

FN: I think, if I have the question right, that in an event you're not allowed to take equity,

SB: Right, not from this sale , not in this process, but..,

FN: Then do we have the right to buy equity into the..*

SB: Right.

FN: So, first of all, let me, the ...we've been thinking a lot about why you would not be allowed equity.

SB: And I'm not saying that that would be the case, but...

FN: So the first thing we've been thinking about, why you would not be allowed equity? And there could be two answers, while equity is risky, you may lose money. And this business has gone through its ups and downs, what if it loses again? In that case, what we are, what we are willing to offer, is the remain 80 % shareholder saying you would not lose money. Right. We will stand behind you're value at closing.

FN: So, therefore, why that's important because then you can say the remaining 80% are willing to guarantee that, so I think that the probability of you , City retaining equity , in our opinion, goes up.

FN: Will there be other things in the thing which we don't know, the answer is, sure, there could be things that we don't understand. Now the question is, would we have, give the opportunity to other local investors to participate in the company. I think the answer is, yes. But we'll have to be careful . Which is, that it is ..we will have to, there are certain laws, the regl which we have to, we have to respect..

FN: It has to be qualified investors . So there are local investors, local businessmen, local people. We are open-minded towards it, but what we don't want to is.. take....well A, we have to respect the law, that we, it has to be qualified, equity..

01:07:28

TS: Absolutely..

FN: And accredited investors. So if they meet that criteria , are we open-minded towards it? . Yes. But what we don't want to do is take money which we are not supposed to and then, that can create a legal issue.

FN: So the answer is, Yes, as long as they're qualified investors... per the law..

SB: Yes. And I'm not ask, thank you for that. That was a little bit different answer than what I was really asking but I was asking not to do something illegal by any means but to find another source of revenue potentially , that if indeed there was a desire , what I really was looking for, what answer I was looking for is that, would that opportunity exist for a period of time post the signage of this partnership and if so, I would like to see something... there so that I'd understand what our opportunity was , to, as a City, , I'm talking as a City. I'm not talking as an individual ,

FN:.. the City?

SB: I'm talking the City as an entity and I'm talking about the residents as a collective, if there was a collective desire from the majority of the residents for the city to exercise some way of getting an equity share even though we couldn't roll over, we, we wouldn't be able to initially get that , would we have that opportunity and would that sunset at some point in time? That's really my question. But then I have another .

FN: Right, Ah, If I understood right, can City say, OK, we want to invest .

SB: Mm Mh..

FN: Yah. We are open-minded towards it. It's just my understanding is that you may, are not, you may not be allowed .

SB: I understand that I , it's a two part process, first is, if indeed there are some suggestions that as Councilor Shannon said, that , in the process as we move forward, we may not be able to actually take and have an equity share, we may have to take all the cash in it out, and just take the cash, and that's it, we won't be able to reinvest any of that in an equity share..

SB: That's number one scenario..and if that happens, so be it, but then if there was , if the community as a whole , if there was another avenue that City could go down, having dealt with the cash out, and dealt with that money but another avenue , would we be able to exercise that and would there be a sunset on when we could actually buy into the entity?

FN: We, we are open-minded to work on it. Obviously,. What it can't be that , but on reasonable terms, like , for example, it can't be that, within a reasonable period, if City wants to let's just say invest , and buy equity, sure. (he looks over at Todd Schurz).. It's the same thing as what we're offering today , if you invest these dollars or you want to invest some other dollars, sure.

SB: OK

FN: But,

SB: That's, that's, thank you. You've answered that question. And OK, the second piece is when you,, when Councilor Shannon once again , thank you for setting the stage for my question,

JK: Councilor Shannon does have another question, just FYI.

SB: Oh, OK.

JK: But go on.

SB: Oh, OK. Alright.

01:10:58

SB: So,, so, when you, when she was asking what you had to offer besides the money, if indeed we couldn't get the equity share, I wanted to answer for you, because I'm looking at what you have to offer and I guess for me there is something that wasn't articulated that I'd like you to speak to, which is the experience of laying fiber to the home and running a business such as BT. And, so, could you speak a little bit to what you have to offer in that regards?.

01:11:39

FN: I think the people on my right and left, are, very excited to have Gary as a partner, you know, now we have, you know...now..Schurz as well. I think Gary's the best person to answer this question and Gary will be on the Board of Directors of BT as our partner..

1:12:07

GE: I think that, arguably, Hiawatha Broadband, is recognized in the country, as... certainly the first but also one of the best overbuilders, if you will.. And, that legacy, was based on 'do the right thing.'. Customer service is a way of life, it's a mind-set. And you have to have a team that is fully committed, every member, to providing the very best service that can be offered.

GE: I'm not sure that HBC sold as many customers as customers sold customers., for us. The fact of the matter is that HBC's roots were sown in 1990. I don't know if any of you, specifically, remember 1990, but my guess is that few of you had a computer. And if you had one, it was probably hard-wired, and it probably didn't do a lot, of things that today's computers do.

GE: Internet was a military device back then. By 1992 those of us who were using the internet, were making toll calls to AOL in Chicago, to get online.

1:14:03

GE: HBC became the first small town internet service provider in the country. I think its honors and accolades speak for themselves. And, so, I guess, another way, Councilor Bushor, of answering your question is to say, whatever has been learned, in those 27 years, will be at BT's disposal. Some of it has been, through the years, OK..

GE: The Schurz company has been in business for (looks to Todd Schurz)

TS: A hundred and forty five years.

GE: Yea, well. An awful lot longer than HBC has been in existence.

GE: So the fact of the matter is that there is an awful lot of experience sitting at this table and I think that experience has proved that it A) knows how to run telecommunications companies, and B) that it clearly knows how to architect fiber to the home infrastructures..

SB: Thank you.

TS: Can I just add something very quickly, Councilor Shannon. He didn't mention himself, and their bid was better than our bid for the community stuff, I hate to say it but, it's clearly true. The skill set he brings to this endeavor is as important if not more so than the dollars. In terms of the experience, the networks, the people he knows.

TS: He's gone through this with a number of people, a number of firms and startups and that is a very valuable set of skills. So, he won't say that about himself but I will.

GE: Well, and hitch-hiking on that, let me just point out that one of the things that makes Burlington Telecom a valuable instrument is its location. You sit here with lots of customers very nearby, lots of customers, a number of whom last night I ate at a place called Leisures* out in Williston, and I was talking to some people, all of whom wished they had Burlington Telecom.

GE: The problem is that building Williston and building South Burlington require resources and I don't know anybody better at finding them than Faisal. So, Todd's right, running companies, laying fiber is only part of the equation. Finding the resources to make that happen is the major part of the puzzle. And that's where Faisal excels.

SB: Thank you.

JK: All set? Let's go to Councilor Shannon.

1:17:35

JSh: Thank you. Faisal, you mentioned that in order to have community investment, if we should fail to have a carried interest for the City, and we were looking at community investors, it would have to be a qualified equity investor and that requires a minimum net worth, doesn't it? There's a list of requirements including a minimum net worth. Is that the kind of investor you're looking for, or was it something else?

FN: We're not looking for investors. We would welcome, if there are people who are local investors or businessmen. They just have to, whatever the financial requirements are I don't, they've been changing, don't exactly recall it, but my sense is that it, in order to make private investments, there's a certain criteria, you need to make, meet, and, so, but are open-minded to work towards it.

JSh: But it, you have to obey the law as you said and there's a minimum net worth to do that, correct?

FN: My understanding is there is one, yes.

JSh: OK. And, we also had this discussion but I want to, we had this discussion when we met previously, but I want other people to have the benefit of the conversation.

JSh: What protects us, from, you want to sell, your concept is to build up the value of BT and then flip it in a sale, for profit, presumably profit to the City of Burlington as well profit to yourselves and your investors. And what protects us from a sale to Charter, or Time Warner.

We know we are protected from a sale to Comcast but that's kind of the limit of our protections as I understand it.

FN: I think... first of all..., you are a lot more protected with a private company than alternatives.. Because the control of the private company is in private hands which are sitting right here. The judgment has to be, do we have alignment of interests? Today.

FN: Second is, what protects you, yes you will have the vote seat , as part of the, if you decide to roll over, but what really protects you is what I think I covered earlier, anybody who is a buyer of Burlington Telecom at any point will have to be the buyer of your values, the buyer of how we conduct business, the buyer of how this City chooses to work with its telecom provider.

1:21:23

FN: If it was solely on price, then we would not be sitting here today. You all know that. So, and the reality is that, if it is Charter for example, just to answer the question directly, cable guys do not compete with each other. If Comcast is here there is no reason for them to be here and compete with Comcast, But from our perspective, we would agree to all the anti-monopoly clauses which have been mentioned and we agree to them..

FN: So, you will have... a lot more control ..would you have..you will have the right of first refusal...assuming we can agree to the terms of it. Then, what I would say, compared to other alternatives, but it will have to be a reasonableness test on both sides of the table.

FN: If you want to do it, if you want to partner with us, I expect that within the next month, that both sides would be reasonable and find the common ground. So, ..I hope that answers your question. I know it's not a hundred percent control but there are a lot of things built in here, including right of first refusal.

1:22:13

JSh: So, our protections are that we have one Board seat and you have now narrowed that down, to that there are just going to be five Board seats, and we'll have no Board seat if there's not a carried interest but we will have one Board seat if there is a carried interest . And our right of first refusal for 90 days, is our protection against a sale from some, I mean, you may well be right that Charter would not be the company interested in BT, but there is certainly concern in the community about a variety of potential buyers that I'm not well versed enough to list them all now.

JSh: But our protection comes in the Board seat and the right of first refusal for 90 days , and your other investors, do not get a vote in the sale , is that correct? It's just the Board that gets the vote in the sale?

FN: The General Partner, gets, is the sole party making the decision, which is us. Which is ZRF.

JSh: So the Board does not get, have a role in that?

FN: Not the Board, No.

FN: Anybody who is investor, they do not have a vote, and that's the distinction I'm trying to , I want us to understand, because, we are private entity, Schurz will not have a vote, to say ZRF you should take this bid.

JSh: And neither does the City of Burlington , even if we have a Board seat we don't have a vote on the sale..

FN: You have, I think the , for the City , I think the most important thing to understand, or at least the way we think of business is, that....whoever is going to, yes, theoretically speaking, is that possible? It is.

FN: Practically speaking, what it really is that , the community is engaged, the community is involved, and whoever will be buying Burlington Telecom, if the community does not want it, they're not going to buy Burlington Telecom. That's just the reality we live in.

FN: But the good thing is, that it's not that..., nobody's going to be here when they're not welcome.

JSh: So, so

FN: I think we have...

JSh: You are the only, you get to make the final decision, but our protection is that a company that we would not want to buy us, would not want to buy us.

FN: No, it's not, it's not that ,...we are not, ultimately you have protections built in, you have right of first refusal, and it depends what percent of ownership, it's not that ...who else decides to vote, we don't know that.

FN: But, yes, ZRF ...If we do our business right, we'll make decisions correctly.. And we'll be making decisions correctly at the Board level and we'll be making decisions at the investor level.

JSh: The sale decision lies with you.

1:25:16

FN: Sales decision ...lies with Board and the investors, in which ZRF is one of them, and you will be another one, and if Citibank or Blue Water or anybody else wants to decide..

JSh: So the City does get a vote on the sale if we have a seat on the Board..

FN: At the Board level, yes. At the Board level, yes. But you see that... the final decision , this will have to be ...it's not going to be ...a ..it's not going to be a decision where we wake up one day and think the reality is that this decision will always be made on who the buyer is and the buyer will really be the buyer of your business, your community..

1:26:04

JSh: I'm sorry but I feel like you've said two different things, and first you said, the City gets a vote because we're on the Board, then you said it's not a Board decision , the decision lies with the General Partner which is you, and then you said, the City gets a vote on the Board level but, my question is about the sale. Who gets the vote on the sale? Who makes that decision?

FN: Decisions are always made at two levels ... True in every company. True in every private, public company.. Made first at, you know, the Board level, then it goes to the shareholder level..

FN: So the Board level , yes, comp, you know, City will have a vote seat,, and the shareholder level, City also has it's shareholdings to vote whether they like what the Board has said., or approved.

JSh: So then the other shareholders get a vote as well.

FN: Yes.

JSh: The other shareholders that we don't know who they are.

FN: Oh. In ZRF , ZRF is the voting block. If it's ZRF, it's ZRF is the General Partner who's the voting block. Schurz is not.

FN: That's the difference between the GP/LP structure.

JSh: So Schurz does not get a vote. Does the City of Burlington get a vote?

FN: City of Burlington gets the vote because City is an individual shareholder , not a shareholder in ZRF. They are a Limited Partner of ZRF.. City would have its own parallel to ZRF, a seat on the table.

JSh: So,

FN: City will get to vote at the Board level . City will get to vote at the, vote at the shareholder level.

FN: Schurz is, is..does not have that vote.

JSh: OK.

FN: {unintelligible}

JSh: At the shareholder level, so the City gets a vote at the Board level, the City gets a vote at the shareholder level , we have a tiny percent share, so how are the votes weighted in the sale and exactly, you said there are other shareholders that get a vote. Who are the other shareholders who get a vote?

JSh: Schurz is not one of the shareholders who gets a vote so who are the other shareholders who get a vote?

FN: Limited partners in a GP/LP structure, do not get a vote. General partners....

JSh: OK, we have that, but who does get a vote?

FN: It's the ZRF General Partner will vote on behalf of its investment.. So, the voting ...works where GP controls the vote , City controls its vote. Let's just say Citibank wants to convert, they will vote for their shares, and if Bluewater wants to convert, they will vote for their shares.

JSh: But you have the controlling vote. Because you've made that very clear., that you ...have the, you're the controlling decisionmaker here and you have the controlling vote.

FN: if we, Yes. If we are the control of the company, yes, we will have the controlling vote..

JSh: Ok. Thank you.

1:29:33

KW: Thank you Councilor Shannon,. Councilor Paul.

(not sure why Councilor Wright is now running the meeting and responding here rather than Council President Knodell. Perhaps she left the room? Not on the camera view..)

KP: Thank you.

KP; So, Faisal, one of the things that you had, and for Todd as well, or Gary as well,, one of the things that you alluded to in your LOI was the issue of dividend recapitalization , and I'm wondering, first of all, for the benefit of those of us who weren't there, if you could fairly succinctly explain what dividend recapitalization is, and then if you could also say whether or not you are willing to commit to that because that is an attractive part of your offer is that the City could recap some of its investment without taking its principal, and wonder, if you are willing to commit to that, with a, you know, a ...sort of a range of when you would be willing to do that.

TS: So, let me start with a little , let me do the layman's , because I did it before, and then I'm going to let Faisal ask, answer it. . So, it was in response to are there other ways where the City could get liquidity in a shorter time window from Burlington Telecom..

1:30:55

TS: And the answer was yes. And the way that would be done is , this offer from ZRF and Schurz is an all equity offer. There's no debt on Burlington Telecom with this offer.

TS: If Burlington Telecom continues its growth ,we believe that in a window, and I don't know if that window is three years, four years, five years, but it's a, it's not ten years, that the business will be generating sufficient cash where it'll be attractive to lenders . And what a dividend recapitalization is, at that point, is Burlington Telecom could go into the debt markets , put some debt onto the entity, and then do a distribution to all of the shareholders.

TS: So that would be kind of , that is what a dividend recapitalization is in the most basic form. I would argue that right now would not be the right time to do it, and I'd say it would be hard to put a time frame on it from my perspective because there are some great growth opportunities in front of Burlington Telecom.

TS: So, I think the best use of funds would be to re-invest in the business, rather than take the money out. Also, there's not sufficient cash flow where you could have a lot of lenders, where it would be a very competitive process. But that's kind of conceptually what it is.

FN: I would second that, that's one of the benefits of taking all equity deal and maintaining your ownership, that we have the ability to take on debt and then everybody can take some piece off the table.

FN: The reason why, I think, at this stage, to put this in what I would say , on a time period, is, would not be prudent, is that, what we don't want to do, is put too much debt on the company and burden it because that's way we were in the past.

FN: So we have to just gain more strength, as we gain strength, is that one of the options?, Absolutely.. We....but...we will be aligned. I, to, to say, OK, everybody takes 20 cents, 30 cents, off the table, and we still have enough cash flow to grow the business.

FN: What we must not do, is starve the business, give up the growth opportunities, to take money off the table. So, now is not the time, is it possible in the future, yes it is.

1:33:40

KP: OK. So, I understand , if that's OK,

JK: Oh, I'm back. Please proceed.

KP: So, I understand that , that obviously now is not the time to do it. That makes perfect sense. The company is still , you know, the EBITDA is not that high..

KP: Todd, you've said , three, four, five years , Faisal, you're the one that's going to be the General Partner, if you're successful, what's your answer to that?

FN: I think the timeframe Todd is, is mentioning appears reasonable. The reason I , the reason why I , you know, sh..why I'm hesitant is...the last thing we ought to be telling you is hey, we'll do this in three years. If things change,there is a great opportunity for , a growth opportunity comes along, and together we make a decision that we want to grow BT that way and I just don't want to say ...I don't want to be...I don't want to leave you a path where businesses change , things evolve,

TS: That part gets changed.

FN: Debt markets change. We may get an opportunity. You see, we may get great , great growth opportunities, which we may want to realize..

1:35:10

FN: But I want to tell you, from investors perspective,...that's great. That's great, because, they love to, you know, buy the company, put debt on it, take all of your money and then....We could do that. That's not who we are. We're going to run this company conservatively, we're going to grow it, at some stage we'll take debt, so the time frame , if nothing else changes, sounds reasonable, but the reason of caution is ...because we want to do the right thing by the business first.

FN: Now, but this is , what I'm saying is that...we're interests are alike, We're...if there's excess cash or if there is cash which we can do in a prudent manner, without creating ...any damage to the growth opportunity, we should do it. But we have to learn from our past where we took on too much debt too early.

FN: So, absolutely open-minded . We are very much aligned on that point , when, you know, if we are partners together you would want us to do the right thing and we will do the right thing.

KP: So, I guess the last question I have is you had just that you would be running the business conservatively yet part of your model as an equity investor would be to sell your share of the company within five to seven years . Chances , that sort of seems to be at odds with each other.

KP: You're running the business conservatively, but your time frame is very short. So, are you running it conservatively or are you running it aggressively?

FN: What I meant to say, that is, we're not going to take financial risks. We're not going to say, we'll, let's put 30 million of debt on it and things will be great. When I say conservatively, I mean, spend the money you have...live within your budget...grow what you can afford, don't do the standard mistakes which is build and they will come, Burlington will build ...as per plan.

FN: Outside Burlington, just be fiscally responsible. And it is a lot, you know, Gary will bring to table which is, if we go to a neighborhood, how about a community *...how many people want us on that street. If there is a demand, we build the street and we do. . That's what I mean conservative, which is, don't, we have to just learn from the past.

1:37:58

GE: I think that, one of the things that HBC had, always had 60% penetration in a community before it even put a shovel in the ground. And I think that's what we're talking about here. We want to make sure that we go where we are wanted, alright,

FN: {unintelligible}

GE: And the way in Burlington, yes, but I'm talking about the greater area. The way you do that is, is you pre-sell, OK, and you insure the success of the company before you spend dollar one.

KP: Thank you.

JK: OK. Great. I think we need to close down the work session, but thank you very much for answering all those questions. I think if there are questions for other bidders or more questions, we can get to those when we get to the voting process, if there are more questions.

JK: So, thank you very much.

TS: Thank you.

FN: Thanks everyone.

JK: Thank you. We're going to move on to 5.11 which is a resolution about Burlington's flag.

1:39:08

{skipping meeting up until Agenda Items 9 and 10, voting process and selection of buyer, time code: 3:23:00: }

3:23:10

JK: Are we ready for the Resolution..

{Transcript continued on Part 2 of 3 document.}

Transcript, Part 2 of 3, of Burlington City Council Meeting, November 27, 2017, relating to the sale of Burlington Telecom to Schurz/ZRF.

Meeting agenda and minutes:

<http://www.boarddocs.com/vt/burlingtonvt/Board.nsf/goto?open&id=ATBKS5525EC3>

Burlington City BoardDocs Agenda Item 5.10 -Final Selection Of A Burlington Telecom Buyer:

<http://www.boarddocs.com/vt/burlingtonvt/Board.nsf/goto?open&id=ATBPFR646313>

For verification of accuracy of transcript, compare the text to the recording at the CCTV link below.. Note, um's and ah's are omitted. Asterisk * was inserted in locations where text might be incorrect due to audio quality.

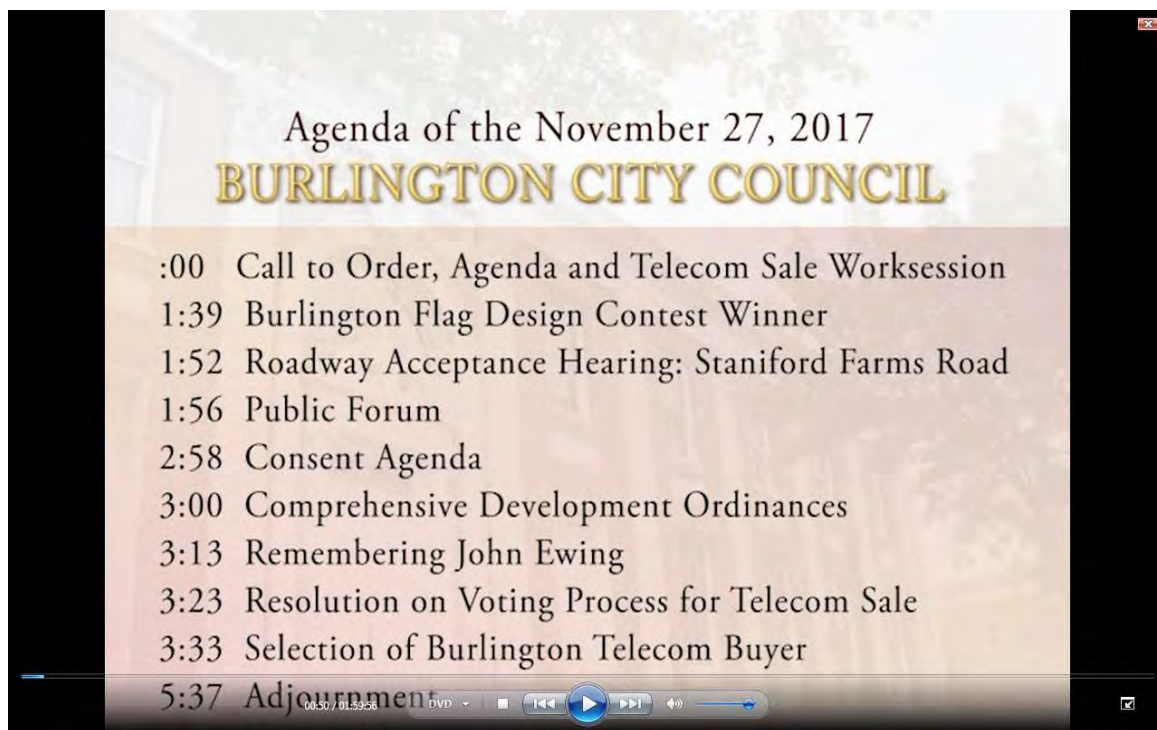
Time codes on transcript below are from this version::

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- 1) YouTube, to watch it (full length, all 8 hrs, no edits for recesses)
YouTube streamed recording (<https://www.youtube.com/watch?v=iNiJBQVtwlo>)
- 2) CCTV Ch. 17 Town Meeting TV YouTube Channel::
<https://www.youtube.com/c/channel17townmeetingtv>

Search CCTV Town Meeting TV for date of meeting: 11/27/2017



Parties speaking in the Nov. 27, 2017 City Council meeting and reflected in the transcript:

AD: Ali Dieng, Ward 7 City Councilor
AM: Alan Matson, President of Keep BT Local Coop (KBTL)
AR: Adam Roof, Ward 8 City Councilor
BA: Beth Anderson, CIO and Acting CAO
CM: William "Chip" Mason, Ward 5 City Councilor
DH: Dave Hartnett, North District City Councilor
DL: David Lansky, Board Member, Keep BT Local Coop
EB: Eileen Blackwood, Burlington City Attorney
FN:: Faisal Nisar, ZRF
GE: Gary Evans, Formerly with Hiawatha Broadband
JK: Jane Knodell ,City Council President, Central District City Councilor,
JSh: Joan Shannon, South District City Councilor
JSm: Jeff Small, outside accountant working for the City
KP: Karen Paul, Ward 6 City Councilor
KW: Ward 4 City Councilor, Kurt Wright
LO: Lori Olberg, City Council Meeting support, Burlington Clerk's Office
MT: Max Tracy, Ward 2 City Councilor
MW: Miro Weinberger, Mayor of Burlington.
RD: Richard Dean, East District City Councilor
RO: Ralphine O'Rourke, City's outside counsel from Primmer Piper Eggleston & Cramer PC
SB: Sharon Bushor, Ward 1 City Councilor.
SM: Sarah Moore, Ward 3 City Councilor
Ting representative (man): No record of his name on BoardDocs CC meeting minutes
Ting representative (woman): No record of her name on BoardDocs CC meeting minutes.
TS: Todd Schurz, Schurz Communications

Video time codes on transcript are from this version::

<https://www.cctv.org/watch-tv/programs/burlington-city-council-362>

{Skipping meeting up until Agenda Items 9 and 10, voting process and selection of buyer, time code: 3:23:00: }

3:23:10

JK: Are we now ready for the Resolution on the City Council voting process?..

JK: Councilor Roof I think is going to move that for us .

AR: I'll move to a, waive the reading and adopt the Resolution.

JK: There's a motion to waive the reading and adopt the resolution. Is there a second?

JK: Is there a second? Councilor Dieng, Thank you very much.

JK: The floor is open for any discussion. The process was developed, since I am not hearing anyone speak to it, The process was developed by a committee consisting of Councilor, Councilor s Roof, Mason, Knodell, and Wright and it, under this process, we, we start with

three bids , we thought maybe we'd have four but we have three and each Councilor, on a first round, votes for two different bidders. And the two highest vote getters advance to the second round.

JK: If there is a tie for the lower slot, then we have a runoff between those two, until we have a decision on the top two vote getters in the first round.

JK: Once we have the two, then we, every Councilor votes for one.. And that the, is basically the process that is laid out.

JK: Councilor Shannon.

JSh: Thank you President Knodell. I... had decided at some point tonight that I would bring forward an amendment to go back to our original voting method which was that we each cast one vote in the elimination round , to then move two to the final round .

JSh: I think that was a fair way to vote. I think we all agreed the first time around it was a fair way to vote. This time around we appointed a Committee. The Committee decided that we would place two votes in the first elimination round and I told the Committee members that I spoke with at the time, that I didn't think that was a good idea, I didn't think that Councilors should be compelled to vote for two when many Councilors only really had one that they really wanted to move forward.

JSh: I think the second vote becomes a strategy . And I know when I proposed changing things tonight the complaints were made that that would then change the strategy, but I think that this is, this is not .about strategy, it's about being true to yourself and casting votes that are true.

JSh: I ...have not decided if I will cast two votes in, in the first round, but I will, I am willing to support adopting this resolution because I think we need to get to the voting.

JSh: How we vote is ...I,..I will live with that. But I have to be true to myself when I cast my vote. Thank you.

JK: This is, we came into this vote with a different understanding and so... sometimes we take recesses. We think we have an understanding, we come back and find out we don't have an understanding.

DH: I would ask if we took a five minute recess.

JK: And there's also some new information that we need to possibly vet so I'm very sorry but we do need to take another...I have a request ..this will be very short.

[recess was an hour? Something like that. See full YouTube recording to calculate length of each of several recesses that were about an hour each]

3:27:04

JK: Councilors will please take their seats.

JK: The first thing we need is a motion to suspend the rules to continue our work.

KP: So moved.

JK: Councilor Paul moved it. Councilor Roof seconded it, all in favor of suspending our rules to continue on 5.10 which will be the,, and then , please say Aye.

{all say Aye}

JK: Are any opposed to suspending our rules? OK.

JK: So we are, we're OK, we're back in business, and we are on, Reso, 5 point 09, the resolution on our voting process, and I believe Councilor Shannon had spoken to this , it had been moved by Councilor Roof, and seconded by

AD: I was..

JK: Councilor Dieng.

3:27:57

JK: So the floor is open for discussion on the resolution on how to, on our voting process.

JK: Any other Councilor on that resolution? Councilor Shannon.

JSh: Well, I'll just say that I'm sorry that my announcement that I wasn't sure how I was going vote put everything in such disarray and caused the long delay for the public.

JK: Thank you Councilor. Any other Councilors? Councilor Tracy.

MT: I just want to say that I will be voting against this resolution because I'm under the idea, that there will be changes to e LOI that are presented to one of the bids, so I feel that my second, that I can't in good faith vote for a second choice.

MT: I understand that we are not necessarily obligated to do so I may very well not do that.

JK: Understood Councilor Tracy. Thank you. I think, under this process, a Counselor could vote for one. We have been advised by City Attorney.

JK: Counselor Dieng.

AD: I really don't know how the politics work s, and all of this, but I don't think we need to change anything in here because this was the resolution that this Council approved, to have a Commission of four people to go and come back with the way that we will , need to vote, to move forward, and I don't know if, City Attorney is accurate... I just need some type of explanation.

EB: I think the issue is, if somebody, that, that, you all are doing a Resolution in which you're saying that you want everyone to vote twice , but if someone feels very strongly that they cannot in their conscience , and in their duty as a Councilor, vote for a second choice, this question doesn't really give them a chance to say no the way a regular motion would be, so their choice is not to vote.

EB: And so they will abstain. And the fact that the resolution says that they won't abstain, I just see how you can make somebody vote , who doesn't want to vote.

AD: Yea, So, I think , you and I we had this conversation through EMAIL and I asked you very simple question because it sounded like I knew this was going to happen. I knew this was going to happen one day, sooner or later,

AD: And today is the 27th. There is no way we are getting out of here without making a decision and move forward.

AD: And in the EMAIL, it made it very clear what would be the consequences if a Councilor decide to not vote. This is something that we decided and we need to move forward, and I don't know how things work, why things changing this way.

AD: I mean, you are the legal person that need to advise us and I ask you a question , but the answer was not clear. I mean, there should be consequence, we.. Yea, sorry.

EB: No, I just think, there is not, there isn't anything. You don't have any ability to force someone to vote who is going to say, I am not going to vote.

EB: What I have suggested to people is that if you think you are not going to vote for two , that you say, that you do essentially what Councilor Tracy did, which is to say, I believe that it's not consistent with my duty as a Councilor that I could vote for two of these folks, and, and, right now, first of all, you haven't adopted the process yet, and one option would be to change the process.

EB: And, and I suggested that a, that somebody could amend the Resolution, that hasn't happened, yet, but if one Councilor comes forward and says I'm not going to vote... there's..

AD: I'm just glad that our conversation is on record, the EMAIL that I sent you on 11/28, and it was about 6:12pm, and your responses are also in here. So, I just want all of us to please make sure that we do this right and we get out of here, all of us. Thank you.

JK: Thank you, Councilor Dieng.

JK: I, I think that Councilor Dieng has a good point and is, if people can comply , can find a way to comply, they will. And that's, I think, that's all we can ask tonight.

JK: The floor is open on the motion to adopt. Councilor Shannon.

JSh: I just want to say that , there,..this should not be such a huge surprise to the Council because in the past we have had Commission appointments where we have two people put up and I have in fact voted no, because we are not allowed to abstain and not vote, but my vote has been no. in similar situations because you can't compel somebody to vote for something that they are against. And that's my intention tonight. Thank you.

JK: Thank you Councilor Shannon.

JK: Any other Councilor?

JK: Seeing none, all in favor of the motion to adopt our resolution on our counting process as presented, please say Aye.

?? Ayes

JK: Any opposed?

MT: No.

JK: Can you raise your hand please. So we have Councilor Tracy, in the, opposition, and all the rest support, so passes on a vote of eleven to one. Thank you Councilor..

3:33:20

JK: Ok. So, we are now into the next item , which is the selection of a Burlington Telecom buyer and we have , we're going to start, I understand with a presentation from the ZRF and Schurz folks. I am going, well (leaning over to Kurt Wright) should I .. I'm going to pass the gavel to our President Pro Tem Anderson, I let her know, so she's going to be managing the voting and this item .

JK: So, I guess I should pass it off now, so I am figuratively passing the gavel to our Pro Tem and I think that, the City Attorney will advise you on where we're going now, but I think the next step is the presentation.

EB: Yes. It might make sense to first indicate that there's going to be a presentation that is going to change, make a change in the bid . We have offered that same opportunity to the other two bidders , both of whom , to make an adjustment to their bid, both of whom decided not to make an adjustment this evening.

JK: OK.

BA: Great. Do I need a motion for this?{talking with EB}

EB: So you're going to start with that resolution...

BA: Yep. OK. Alright..

BA: So the question for vote tonight is whether the Council shall authorize the Mayor to sign a letter of intent for the purchase of Burlington Telecom with KBTL, Ting/Tucows or ZRF /Schurz.

BA: And now we'll have a presentation.....by ...ZRF/Schurz.

TS: Thanks for inviting us back. Let me start by saying that Faisal and I , we were honored to rejoin the process , and we did our partnership in a way that we thought gave the Council a real alternative, and we're not sure it helped you. So, we're coming back with , still a partnership, between us because we think there are elements, that we each bring to the table.

3:35:35

TS: But I , let me just, start by saying that our partnership is switched., but it's still a true partnership, but I wanted to give ZRF all the credit for kind of stepping aside, so, what we're proposing is basically taking elements out of Schurz's last LOI and, and, and melding the, with the LOI that you received from us Monday of last week, and the updated one today.

TS: So it would be the old Schurz price of 30.8 million. It would have the , it would still have the community investment, the entreprene..(turning to Nidar) the job retraining , all the elements of the ZRF bid. It would no longer be a GP (pointing to Nidar) LP ., it would be Schurz as the owner , the City would still have its right to roll over equity.

TS: Want me to * {mumbling something to Nisar}..

FN: A, rollover will be..

TS: Just for the City.

FN: Just for the City.

FN: Price will go up to, there's no price.* (both Nisar and Schurz looking at documents)

TS: Right.

FN: Commitment to the City of Burlington of all the community, related activities, we can be tech inf* , and job retraining will stay the same. (both Nisar and Schurz looking at documents in front of Nidar)

TS: FN: {unintelligible}

TS: The net neutrality 's the same.

FN: And there's some terms which you would , their lawyers will need to figure out with regards to Memorial and..

TS: Right.

TS: You know, our last , let me put it this way, our last letter of intent was, you know,, didn't have all the details sorted out because it took us four days, five days. This one was more fifteen minutes.

TS: So, we don't have everything solved, but I think you understand . You know, if there are elements that overlapped in the two, we would clearly honor those.

FN: And if there are adjustments required, they will be made.(said looking to Todd Schurz)

TS: Right.

TS: Ok.

FN: And,

TS: Yup.

FN: I think the structure is that it's ...Schurz deal, with ZRF as a minority partner,....There is no GP/LP. structure. There is no second sale.

TS: Right.

?: What's GP/LP ? *

TS: Sorry, GP General Partner, LP limited partner. It's a very different structure.

FN: It's,that structure is not there..... There is no ...second sale....But... from our perspective... as I said, we will do the right thing.

FM: And if the right thing was for ZRF to step aside, and let people get to a consensus, and maintain the benefits of ZR which is... the community related initiatives , startups,... we'll do all of that.

FN: So, I thinkwe have....as you said, we will not stand in the middle of you reaching consensus, and if that's what the group wants,... we are supportive of it.

FN/TS: (Nisar turns to Schurz and makes motion, like "OK?", then both turn to look at Beth Anderson/Pro Tem or City Attorneys. Both have unintelligible communication with either Pro Tem or attorneys.)

3:39:09

BA: OK. We'll open the floor for questions.

JK: Yes. Thank you Pro-Tem Anderson. And just , we can't hear you unless you speak right into the mic. Thank you. Neither the rest of the room.

JK: So, I just have a question for the attorneys, which is , is the expectation that , we'll have, there'll be something on paper , but in your judgment, the Council can act on the revised LOI as it has been presented to us, here tonight..

RO: Yes. I talked to the lawyers and I think they're going to deliver it tomorrow morning, as suggested tonight.

JK: So the Pro Tem is managing the floor now.

?:Right, so...

FN: Their* internal, second sale is not there. It is .. I want everyone clear*...which is...

BA: Councilor, Councilor Dieng.

AD: This is a question for the attorney, again. When were the LOI's due?... From the bidders, when were the date and time that they were due? This...

EB: I believe the latest ones were due last Monday at 9am.

AD: And today we are,... Monday the 27, one week after. And it sounds like this is a total new LOI presenting to us. I mean...this is a question..

RO: It is, it is a different LOI, yes. But it's based on the same terms that you've seen .it's, it's basically is a combination of the ZRF and Schurz proposal. They're taking the Schurz price, and Schurz flipping to a majority owner , and the ZRF, the other ZRF benefits, and them staying as a minority owner.

3:40:58

AD: Now my real question is, are the attorneys deciding on adopting a new LOIs, or it's a Council that should decide that we need to have a new LOI, from a, from a new bid? I mean this is totally like something totally new, and I don't know who should make the decision, if we will accept this or no.

RO: Well I think that what you're being asked to consider tonight s whether you accept it on the terms that are verbally presented, but obviously, it's going to have to be followed through, with a written one. If you don't get that in writing, on the terms that we're talking about, it..

AD: And knowing that the LOIs were due... one week ago , and one week after, we are getting, a presentation of a new LOI that's not even in paper,...I mean, I just need to look at our processes, the way we do things, a little bit.

RO: There have been a number of changes in process and this is another one, for sure

BA: Mayor Weinberger, then Councilor Bushor.

MW: .Thank you ...President... Pro Tem Anderson.

MW: Councilor Dieng, I, I feel the frustration in your voice.and I certainly share... some of it, but let me say a couple things. As I understand the motion, it is to authorize the Mayor to sign a letter of intent and I can certainly assure you that I will not actually sign a letter of intent until there is an excellent document , if, if, if, and I think it remains an if, this is the proposal that the Council chooses to accept tonight..

MW: I will not be signing that document without...a..very...tight.. and well written LOI to sign off on. So, there's some discretion there, that, you know, you can insure will happen..

3:43:18

MW: This is a surprise to me, I ...had no idea that this was going to transpire tonight, in fact..., had made some calls to,... hoping to insure there were no last minute surprises, and I'm sure this is, anyone watching at home, and I understand there are quite a lot of people watching on YouTube and Facebook and the Free Press web site and who knows how else.

MW: That....this is quite a spectacle going on, and I know this , I've been seeing some of the tweets, I know that there's a lot of frustration with what's going on,.

MW: I have to say that I am glad that this change happened here , I'm not saying I'm going to support this, but what I'm saying is, what the Council now has, I believe before it, is a much stronger bid than what we had been discussing earlier in the night, that, at least from my perspective,... was not something that I could consider accepting.

MW: The fact that, the second sale, .the fact that there was such a dramatic discount, or, for the \$25 million offer that was on the table, .. The fact that, I think, had we accepted the other

one, there would have been substantial legal risk still open...that the city would have faced . I didn't want it to go with that.

MW: That and more, I think, has been addressed by this change. This is not a small change. And I think it's done the Council and the City a favor to have this different choice before us.

MW: I think you now have two very different types of operating companies, that both have long track records, that you can look at in making the decision, and I hope, you know the hour is late, quite late, that we will. I think the people of Burlington deserve some discussion of the very different choices now, that are now on there before we adjourn tonight..

MW: I hope that's helpful, Councilor Dieng.

3:45:12

BA: I have Councilor Bushor, then Roof, Hartnett and Tracy.

SB: Thank you. I didn't know, it looked like you wanted to answer something., but I have, so, once again another turn in the, in the process here that wasn't anticipated , but one that I'm intrigued by.... So,... but I need to know alittle more .

SB: I know you've tried to give us a quick overview , so I have a couple, well, three questions . First of all, Gary Evans, does his role change in this, yes, no?

TS: Yes, in the sense that there's no longer a partnership, so yes, that would change, but no, there's still things we, really , we, we, we got together because think this is interesting , what we might want to do together.

TS: So do I see Gary having a role, yes.

SB:OK. ...Alright.. I have to ponder that.

SB: Decision-making for the City. Can you just refresh my memory? I didn't bring your original, shame on me , LOI, but I didn't, so can you just refresh my memory on the decision-making ability that the City would have in this relationship.

TS: I didn't bring my original LOI either , so..

SB: {laughs}

TS: You're not the only one. If I remember correctly, we believe*, I believe, in strong local management, so that would be the key role here, we also proposed a local board, that, very similar to what ZRF had, so that was, there would be, there would be local management , local governance, a separate local audit because you have shared local ownership .

SB: OK.

TS: Yea. The City would have a Board seat.

FN: The structure *, it's only , rather than... I just call it the same five people vote?

TS: Yea.

FN: City getting its seat. The difference is ...it will be ...Schurz deciding who will be on the Board and if requested we will play the same role which they were, request *... were playing in our bid.

TS: Right.

FN: But, I think the biggest difference is what we captured of the second sale,.

SB: Right.

SB: So, the last question, I mean, you spoke to this and, so for me the concept of partnering and having, being a partner was pretty relevant for me. Pretty important.. And I appreciate the change in, in this relationship but I'm still trying to adjust to it.

FN: Believe me, I am too.

SB: The equity shares, I do recall when I was doing my , this is way back when we had the first four proposals before us, I remember that , that Schurz had the most opportunity for the City to have a larger equity share up to potentially one third. Does that remain?

TS: Yea, I , I , we definitely want the City to roll over its equity and have the right to do so. I think that's one of those , what I was told is, whether the city can do so or not is , is , the City doesn't know. I think that's something we'd revisit very quickly..

SB: So.

TS: Our intent would be the same.

SB: OK. So my question, once again is, that, when does that sunset? That's a really important piece for me, and so I asked that before in the other relationship but it's really important for me now to know in this new relationship. If the City wasn't able to act on, so, if indeed the City found itself in a situation where the state or the regulatory body said you can't do that, would the City have a opportunity to talk among ourselves and the residents and figure out if there was another way that we could exercise an opportunity to have some type of equity share?

TS: Yea. I think our intent would be yea. I don't know how we would do that?

SB: OK.

TS: But, I think,

SB: So that an important

TS: I want you to roll over equity . We are obviously very comfortable having the City as a partner. So, I, the ..the answer is yes, I just don't know how yet, but I'm writing it down.

3:50:29

SB: OK. Ok..

FN: I think it's for the City to figure out, that if they have the ability to contribute , either, if not through equity, if they can figure it out, then in principle, ...(speaking to Todd Schurz) I think you'll have to...

TS: So...

SB: So I'm talking hypothetically, but I'm also wanting in this letter of intent and ultimately, if indeed you were to be the selected entity, I would like to see that written, obviously, so that we would know what the criteria was and what, what the opportunity was. I think that's very, that's important to the community, I mean, because there is ..

SB: So you're looking at somebody who really doesn't want to sell the entity at all. It was one person, maybe two tonight that came tonight and spoke about, you shouldn't sell BT and really, I'm in that camp. I have to be honest with you, that's really where I'd like to be. I wish I was Todd Schurz, and I wish I could give it back to the City actually, you know, if I had money, but I don't.

SB: So, I'm in the situation where I'm, I'm trying to do what is best and trying to also...let the people that I represent, and the citizens of Burlington know, that although they're going to no longer, and they don't own it now...I get it...but they're no longer going to have that entity, that they'll still have some say in it.

SB: So that's why this is so important.

TS: Yea, no, I, so, I understand what you're saying and absolutely, whatever we do would be in writing.

SB: OK.

TS: That's ..I just don't have it for you right now. So,, yea.

TS: I, I, I understand what you're saying.

SB: OK. Thank you.

3:52:19

BA: Councilor Roof.

AR: I will, I have two quick questions, first I think it's the attorneys, just trying to get.. my head around the difference between LOIs that we've seen and something that is new and by my understanding, the nature of LOIs are they are also non-binding, non-contractual, they are, and I might be over, this might not be legal, but are they essentially verbal commitments?.

RO: That's very legal. They are non-binding. All of the LOIs that have been presented are non-binding, and this is non-binding and also verbal, which is different, but it's going to be followed up in writing and the idea is to get principal terms agreed to that then would turn into definitive documents

AR: OK. Alright. And the second is for... Mr. Schurz, one item that was typically, commonly discussed, was the guarantees around cost for service for a certain time length. I'm trying to recall, and I can't and I'm wondering if you can the time that was in your last LOI and just to be on the record for committing to that, I believe it was five years.

TS: Yea, we had the longest commitment.

AR: That will, that commitment will remain under this proposal?

TS: Yes.

AR: Thank you.

BA: I have Councilor Hartnett, Tracy, Wright and Knodell.

3:53:44

DH: Thank you. A couple things, so, I know you, that look on your face out there , how did we get here, But, I honestly believe if we didn't get here, that we would be six, six again. And we weren't going to have an outcome. And I think this gives us an out, a chance to, a chance to get here.

DH: And, I look at this more as an amendment to Schurz's letter of intent . Mean. It's really the original letter of intent that Schurz submitted that's been seen by this Council , that's been seen by the public, it's been vetted, I'm not saying that we don't get to see it again, and we will.. But...

DH: This isn't something that like , is brand, brand new, that they're trying to, some of the Councilors are trying to say that this is a brand new letter of intent . That is, that is not really true.

DH: This is, this is kind of a win, win. Right, it answers all the questions .

DH: It... we talked about BT in their criteria that we heard tonight about local ownership, and, and, and about, you know, a future sale, right ?. This answers all that.

DH: And to be honest with you, coming out of the BTAB Committee, and we got a letter from David Provost, over the last couple days that said the City Council needs to honor the work of the BTAB. Well if that was really the case, really coming out of BTAB, Schurz was the recommended company., initially.

DH: Alright, and if we would have handled this differently, from the start, and including myself, we, sure we made mistakes, but at the end of the day, if this takes us a little extra longer, if it takes us 'til twelve o'clock at night or 'til tomorrow morning to get this right, and to come up with the best partner for the City of Burlington, I think we have a responsibility to do that.

DH: And not everybody in this ...Council is going to be able to embrace this, but I would say that it would be seven, eight, nine Councilors that at the end of the day could say, OK, maybe we ended up with the best partner. Wasn't my choice, but maybe we ended up with the best partner. And I appreciate Schurz and ZRF willing to do that, and to be honest with you, I approached them, myself, and asked them tonight , if you want to know how we got here tonight.

DH: Because I knew that we were headed six, six. And we can't be six, six. We ca..for the sake of Burlington Telecom, for the sake of the City, for the sake of the Council, we can no longer be six, six. It's bigger than all of us., right? We need to get out ahead of this.

DH: And if they're willing to do it, I think we should , I think as a Council, we should embrace this. Thanks.

3:56:19

BA: Councilor Tracy.

MT: So, we came into this meeting thinking that we were going to be debating one LOI and midstream, out of the view of the public, we got a completely different LOI that was negotiated out there in the hall, out of public view, out of anybody's knowledge, or anything, anybody's ability to review it. I haven't even had a chance to look at it in any way.

MT: I feel incredibly uncomfortable with this and I think it's incredibly unfair to the citizens of Burlington, who have not had a chance to do, who have not had a chance to look at this LOI.

MT: I understand that the other LOIs, that the other bidders were a chance to look at this but they were, to act, to throw this on their plate at the last second and say, hey, you want to make a counter offer, feels incredibly unfair to them as well.

MT: And, it's just a slap in the face of the public process, that's happened here. I think that this is completely unjust, so I would ask both of you, in your own words, how is this at all fair to Burlington citizens?

{applause from the audience}

?: Eiy, yie, yie.

TS: I don't think we're trying to be unfair to anyone. I think we were invited back. If you remember, we were invited back into the process. And we tried to give you an alternative. And unfortunately, the first alternative we gave you didn't seem to help resolve the issue that the Council was having.

TS: So, honestly, I don't know if this one will help either., but we're actually trying to be helpful., and certainly not insult anyone.

MT: OK. I certainly appreciate that, and I just feel like I don't feel, I feel completely uncomfortable with this. I walked in thinking I was going to support you and give my second bid to you, but I don't think I can do that because, you know, I just don't have, I just don't think that this was the proper process to follow for this. I think this is completely wrong and I just really don't like it.

TS: I think you should always vote your conscience.

3:58:20

FN: Let me add to that... We did not come in ...today...for this outcome. I... ZRF proposal was always different.... It was always...an equity proposal. It was always about the second aspect of community development.

FN: This deal which was on the table, we did not craft....

FN: In order to do the right thing,, so that the Council can make a decision, ZRF did not stand in the middle of it..

TS: Which they have the right to do. I want to be up front on that.

FN: But, it would not have been the right thing to do for us to say ... that's the deal.

FN: The re, all I can say,...fine, we're not the winner, our structure is not the winner. But if Burlington can get a better deal... which ,I still have my views on first sale, second sale. But it doesn't matter.

FN: I had the same views back in July about which one is the better decision. So I think, what we, this is not a deal we created, this is the situation which was presented in front of us,. We had a decision to make. Either we could just stay at our position, and this or for ZRF to step aside , let Schurz be the lead, maintain*.. and we did not say that we will not do the piece which we said we would want to do, which is he community piece.

FN: We'll be their minority partner. But I can tell you this, throughout this process...I have gained..a huge respect for this partnership. Maybe half an hour ago, an hour ago, we were the lead, and they were in a different role,. I hope to God I can play the same gracious role which they played to us. So, ..we responded to what was asked of us, in the best way we know how to, and to give up, essentially... our structure, and our deal.

FN: But not take away from Burlington the benefits, I'll keep on coming back to you as ,. we'll do it under...Schurz's deal. Nothing is changed. I'll still do ...all...what we committed to.do.

4:01:13

BA: Coun, Councilor Wright.

KW: Thank you.

KW: I understand Councilor Tracy's frustration in a sense, but I want to thank both of you and Gary . I very much appreciate that you're doing this in the spirit of what you think helps move this City forward. I think you sat up there and you watched and listened and you saw the result that many of us were seeing, that we were going to potentially be in the same spot as we've been in for weeks here.

KW: So, I don't think it was, my guess is it was not easy for you to come to this decision. I think that Faisal, I think thought that he had a better way forward. And I think there was a lot of exciting elements to the proposal that was in front of us before. , but some of the questions that I did have when I first heard about this was, what happened to the 5 year broadband?

KW: I asked the freeze on broadband. It was different in this proposal. There was other good things in the first proposal but now the 5 year broadband's back in. The freeze on broadband prices .

KW: One of the questions I had, I asked the mayor's office , I've asked it a number of times, is the question about valuation. And I get that we're more about equity in your proposal and the carried interest. But now, there is no question about law suit anymore. The valuation is up into an area where there will be no question about that.

KW: There will be no question about the regulatory process. To me, I'm excited as hell about this change. I think it gives us the both, the best of both worlds in this. I think we have a... there's no knock on the first proposal, please believe me,. There's no knock on the first proposal.

KW: I appreciate how hard you worked on the first proposal and, and I...absolutely love the spirit that you both, including Gary, have come forward with this proposal and in the good intentions for the City of Burlington.

KW: So I am eager , and I hope that we have found the sweet spot with a proposal that a majority of the Council can once and for all get behind and move us forward. So, I want to thank you for that.

FN: Thank you. I really want to, I don't know what outcome we will have. If, whether this revised proposal would work or not. But one thing I want to be on the record , that I want, I'm thankful to Gary for putting us together .

FN: I am, whether we win or lose, you know, I am really thankful for Gary, for our, for making this at least, for * introduction happen.

TS: Me too.

BA: I have President Knodell then I have Councilors Mason, Paul and Shannon.

JK: Thank you Pro Tem Anderson.

4:04:02

JK: So, I want to ditto everything that Councilor Wright said Councilor Hartnett said and I also totally respect the frustration of my colleague Councilor Tracy. That in mine, when I spoke at length , probably too long, a couple weeks ago, really my point there was, we have with the KBTL and the Tucows/Ting bid, we had two very extreme, kind of opposite, in many ways, opposite proposals, and we didn't get, we were neither, we were getting deadlock between those two opposites and I was saying we need to find something in the middle.

JK: And, eventually, that led to inviting back Schurz and ZRF . And a lot of the comments I was prepared to make on behalf of ZRF's bid , which I also really liked, really do also apply here, which I , for the people who , wanted the coop, I don't see a way of getting there.

JK: But what I do see that carries forward some of those values is that under this proposal BT continues as kind of an independent, Burlington based, Burlington-centric , Burlington identified, Burlington embedded, company, and I think that's really, really important, and has lots of positive implications for us moving forward.

JK: The potential ownership position is 33 ½ percent, that from the September 18 Schurz bid.

JK: There is the Board there, five member Board , we still have the same competencies of the partners, at the table, HBC, Schurz and ZRF. Very complementary kinds of competencies. And so, like Councilor Wright, I'm hoping that we, we can get to a ma, a strong majority vote for this, for this revised LOI.

JK: I've spent most of my time, when I'm not scrambling to get ready for lecture, reading these LOI s over, so I personally don't feel that I can't understand what's in front of me. I feel that I have a good grasp of the verbal presentation of what we are looking at here.. And I, I know that the mayor will give it a fine tooth comb and will review it carefully and I think we can have

confidence in that work that the Mayor will do on our behalf, if we do decide to go with this propo, revised proposal tonight. Thank you.

BA: Councilor Mason.

4:06:31

CM: Thank you acting President Anderson.

CM: Thank you for... your efforts to try and get across the goal line, I , what I'm struggling with, I appreciate that those of us on the Council who have lived, eaten, breathed BT for significant period of time may be able to grasp this very material change. The difficulty is... the public . We've all done significant outreach and in particular over the last week be it Front Porch Forum, meetings etcetera, , This is a complete change from what we presented to the public. I've not received, you know, a single constituent that said vote for Schurz, because you didn't have a bid .

TS: Right.

CM: And that's the piece that I'm struggling with. I don't know what to, I appreciate all of us on this Council wanted this to be over tonight. I think if any of us made a motion to postpone, or you know, for a week or some period of time to allow public input, I'd probably be, you know, pummelled.

CM: But the reality is, we really have not had the public input. And there are differences, between, you know, the three offers. There were, started to be public input, you know, on Schurz some of which I appreciate was not received well, but there are differences between Ting and Schurz. Customer service, pricing, etcetera, and we really haven't, A) dug into that as a Council , or as much as we might, and also not allowed the public to weigh in on that. And I'm struggling with what do I do with that. It's twelve o'clock ..., I appreciate there's a desire to move forward ...And I'm not asking you to do this...I'm just telling you what I'm thinking through here.

CM: We are in a process where I'm going to have to cast two votes . I know how I may feel about those two votes, but I don't know that I've afforded my constituents and the public an opportunity to inform me in making that bid, and that's troubling to me.

4:08:29

TS: I don't have...I, I, I appreciate what you're saying.

BA: Councilor Shannon

JSh: Thank you. I, I, I just first want to say thank you to, to all of you, for staying in this process with us. Thank you to all the folks at Ting. Thank you to the folks at KBTL.

JSh: This has obviously been an agonizing process for all of us. And there's a lot of frustration, and I don't want it to appear like it's with you, because, honestly, it's not with you. I think you've been straight-shooters with us, and I appreciate that.

JSh: Faisal, you came to the table and you told us this is about building it up and flipping it , and some people don't like the terminology , but you were straight. And I respect that.

FN: I'm not sure I used the word "flip."

JSh: You did.

FN?: Yea.

JSh: You did.

{laughter}

JSh: You did.

JSh: I type like, verbatim. But..., it's OK, because, you can use a different term, it's still the same thing, and you just told the truth. That's good.

FN: I will tell you, there would be a second sale , but if I used it...

JSh: OK. But we don't, we don't, to be do it, we have lots of things to debate and we don't need to debate that. And this is not yet your opportunity to weigh in, so

FN: For the record...

JSh: You have not been asked a question.

FN: For the record, please take this word out.

JSh: So,

FN: Do me a favor,

JSh: My understanding is , that's not, whatever we call it, that's not the plan anymore. So, that's I , I...think that that's a good thing, for Burlington generally. I completely respect that you have come forth with your best offers.

JSh: But, in, you know, in figuring out how did we get here today, I'm wondering if, over the last two weeks, have you met or had conversations with any Councilors about changing your bid or about coming forward with ...something else?

4:10:23

TS: No.

JSh: You have not?

TS: No.

TS: They've...they've chatted with us tonight.

JSh: So you did not meet with Councilor, President Knodell . You did not meet with Councilor Wright at the airport?

TS: I didn't. No.

?: Faisal did.

DH: Point of order.

JSh: Did

DH: Point of order. Beth, I mean, we're really talking about the bid, we're not talking about the process, are we? I mean..

FN: There has been no discussion to change the deal.

FN: There has been no discussion prior to tonight because I would not have put so much effort into the deal, if I knew what the outcome just happened.

JSh: But you have had meetings and discussions about , not to change , to alter the bid in some way? There was no discussion?.

DH: Point of order.

4:11:11

{talking over each other}

JSh: *

DH: They had discussions about the sale. His sale.

FN: I, no,my, let me..*

DH: Councilor Shannon

FN: *

FN: My * was

JSh: So..

BA: So..

4:11:15

DH: She is out of control.

FN: My *

DH: You're out of control Councilor Shannon. And you're going down the wrong path.

FN: I've never had.*

BA: Wait, I'm sorry, Can you. I want to acknowledge comments that are being made. So, President Knodell I think you wanted .

JSh: I believe I have the floor.

EB: (to BA, quiet guidance, something re: point of order)

BA: OK.

EB: (quiet guidance to BA) Keep going *

BA: Oh. Ok. Think I'll allow her to keep going.

JSh: Ok. Alright. So, Faisal can continue to answer the question?

FN: I've not had a discussion .with anyone prior to tonight , where there, how we're going to ...if this deal wouldn't have worked. This deal, if this deal would have happened.

JSh: Discussions were only about your old deal.

FN: We have had input from everyone. A lot of people in terms of what we should do with our deal.

FN: There was pressure on us to increase the valuation, do this, do that,

JSh: But my only question is if you've met with City Councilors....outside of the City organized meetings.

TS:: No.

??:* we have..

FN: I, I have...

JSh: So you did not meet with President Knodell or Councilor Wright ?

DH: Point of order. Because that needs to be explained..

BA?:: * I need to be able to respond to *

??:: Right.*

FN: I, I ..* process works.

KW:: Point of order please.

KW: I'd like to be recognized on a point of order.

BA: Councilor Wright.

KW: No. There were no more meetings , any different than what you attended, Councilor Shannon. We had a process that if we went through Terry Dorman, we could set up a meeting. And it just couldn't be an individual Councilor by themselves, by themselves..

4:13:14

KW: I had questions that I wanted to continue to ask about the proposal , no different than you, going to the Fletcher Free Library meeting with them, as you did. Yes.

KW: You certainly did. And that was a sanctioned meeting, and.

JSh: We've all * (talking over Wright)

KW: I'm sorry,, I have the floor. Councilor Shannon, I have the floor.. .

JSh: Point of order.

KW: No, I believe * I'm suggesting...

JSh: Councilor Wright has to address the Chair, not myself.

KW: And so the reality is, I contacted Terry, he sanctioned the meeting, we met at the airport, because Faisal was flying out of town . Otherwise we would have met with him in a downtown location. And we said it was, it was the easiest thing to do there.

KW: We followed the process that was , exactly as it was laid out, we ran into Councilor Paul there, we asked her if she wanted to join the meeting, and she did, .she actually brought up the question she said*“I’m not sure we’re supposed to be doing this..”

KW: I said, well, we are, because Terry set the meeting up for us. And because there’s more than one of us here, it’s fine. And that was the process that we followed. There is no question about that. It is no different than the meeting that we had at the Fletcher Free Library or the meetings that we had here in the City Hall.

KW: It is a meeting where we continued to want , had questions about the process, and nothing was, as exactly as Faisal has stated. Faisal didn’t request the meeting, we requested the meeting. Faisal was here as was Todd and Gary, to meet with Councilors and to go through their proposal.

BA: Thank you Councilor Wright.

4:14:44

KW: * further questions about that.. Thank you.

JSh: I be..I have the floor.

BA: You do have the floor.

JSh: Ok....I want to be clear, because I’m being accused of doing something outside of what we agreed to, that the Council was invited to meet with the bidders in meetings that were arranged and shared with the full Council. I had no knowledge of, and the meeting at the library was actually with Terry Dorman , was available to all of the Councilors, and we all sat in on the meetings, there were no secrets.

JSh: And it was known to everybody that those meeting were available to all of us.

JSh: That was not the case with meetings at the airport and other meetings that I’ve heard about. But, I’d like to move on to the substance of this issue. And everybody who has had separate meetings, I know I have not had any meetings with you or any other bidder , or any conversations.

JSh: Those who had can, you know, defend themselves.

JSh: Who will operate BT under your current proposal? You said it would not be Gary..

TS: No, it would not be Gary, well, unless, I mean, I guess we could, have that discussion but I haven’t had that discussion with Gary. So, we would have a strong, local leader. And so, that’s to be determined. So, that’s ...where we are right now.

.TS: As I said, I’d like to have, I’d like for Gary to have a role, I don’t know what that role would be.

JSh: But who would be operating and managing BT. How would that work?

TS: Yea, I’ll be...yea..I’ll be candid with you, right now,...I wasn’t expecting to answer to that question. I was expecting to answer the question as his LP. So..

JSh: I mean if you can't answer the question, it's perfectly fair to say, you know, I'll get back to you, or I can't answer the question.

TS: I don't know the answer.

JSh: OK.

4:16:45

JSh: Your....my understanding was...you would need Board approval to go forward with this deal and I'm sure you had some inkling as to, that your Board was going to approve your original LOI, perhaps that was run by them and perhaps the partnership with ZRF had been run by them and I wonder where are we with your Board approval process?

TS: So, the previous LOI was reviewed and approved by our company's acquisition committee and our Board. So that structure was already done. The ZRF partnership, my acquisitions committee met Tuesday of last week and approved that. So, I'm having to schedule a new Board meeting in the next couple weeks. So that would be, I would update everything, at that point..

JSh: Ok. So it still requires that, that process.

JSh: Who will be the investors in, my understanding is the 60 percent Schurz, it's 40 ..

TS: No, It would be , I'm sorry, I didn't mean to interrupt you.

JSh: No, go ahead. If it's no, then just go ahead and tell me what it is.

TS: Our company would be the owner . The City of Burlington would roll over or invest what they would do, ZRF would have a stake in a minority stake as well, we're figuring that out, but that would be it.

JSh: What percentage ownership would you have, would Schurz have? Could you?

TS: Well, it ...it would be anywhere ..I mean part of that depends on what the City does. So, it could be ..it could be...

FN: I think the right way to think about it is, this is, this will be a Schurz deal,

TS: Right.

FN: With ZRF as a minority partner. What percent we will decide , we haven't decided, but it is not the...it is it is...Schurz 's deal...with benefits of ZRF , of all the community related initiatives, and investments. But we do not have the GP/LP structure, We will be a minority partner in their deal.

4:19:15

TS: And, and, to get back to Councilor Bushor's question, yea, I don't know, it, we're not, it's not a General Partner, Limited Partner kind of structure but we're still figuring out how it all fits together.

JSh: Understandable.

JSh: Do you .. so you're going to be a minority par, ZRF is going to be a minority partner. Is it just going to be you investing or will there be other investors in that ZRF partnership, that will be the minority partner?

FN: We haven't figured this out. But the reality is, the right way to think this about is, this is Schurz' deal.

JSh: Ok.

FN: This is Schurz deal.

JSh: He's going to have the majority

FN: Schurz will have the *

JSh: You'll have a minority interest. If you have other investors will we know that you have other investors and will we know who the investors are?

FN: .We're going to follow the same process which we followed earlier. It's, you know, If ZRF is, you know, big investor, it will have the same GP/LP structure between ZRF and its investors. But at this stage, I think the right way to think about it, is not get into the internal dealings of how we structure that. I think the right way, because, the thesis of ZRF's proposal was...that... that there will be a second sale, at some stage.

JSh: I do understand that you don't know

FN: This is not that, this is * {talking over Shannon}

JSh: Right.

FN: This is ZR,this is Schurz deal . And just think of this as.....

JSh: I'm sure you have to go and, and figure out, you know, if you're going to have other investors and, and it might not be the same people interested in this deal, that were interested in the previous deal. But my question is just , if you bring in other partners, you had previously agreed to share the names of the other partners with... with * the City, and I just want to know, is that the same arrangement? Will we know that you have partners? Will we know who the partners are? Who will that information be shared with?

FN: I think..

JSh: Because we are public , it's different than a private body and, and, it's important to the public to know who owns the telecom.

FN: I think in this case, Schurz owns it. Schurz is a minority partner ,

FN: No, no.

JSh: But I'll take that to mean that you do not want to share the details of who's in your partnership .

TS: No, I think , Schurz would be the majority partner , we would have anywhere from, and again, it depends on what the other parties do. We could have anywhere from sixty to ninety-

five to 100 percent of the ownership. So, effectively, Schurz would be the owner of BT at that point.

JSh: And so ZRF may not be your partner in what you're offering us tonight.

TS: No, there are still some things that ZRF offers that we are very much interested in namely, the things in the community, with the entrepreneurship, with the job retraining, that's, those are the things we're still figuring out.

JSh: But if you own 60 to 100 percent, at 60 percent, ZRF is your partner, and at 100 percent, I assume he is..

TS: Well no,

JSh: He is not..

TS: Most of that gap in there is how much does the City of Burlington have?

FN: I think our partnership is, would we support Schurz to do the things which we suggested one should do. The answer is, yes.

JSh: OK.

JSh: Would there..

FN: Would we be there to help Schurz do all those things, including the tech innovation fund, including the retraining, Yes.

JSh: So you're talking about that two hundred and well, but you put it as 1.75 million dollars over seven, \$1.75 million over seven years.

AD: Point of order.

4:23:43

BA: Councilor Dieng

AD: Yes. We were supposed to make a vote on the 27th and we're on the 28th would be here until the 29th Can we ask, can we take turns, to ask questions, I, please .

BA: Yea, . Coun..*

JSh: I will wrap up my questions .

AD: Yes. Point of order.

DH: You like that Councilor Dieng, huh?

JSh: Will you....

* (people talking over each other)

AD: We need to move on. We ..

{laughing and multiple people talking}

JSh:Will you stil be.fi...

JSh: I do think that it 's important that we get all of our questions answered. So we can go another round . I'm happy to do that. So, I have more questions, I don't think we can vote until all questions are answered, but I will yield to the other Councilors.

BA: Councilor Paul.

KP: Thanks. You know I had actually prepared, you know, some comments that I was going to speak to given the fact that it was a ZRF/Schurz proposal and one of the things that I was going to say was that , quite honestly, I would have preferred a Schurz offer with the ZRF value add.

KP: I think this is a better proposal for the City of Burlington , and others have mentioned, as Councilors Hartnett , Wright and President Knodell have mentioned, some of the benefits of that , one of the others is that, and one of the concerns that I always had was that I was much more attracted to a decentralized model and I think this is the decentralized model . The Burlington Telecom that we have today, under a Schurz, ZRF proposal, will, I believe, feel like the Burlington Telecom that we all care about, and I think probably the opportunities are much greater with this kind of arrangement, for us to be able to benefit from the synergies with Hiawatha Broadband .

KP: So, I'm very happy with this proposal. The other thing I just wanted to mention is , that, you know, I wouldn't have had really an opportunity with a ZRF/Schurz proposal to really speak to the financials because, you know, you really, it was hard to, as a family offer, this is a completely different setup.

KP: Bur I just wanted to, for the benefit of the public , to just re-iterate what I had said back in mid-October, which was, I did at the time , have, long before there was a moratorium on individual Councilors being able to speak with the bidders, I had contacted Terry Dorman and had asked him if he would set up an opportunity for me to speak with Todd about his audited financials, and we had a great conversation on a Sunday afternoon , and he also did give me the opportunity to access his audited financials , for which I was very appreciative.

KP: And I think, I think what we're looking at with Schurz Communication is a very strong and sound company , one that is not interested in any sort of get rich quick kind of scenario. It's a very patient , patient return on equity , and I think it's the kind of offer that we're looking for, a long-term owner . Their record is not one of buy something and sell it in five years , buy something and sell it in ten. They are a long-term holder.

KP: And, I think , I, I personally think that you will be, if you're selected, a very good partner for Burlington. That being said , and I do want to make sure that we do have an opportunity to give the two people that are here from Ting the opportunity to come up and, you know, for us to ask any questions we want to ask of them.

KP: I do want to say in, to, to, to Ting, that one of the things that maybe a lot of people don't know, is that over the last couple of weeks there's a lot of things that we have asked of Ting. We've asked them to go and talk directly with KBTL to possibly work out something with them. We've talked, we've talked with them about different things that we wanted in their LOI. They have agreed to everything that we have asked of them. And I think that we, that does bear our acknowledgement and our thanks.

KP:They,...if they are selected they will be a very good partner for Burlington as well.

KP: So, I agree with the Mayor, we have an opportunity to move forward with several good offers and hope that we can wrap this up on the 28th of November. Thank you.

4:28:35

BA: Councilor Dieng

AD: Yes. I would like to make a request, in having the summary of this new proposal before we make any vote. I would like to ask maybe the Council we go on arecess, they can work on a summary of their proposal and bring it forward before we make any votes. Because we cannot just make votes on just words. We have to have at least something in writing before we move on. That's just a request. Thank you.

BA: I think that's, it's Council's decision. If you want to ask them to do a written LOI

RO: So, before ...we regrouped again, I met with ...Todd and Faisal and we went through the joint LOI that was proposed by them , and, no, is this the right one? No, not...Was this the right one?

RO: And...{comment to RO by EB} Yea, and basically went through and put pencil notes on the things that would have needed to have changed in that LOI, so, it was, we pulled a few points out of the Schurz old LOI and plunked them in pencil in that.

RO: If it would help to circulate that and look at it we can do that or we can step through the actual joint LOI and explain what the differences are.

?: You want a copy of the LOI?

AD: Yea, I would like to have it*.. Not the whole LOI but at least the summary..

BA: We'll call a five minute recess to make copies.

JSh: Point of order. Could we continue? It's, another recess, honestly, is pretty dangerous here . Could we just continue asking questions and the att,..we can just get copies of what you have shared with the Council, so that we can continue this process?

BA: So....Councilor Dieng were you done with your questions?

AD: I mean, I don't have any other, and I don't know how people can ask questions , just for asking questions. I mean we need something to look at in order ask a question, and that's what I'm nicely asking to the Council ., at least..

BA:: Couns, President Knodell?

JK:Yes. I think it's helpful to have something in writing if we can get something fairly quickly. I think that's an excellent idea. And in the meantime, if there are more questions, we can, you know, kind of keep going through the questions. I think we should, need to make progress, We need to,I know Councilor Shannon has more questions, let's get through the questions.

JK: And,let's, I do think that we should get to the voting... at some point. And I think we blun, we owe it to ourselves and to the City and to the bidders to at some point get to voting, because questions could go on forever.

BA: OK.

JK: And we can't allow, we need to get the important questions out, we need to get the important information out, and then we need to vote.

BA: And I will ask to Councilor because I don't have another hand, to Councilor Paul's question, do we want to bring the other... bidders... for, back for any questions.

JSh: I have further questions.

BA: OK.

JSh: I didn't know, I wanted the other Councilors to have an opportunity too..

BA: Councilor Shannon.

JSh: Ok.

JSh: Will you still be buying up other municipal telecoms. Is that still part of the plan?

4:32:49

TS: I think right now, I think that we will be digesting this one first. It would be the right answer. I think we want to learnI think we want to learn before we make that next decision. We see a lot of opportunities. Clearly we committed to .complete the build-out in Burlington except for those

FN: 120

TS: ...120 households that are very difficult, that we'll figure out how we can get to at some point.

TS: There's lots of room to expand in, in neighboring communities. I think there's opportunities throughout the state of Vermont, so we're...but..we're going to walk before we run, would be my answer.

JSh: And, you recently sold a telecom, I think in 2016, I don't remember the name of it, over the, because..

TS: It was Advanced *

JSh: I was made aware of this many weeks ago, but..

TS: Advanced Cable in Florida, yea.

JSh: And can you share with us, was that a fiber to the home business that you sold.

TS: No. It was..

JSh: And why did you sell it?

TS: It was a traditional cable business, and we had been in that market. It was Coral Springs in western Florida. It was two communities. I think we were in one about twenty years, and the other about thirty, forty years.

TS: We were in a very difficult, competitive position in a large media market. There were, I think, a half a dozen video providers, and probably five or six broadband providers. And we

found that we just couldn't effectively, we couldn't effectively serve our customers or compete in that market and so we said, it was better for us to leave.

JSh: OK. So, it was a very competitive broadband market. And all..

TSL All of our markets in ..we're in..the Sioux City, Iowa region , that's a competitive market. We're in the outside of Phoenix and Tucson, Arizona. Those are competitive markets. So, it's not the competitive nature of the competitive market, it was, it was the fact that effectively we couldn't communicate our message.

JSh: OK. And, now I'm going to ask you kind of the same question we had the ZRF proposal on the table, and the attraction of the ZRF proposal was to , I'm not going to irritate you, it was to build it up and sell it.

FN: Thanks.

JSh: You bet. Willing to meet you half way.

4:35:21

JSh: So, that's not the plan ...any more...

TS: No..

TS: Right.

TS: Our intention would be a long term owner of Burlington Telecom.

TS: So, if you're thinking that we switch seats and then the intent is still to sell it in five to ten years, that's would not be the intent.

JSh: Will the City . Well, the advantage to the City in that deal was that we were , you know, pretend...if you were successful in doing that we would have had this large, yield at the end and so the argument was that, you know, there was a seven million , \$7.3 million differential between you and Ting , and, but we could make that up at the sale in five to ten years. We could potentially make more than the \$7 million dollars. .

JSh: So, but in this comparison no, you don't have that upside, your price is 30.8 million , Ting's price is 32.3 million. You don't, you're telling me you don't know who's going to operate this business, so...how are you going to be , I mean, are you going to,, make the argument that you're going to operate the business better than Ting, or what's the thing that kind of puts you over in your mind . What's the strength of your, of your bid here, now.

JSh: I mean, you were at one point, the high bidder.

TS: I remember....no, and ..yea, I , I can't judge how Ting would operate the business. You know, we would operate the business, do I would know who the local manager would be , at this point, that's, that's all the things we need to figure out. We have a structure in our company in terms of support and other things that we are right now in three markets, and once we close the Hiawatha Broadband deal, we'll be in four communities.

TS: 'We've got tens of thousands of fiber customers , so, you know, we ...have a track record and kind of know how we would want to operate that. I think the big difference would be, you know, there would not be,

TS: I, I would not envision a sale of Burlington Telecom as a 100% entity in the future. So, you know, we would need to sort that, how you do that valuation. I would expect, and our intent would be that the City's ownership stake, whatever that is, would grow.

TS: And, I, when we talk about alignment of interests, I want it to succeed for, for everyone. So, we'd have to figure out that valuation mechanism, because it probably wouldn't be a sale of the entity on the open market.

4:38:29

JSh: Right. ..So, and I don't remember from your previous offer, what the buy-back arrangement was. If the City has a, I assume you're offering the City a 20% share and, and we would have the opportunity to buy back the share, and what was the previous offer and are you sticking with that?

TS: Yea, our previous offer was we would be happy to have the City roll over its equity. We also said if the City wanted to put in additional equity, resources in, we would welcome the city increasing its share up to one third. of Burlington Telecom..

JSh: But then if the City is in for one third and then wants to liquidate that investment , what is, will Schurz buy out the City at some point?

TS: Yea, and that was, I think, we had not, and you're asking me to remember a letter of intent from ...

JSh: Well, what you're intention is today. Either one..

TS: I can't remember. I think we had said we would set up a mechanism but we hadn't done that yet.

JK: I know the answer to the question because I have the documents.

TS: Thank you.

BA: President Knodell.

JK: The answer was basically that we would work it out. We'll work with you to work it out.

JK: And I also have Burlington , there, the Schurz's confidential eleven year plan , which lays out very clearly their business plans. so If any Councilor is interested in having this document, much of, many questions that we are hearing now, are actually, have been answered by documents we have received, up to now.

??:: OK.

TS: I just don't have it in front of me and I can't remember. I apologize.

JSh: Thank you. So we don't. we don't know what rate you will buy us, buy us back? Ok. Thank you.

TA: Yea.

JSh: Thank you.

BA: Any other questions?

JSh: I, I don't have questions but I have a statement I'd like make.

4:40:35

JSh: When we're done with questions.

BA: Can we complete....

{Transcript continued on Part 3 of 3 document.}

Transcript, Part 3 of 3, of Burlington City Council Meeting, November 27, 2017, relating to the sale of Burlington Telecom to Schurz/ZRF.

Meeting agenda and minutes:

<http://www.boarddocs.com/vt/burlingtonvt/Board.nsf/goto?open&id=ATBKS5525EC3>

Burlington City BoardDocs Agenda Item 5.10 -Final Selection Of A Burlington Telecom Buyer:

<http://www.boarddocs.com/vt/burlingtonvt/Board.nsf/goto?open&id=ATBPFR646313>

For verification of accuracy of transcript, compare the text to the recording at the CCTV link below.. Note, um's and ah's are omitted. Asterisk * was inserted in locations where text might be incorrect due to audio quality.

Time codes on the transcript are from the CCTV recording of the meeting here:

<https://www.cctv.org/watch-tv/programs/burlington-city-council-362>

Other places to watch the recording of this meeting:

- 1) YouTube, to watch it (full length, all 8 hrs, no edits for recesses)
YouTube streamed recording (<https://www.youtube.com/watch?v=iNiJBQVtwlo>)
- 2) CCTV Ch. 17 Town Meeting TV YouTube Channel:
<https://www.youtube.com/c/channel17townmeetingtv>

Search CCTV Town Meeting TV for date of meeting: 11/27/2017



Parties speaking in the Nov. 27, 2017 City Council meeting and reflected in the transcript:

AD: Ali Dieng, Ward 7 City Councilor
AM: Alan Matson, President of Keep BT Local Coop (KBTL)
AR: Adam Roof, Ward 8 City Councilor
BA: Beth Anderson, CIO and Acting CAO
CM: William "Chip" Mason, Ward 5 City Councilor
DH: Dave Hartnett, North District City Councilor
DL: David Lansky, Board Member, Keep BT Local Coop
EB: Eileen Blackwood, Burlington City Attorney
FN:: Faisal Nisar, ZRF
GE: Gary Evans, Formerly with Hiawatha Broadband
JK: Jane Knodell ,City Council President, Central District City Councilor,
JSh: Joan Shannon, South District City Councilor
JSm: Jeff Small, outside accountant working for the City
KP: Karen Paul, Ward 6 City Councilor
KW: Ward 4 City Councilor, Kurt Wright
LO: Lori Olberg, City Council Meeting support, Burlington Clerk's Office
MT: Max Tracy, Ward 2 City Councilor
MW: Miro Weinberger, Mayor of Burlington.
RD: Richard Dean, East District City Councilor
RO: Ralphine O'Rourke, City's outside counsel from Primmer Piper Eggleston & Cramer PC
SB: Sharon Bushor, Ward 1 City Councilor.
SM: Sarah Moore, Ward 3 City Councilor
Ting representative (man): No record of his name on BoardDocs CC meeting minutes
Ting representative (woman): No record of her name on BoardDocs CC meeting minutes.
TS: Todd Schurz, Schurz Communications

Video time codes on transcript are from this version::

<https://www.cctv.org/watch-tv/programs/burlington-city-council-362>

{continued from Transcript Part 2 of 3 document}

JSh: I don't have questions but I have a statement I'd like make, when we're done with questions.

4:40:35

BA: Can we complete the questions with this presentation and offer the opportunity to ask any of the other bidders questions?

BA: OK.

DH: Do we have a final copy of the written...

BA: No, we're.

DH: OK. Because they're probably still be questions. I think Councilor Dieng. I don't want to speak for Councilor Dieng, but I think that's what he was waiting for. Right? Yes.

BA: Can we move on to the others though and come back to this...for... time?

BA: Does, do any Councilors have questions for the other... bidders?

BA: Councilor Dieng.

AD: Are the other bidders...I would like to have both Ting and KBTL here please.

JSh?: Were you sleeping?

{laughter and room noise as KBTL and Ting reps go to witness table}

AD: So, can I ask questions?

BA: Councilor Dieng.

AD: I would like to start by saying thank you for trying a joint venture proposal. And as of right now it sounds like that is still a possibility. You still can work on a proposal and bring it right now.

{laughter from the KBTL and Ting reps}

AD: You know, if you can say*

AD: We can give you some time to go to so.

{laughter and clapping from the audience and reps}.

AM: I appreciate that, thank you.

AD: OK. So, my question for Ting is, you know, you've been hearing all of this and it sounds like nothing is done yet and we still have a possibility to make a vote before 12 pm, today, right. So, now I was wondering if you can work on your community investment a little bit. If you can, you know, work on it a little bit, instead of \$250,000 a year, is it possible for you also to... make it happen a little, make it go up a little bit?

AD: And if you are interested in doing so, please do it, you know, in order for us to have all the LOIs to discuss. And, yea, maybe you can answer that, and then my next question will go to KBTL.

Ting woman: I. one thing I want to confirm is \$250,000 per year in perpetuity and in addition to the \$250,000 we would do the same things we do in other markets, which involve significant community support, such as sponsoring local events, such as giving free service to select non-profits, such as initiatives that would help bridge the digital divide beyond the Lifeline program.

Ting woman: So I think we will be giving additional community support that we haven't necessarily quantified but which is , which Burlington has told us is important, and that will be outside the \$250,000 and would be on a yearly basis.

4:44:10

AD: So there is no way to have it in writing, what you just talked about, and say this is the amount that we can commit, in bringing forward every single year for Burlingtonians?

Ting man:: I think our, our letter of intent stands. I think, I think our bid is, is fair and is still the high bid. I think our commitment to the community is higher if you take into account the fact that it, it lasts forever, than what we've seen, and, and so, I know, I don't know, I don't know that this is about a bidding war any more. I think this is about values and, and preferences and who we trust to operate this business.

AD: Thank you. And that's a great segue for KBTL, and I think this is all about value , the amount of support that you received because we value community, we value local control, we value sustainability. And I haven't asked this question to any of you yet.

AD: What are the chances for Keep BTL to not... be successful if you are the successful bidder, as a whole. The coop to not be successful in terms of percentage.

AM: Yea, I'll start with something I think folks have heard me say which is .. we're not going to come up in front of the City, and we don't want to put ourselves in a position where we're going to fail. And, we've had a lot of pressure to just increase our bid. We've had a lot of pressure to do different things, and what we did in this final proposal, is something that's going to require, you know, requires us to really sharpen everything as finely as we can, but still be in that position to say this is going to succeed within the community,.because, the last thing we want to do is take us back, you know, to the position, where things were either, you know, it wasn't necessarily that they took on too much debt, but it was that they spent too much on the build out, and we don't want to put it back into that position, so we focused very closely on making sure that we're not going to be, for the cooperative, putting this into position to fail.

AM: So, if you ask me the probability, I mean it's going to basically be a probability event that would be based on, you know, some dramatic business shift that would cause issue for any party. And it's not going to be an operating issue that would come up, or a financial ability to pay our debts that come up.

AM: So, we know whatever the probability of a, you know, basically, a business disruption, that would be....and I don't mean, I don't mean a business disruption like an equipment failure, I mean a total change in the way the world works, type of business disruption. The buggy whip kind of story, that, would be our reason for failure.

4:47:32

AD: And, lastly, the main concern for many of my constituents and also many of the City Councilor were the amount of debt. Now it was \$12 million , now \$18 millions. Do...how do you come up with that? Why did you want to add more debt into your bid instead of just sticking to the \$12 million that you came from for the company*?

BA: Councilor Dean?

RD: I have a very specific question that I think is for Ting. On page 11 of your slide deck addressing investments in the local economy, you highlight a \$50 million capital expansion investment plan for the next ten years which I think obviously shows your commitment to building out the, the....network, the fiber network in this city and in the communities beyond. But then, a few pages later you mention in your investment commitment a \$57 million

investment over ten years. And so, I'm just trying to understand the \$7 million difference between those two investments that you quote.

Ting woman: The number is 57 . I think we used sort of, over fifty as just a general round number as a placeholder.

RD: So the real number is 57.

Ting woman: The real number is 57. Yea.

RD: Thank you.

BA: President Knodell?

JK: Just continuing that, I had a similar question on the Ting proposal, and then I also have a question for KBTL . The... discussion about completion of Burlington, you're very unequivocal that we're, we will finish New North End, we will build out Burlington, and then you say that you will review plans for neighboring areas, including Winooski, Essex, Williston and South Burlington, build there if warranted. So, that's we're going to explore it and if makes sense, we'll do it. OK. Just want to clarify that.

4:49:42

JK: So, on the Keep BTL's, there was a revision to the bid, so my understanding is that the upper price in effect is now 16.5 and not \$18 million? Is that correct?

AM: David I think that you need to...

DL: Yup... The... \$18 million bid assumes that the City takes a carried interest of \$1.5 million. So, if the City's going to preserve its full option, to take all cash, the offer does have to come down to 16.5. But at an \$18 million bid, the City's available cash or available carried interest, is larger than with our \$12 million bid, which may give the City more flexibility.

JK: OK. And then when you compare your, I didn't have a chance to study the new projections in detail but I knew the \$12 million pretty well . So when you change to the \$18 million, this assumes the City , with all the assumptions to get to \$18 million...

4:50:50

JK: How does it affect your, you know, cash flow and ..the numbers still work with the...

DL: Well, you have to keep in mind there were several important changes at the \$12 million bid. There's member buy-in at \$500 per account, with half of that waived for Burlington subscribers, with a minimum pay in of \$5 a month. And that brings in close to \$400,000 a year for the first four years.

DL: So...so...there's other elements that improve the cash flow as well as the impact of...Do you want me to detail all of the changes?

JK: No, no, no. Just the summary. Just the kind of, big picture.

DL: The short answer is that the... debt coverage ratio has a bit of a larger hole in the \$18 million bid at ...five years when the payment to Maine Fiber steps up.

JK: Right.

DL: On the other hand, there's substantial amounts of available cash, in the years prior. So, if the cash flow is managed, the, the average debt load coverage will work just fine. It does work.

JK: OK. Thank you.

4:52:18

BA: have the paper?*

AD: Maybe last question, so I asked earlier a question to Ti..Schurz/ZRF about...if you contacted them in bringing a joint proposal together, and I was... just wondering, and they said they could not answer that question.

AM: Right. And was all, it's all good. We did talk to them, and the reason, I know the reason they didn't answer the question is , they didn't know if we were in the room and they were uncomfortable to answer without us being in the room. So, yes we did and I think it was, again, was just, you know, something that wasn't going to ...you know, necessarily...connect with the approaches that we take, in particular toward ownership of the asset.

AM: So...we were introduced and we were able to meet with them a bit but, you know, it didn't really , didn't go very far.

BA: Councilor Shannon.

JSh: There's actually a question posted on Twitter that I wanted to ask of Schurz but I don't know if they're still in the room or if they just went to negotiate

EB: They're out consulting on the document.

JSh: On the what?

EB: On the final document.

JSh: OK. When they come back I have a question for them.

JSh: Sorry. I'm sorry. I don't have questions. I've seen so much of you guys I don't really have any more questions for you.

BA: So..

AM: The way, if any, the shoes are Brooks. I don't think you actually knew that they were Brooks, although they are red, Ok?

{laughter in the room}

BA: There are no other questions,then. Should I propose a five minute breather?

JSh: Poor Alan thinks I asked about shoes rather than Schurz because it's so late.

{laughter in the room}

AM: My ears aren't that bad.

{laughter in the room}

BA: Why don't we take a five minute recess then, while we wait for the papers to be copied, completed..

4:54:35

JSh: I just didn't want to drive this on any longer than we need to so... somebody just Tweeted and asked me to ask this question and sent me a link , and you know, honestly, we haven't had a lot of time to do any kind of due diligence on your offers, so I apologize for just kind of springing this on you on the floor, but what was, what was sent to me was from Mother Jones , the title of it is 'Meet the Media Companies Lobbying Against Transparency" and there is a list of companies included in this , and you, and this goes back to 2012,... lobbying against net neutrality in, in 2012, along with, there's a, there's a number of other organizations on there, including Gannett. Cox Media Group,... Hearst Television, and you're on the list.

JSh: So I want to just wanted you to have the opportunity to address that. And I know that you do hire lobbyists, and do you hire , have you hired lobbyists on the net neutrality issue, or what was your position in 2012, has it changed?

TS: Yea, We've hired a lobbyist once. It was not for net neutrality, it was for something completely different. It was for a transaction , a related kind of thing, and I don't know what that one was about , so I, you're catching me cold. I don't think we've ever lobbied on net neutrality, as far as I'm aware of.

TS: At least, let me s', I know I haven't. I also know that the commitment we made to you,... that we made, and that the two of us made, in the letter of intent, we did together as well as the one that we made, our company made in September, we would absolutely honor that. That's, that's the way we do business.

TS: So, I don't, I don'tt know that one., that specific article. I'm sorry.

JSh: If, if you make a deal with BTV that you are supportive of net neutrality I don't really understand the structure of your company to know if you might have , you have a subsidiary, Antietam, I think,... they could lobby for..against net neutrality even though, even though in Burlington, we support net neutrality, they might decide they do not support net neutrality. Is that correct?

TS: Yea. Let me, we own eight newspapers, I don't think we've ever had a year where they've all endorsed the same candidate . We're fine with that.

JSh: OK. Thank you.

BA: Anyone else? The attorneys have gone downstairs to update the...just so everyone knows what's going on. They're updating a document that they will take a few minutes on and come back with, so...if there are no other questions, we go back for..

??: Yup.

BA: Was that a hand? I'm sorry?

DH: No. It was recess

BA: For five minute recess?

DH: Yup.

[Recess taken]

4:58:05

BA: If the room could be quiet.

BA: Is she ready?...So the documents have been handed out. I think we'll ask if Ralphine O'Rourke will maybe walk through it briefly and then address any questions?

RO: OK. So the document that you have in front of you is the summary of proposals that we've been using to review the various LOIs. This last one is the last presentation that was put forth by ZRF, KBTL and Tings, and then I've taken the third column which was the ZRF column, and converted it over to add in the new proposal. So it's sort of a blended approach, of showing the changes from the ZRF proposal to the new Schurz proposal.

RO: So the first provision is on management, ownership. On that, Schurz is going to be the majority owner and ZRF will be a minority owner or partner, or however that ends up getting characterized. But the concept there is the majority / minority position.

RO: No change with respect to the retention of staff.

RO: On the... offer, source of funding is cash at \$30.8 million. It assumes that the \$2.5 million that's been planned in capital expenditures will continue to be made, and additionally, there is possibly an additional price increase based on the EBITDA performance for fiscal year 2018.

RO: Those, those, that was in the Schurz offer before, and but it doesn't have firm numbers around it yet.

RO: It's a cash deal. That hasn't changed from before.

RO: On the commitment to move Memorial, they will move Memorial facilities with 18 months of notice and the payment of that is still to be negotiated with the lease terms, is what we're talking about.

RO: The potential City equity is, I think on the purchase price proceeds, it's 20%. There's been this talk about additional amounts but that's going to be subject to whether the City can do that. So, I think that's...

RO: The same on fiber build out.

RO: The, they're actually much more expansive provisions on the capital commitment....but the plan is to reinvest the profit into growth and then to make additional capital commitments that were set forth in that, you know, more expanded... LOI from before. I think it had the \$6.5 million, am I saying that right? {looking to Nisar and Schurz}

5:01:12

RO: And then, the community commitment, these provisions are all the provisions from the ZRF proposal and they stayed the same.

RO: The pricing commitment , that was to make no price increases on broadband for 60 months, which is an increase from the 36, and content cost increases only on video, passed on at cost.

RO: The customer service , this, the expansion of the , of the... current customer service.

RO: They have included the anti-monopoly provision in concept, the specific language around that still needs to be determined.

RO: The, there's a commitment to net neutrality.

RO: And... on the put right, it , if the City decides to take its , an equity interest, and they want to sell their interest back, they've included that, but still, some of the terms around what that put right is going to look like is , need to be determined. That was consistent with the old Schurz LOI as well.

RO: The, the commitment to Smart City Initiatives is the same.

RO: With respect to the Church Street location, they... would like a long term lease with either a right of first refusal or an option to buy, and we haven't, we still have to negotiate the terms on rent.

RO: And they offered a right of first refusal to the City on the future resale, but that also needs to still be negotiated, which is again, consistent with the prior LOI.

RO: And the Board, you know, there's some flexibility on this as well, but the idea would be that probably, Nisar and Todd and maybe even Gary would be on the local Board and the City would have a Board seat as well., if it rolls its equity in.

RO: And it assumes zero working capital.

RO: I think that's pretty much, the run-through.

5:03:27

BA: We'll get into questions. I, Councilor Bushor

SB: Thank you. Thank you. This was very helpful. I just have a couple questions. Since tonight is the night to think outside the box. I'm going to exercise that.

SB: But the first thing has to do with... the, the opportunity , you, you referenced it , where is it?...the City may elect to retain, sorry, City may elect to retain ownership interest up to whatever, but approximately twenty percent? And what... am I confusing the 33 1/3 with this 20%? What am I , what am I?...

RO: The 20 % reflects the, if we were to roll over all of the sale proceeds.

SB: OK.

RO: I think the 30% you're thinking about, was a provision, it was in the other previous LOI but it was saying, if the City had additional funds to roll in...

SB: Right. But is that going to be retained in this ...because that was in the original LOI from Schurz. That's important to me. I referenced , I...*

RO: I don't think Schurz has any problem with it. I didn't put it in there because I don't, I don't know how we could structure that under our charter.

SB: OK. Ok. The answer is yes. OK.

SB: And so, the other question, is....I don't know if I have...the right to ask it but I'm not sure, if its legally OK. Where's Eileen? She probably went home just exhausted. But anyways, 200 Church Street, which you know, a long term lease or right of first refusal, refusal, or option to buy? Could we just get more equity in , in the company?

SB: Just saying that Mr. Mayor.

SB: I'm just trying to figure out ways to increase our portion of this and I just wanted to know. I didn't know whether that that was something that really could be discussed. It's a real estate transaction and that has to come before the Council, I'm well aware of that.

SB: But, anyway that's another.. Food for thought, as we move forward. Thank you.

BA: Councilor Mason.

CM: Thank you. Thank you for this chart Ralphine. It's helpful. But I think it also highlights some of the difficulties we're going to have to face in making a decision. I see at least three material items that are not finalized. The, you know, the move, I know it's been projected that's a million dollar plus, who's going to pay for that, was something to be determined.

CM: The right of repurchase. Again, something to be negotiated. In good faith. Contrasted with the Ting offer where we've got a specific purchase price and a specific timing requirement.

CM: And finally, you know, on the right of first refusal, we have specific language from at least one bidder, but we have a to be negotiated.. From a leverage perspective, if they are moved forward as the winner, what leverage do we have to extract terms that would be more favorable to the City?

5:06:51

RO: Well, I think your leverage has been extraordinary through this transaction.

{laughter in the room}

RO: So, I..

CM: I'm saying now though. We, if we go from three to two to one tonight, you know, with these three material terms open,...

RO: Well we have to get those terms finalized quickly. I think there was some exposure on this , in all of the LOIs, frankly. We, we hadn't really nailed all this down in any of them. So, I think there was exposure in all of them. So, I think, so, I, I appreciate what you're saying. There might be a few more points here that would be, but, frankly, this was true in all of the LOIs.

CM: Thank you.

BA: Councilor Hartnett.

DH: I..that's fine.. I just want to make sure I am correct here, but letter of intent, is really, as we talked about earlier, you know, non-binding, and that we're going to have probably another 30 days to get some of these questions answered, right, before we sign a final letter. Is it..?

RO: No, actually, I think that you're going to have to sign a letter soon. Very soon. We're going to have to sign final purchase documents by December 31st.

DH: OK. But we have some time to get these questions answered, did, necessarily don't have to be answered tonight.

RO: First you have to pick a bidder, and then we'll have a deal.

DH: Right. Well that's just what we're trying to do. But my point is, is that..

RO: Yes.

DH: The sooner we vote, we'll still be able to do this, right?

RO: {nods}

DH: So, you know, I, let's *

BA: Mayor Weinberger.

MW: Thank you Pro Tem Anderson. I really do want to thank you. This has been an extraordinarily difficult meeting to step into and be asked to do this, and, and thank you for keeping this moving and bringing us, I think, imminently to a resolution here.

MW: Obviously this has been,... by orders of magnitude, the most challenging vote that I've ever seen. I've been involved in a lot in the last five and a half years. I know that many Burlingtonians are going to wake up tomorrow and have , no matter what happens, of these three votes, and you know, it's not entirely clear to me what's going to happen, of the three bidders.

MW: I think there's going to be questions. I...just want to say that, as painful as this has been, and as circuitous as it has been , I know everyone sitting here at this table has worked extremely hard on this issue and has had the interest of Burlington in mind in trying to bring this to as good a resolution as possible

5:09:42

MW: And, as Ralphine just suggested, as painful as this process has been, the bids have gotten substantially better over the last couple months . We are, I hope, in position to close this out in a, in a successful way at long last.

MW: That wasn't confident of that going into tonight, and I do want to thank again, Todd Schurz and Faisal Nisar for, I think,... staying flexible, and finding a way to help us get to the end.

MW: I do want to say again, two things to the KBTL Board and volunteers, if the KBTL is not chosen in the votes , I hope you see the stamp on these final, both of these final, other bids, and how much you have improved them.

MW: I also... I have a few regrets of how this, of how this has transpired the last couple months. One of my regrets is that...we were not able to quite get over the finish line and find a way for

the coop to have a 20% ownership with the Ting bid. I think that that would have been, combined with the City, that was almost in our grasp there. That we would have had 40% local ownership and maybe as, you know, as former Mayor Clavelle suggested, more weight than the 40% suggested in the future of the company, and I want you to know that I wish that had, that had come to pass.

MW: I think that it would be, maybe it would be better than what we're going to end up with.

MW: The final thing I would like to say is, I do want to say thank you to Ting for their extraordinary work over, throughout this process .

MW: Elliot Noss did write to me years ago, sent a Mayor, a letter to the Mayor's office, that I didn't really notice for years, but it is remarkable how long Ting has been following what has been happening here , been interested in, and wanted to be a partner to Burlington.

5:11:59

MW: While I, if the Schurz bid is chosen tonight, I ...fully expect that I will be able to work with the Schurz company and get this done.

MW: I do want to be clear, before the Council makes its final vote that I do continue to believe that ...Ting is, would be a great choice for Burlington. As Abbie Tykocki Tweeted earlier today, Ting has been through the hashtag BTVCC, America,Ninja Warrior gauntlet and they're still hear waiting to scale that warpwall.

MW: They have been very committed... throughout. I th..believe ...they are the choice of a large segment of the public . I think many Burlingtonians are going to be very disappointed, if they wake up tomorrow and find that Ting is not the choice. And I think that's because Ting has an extraordinary record of affordability. Extraordinary record of customer service.

MW: And I think they... have... shown, for 24 years, that they believe in Burlington values, like net neutrality, like an open internet, like good privacy policies, like Lifeline programs, and, and making, insuring that the digital divide is closed.

MW: I've been unable to convince you that, as everyone knows, for weeks now. So I will close, not with my words, but I do want to just make sure, that the Council is aware of a letter that just came in right here at the end, came in last Wednesday, just before Thanksgiving, was written by Christopher Mitchell, the highly respected director of Community Broadband Networks, from the Institute for Local Self Reliance.

MW: His letter stated, in part, I won't read the whole letter, but there are some important words: {reading from a document}

'We are an organization that shares localism as a strong value and has more than a decade of experience working on broadband policy to best benefit communities. We have a long history with Ting, though no financial relationship. Not only have we extensively documented Ting's partnership with Westminster, Maryland, to build a city-wide fiber network, but many of us have been customers of Ting's parent Tucows, in various ways. Ting's has long been a force for good in protecting and expanding an open internet , both in sponsoring important events, and via its CEO, who has served in

organizations that can be thankless and irritating, but nonetheless, make the internet what it is today.

In its partnership with Westminster, Ting put more on the line to make that partnership work, than we have seen in any other partnership. “

I believe, with what's still before you, for at least a few more moments here, you have an LOI that can be a new model of municipal partnership, a municipal, private partnership. The combination of a partnership with a company with a long progressive track record , an agreement that codifies a long list of local values..”

{Mayor seems to jump between his own comments and reading the document, so a bit difficult to know exactly what parts of the document he is reading and what are his word}

MW: And I hope the people understand the comments in public forum earlier tonight, we've been caring about the privacy policy. We've been caring about other policies that we're still hearing the public... it's in that agreement.

“ an agreement that codifies a long list of local values and goals and a City minority interest that gives us a seat at the table, with an ability to demand enforcement of our agreement , will be something that other communities greatly envy.”

MW: I still think that would be a great choice, a great outcome from tonight. Thank you.

5:15:36

BA: Councilor Hartnett.

DH: Thank you. I just really, I'm going to take a little issue here with the Mayor. I think people are going to wake up tomorrow in Burlington and be disappointed that it didn't get sold to KBTL. And, and so aren't we in a sense.

DH: Because of actions not by this administration, or by this Council, that we were put in this position. That I believe everybody around this table and in this room would love to have this concept of KBTL. Right. But we don't own KBTL. And unfortunately, we're not in that situation, right?

DH: And to say that people in Burlington will be disappointed that it's not sold to Ting, is not true. Where they're really going to be disappointed is that we, unfortunately, because of the mistakes that we made in the past, and where we had to get to, because where this City was on a financial meltdown, a crisis, that we couldn't even buy fire trucks, for crisis sakes, or police cruisers,... that we had to, we had to be in this position tonight., not to be able to keep this our own.

DH: And that's the sad thing... tonight. Not that we're not going to sell it to Ting. But that we couldn't eventually be, and still be the owner of this company. And that is at no fault to anybody in this room.

DH: So, hopefully, tonight, I think we have partnered with somebody that is going to be a true partner, and if you look at the criteria the Burlington BTAB, and you look at the work they did,...

and the recommendation coming out of Burlington BTAB, that Schurz was the right partner all along. And they got screwed because of politics.

5:17:18

DH: So to say that Ting would be the only one to make people in Burlington happy, is not true.

5:17:27

BA: Councilor Tracy.

MT: Throughout this process I've been a huge KBTL supporter and I continue to be a KBTL supporter. I'll be casting one vote for KBTL. I think that the values that they brought to the table, the tenacity that they brought to the table, the organizing and the continuous public support that they demonstrated, time and time again, whether it was coming out to City Council meetings, coming to forums that we organized in the Old North End.

MT: Whether it was rallies, whether it was questions the Councilors answered, or asked, it was really truly unbelievable to see the community coming together and organizing and showing true vision. And I think that that's what I'm going to be really heartbroken about tonight, if we don't end up going with, with KBTL.

MT: It's a real loss for the City of Burlington. It's a real loss for the City of, for the people of Burlington and something that I think that we will very much regret in the future, should we not go with KBTL.

MT: I also think it's incredibly unfortunate that we've decided to abandon all process seemingly, at the, at the eleventh hour, well maybe it was the twelfth hour, I don't know, I, I lost track of time long ago, but, the fact of the matter is, we've lost any semblance of real process and its, it strikes me as completely unfair that we put Ting and KBTL through their paces in over six months of vetting, and then we have another LOI emerge before us, in the hall, out there, negotiated away from public eyes, coming before us, at the, in the middle of the night, and we just, it's one am, and we just get the deal in writing.

MT: And now we're expected to, now we're going to be voting on this deal, and this could be very well the telecom that we have to live with for generations to come, when we don't really have any of the vetting that we did with any of the other bidders in play, which is just incredibly unfortunate, and I think it's a real mistake to do so.

MT: I think it's incredibly unfair and I think that Burlington residents are going to wake up tomorrow morning and be furious, absolutely furious, that they were not given a chance to weigh in on this particular option. It's going to be messy. It's going to be really ugly, because people were, this is a participatory town, this is an issue that has drawn on that participation, and we really have left the public out of any meaningful ability to, to comment on this offer that they're going to be asked to live with for generations to come.

5:19:44

MT: So, I think it's incredibly unfortunate, I think it's absolutely a mistake, and I think we'll regret it as a City if we move forward this way.

BA: Councilor Shannon.

5:19:57

JSh: Thank you. I just want to be clear about, for those that are considering a vote for Schurz, and I'll say, it's hard to talk at this late hour, but there's a few things that I want to point out. If we're not going to vote for local ownership with KBTL which I know for myself, I am not, and I have said that to all of the Board members, I think, over a long course of time, I wish could support the offer, but I can't, and so if we're now choosing between the two non-local offers, and let's be clear, these are both, non-local offers,... let's look at what the comparison between those non-local offers are.

JSh: We do not know who will be operating BT under a Schurz management . That's what we were told tonight. That decision has not been made. When it was under ZRF, we had been told that it was going to be operated, I think the BT staff was told this morning, it was going to be operated by Gary Evans and Stephen Baraclough, then later we were told that Stephen would not be part of it, so I'm not sure we knew there either.

JSh: But we do know who the operators are under Ting.

JSh: The Board approval is still required, and this deal would fall through, the Board, I don't believe knows about the deal that was crafted on here on the floor tonight, and should that approval not come, this deal will fall through.

JSh: We do not know who the investors from ZRF are. They will be a minority partner, and they have shared with us tonight that they do not intend to disclose who those investors are. Does it matter who owns our telecom? I think it does matter to the citizens of Burlington.

JSh: I think that, you know, we could find out anybody owns a significant share in Burlington Telecom. It could be Donald Trump owns the share in Burlington Telecom. We don't know who those people are and I think that that is a problem for the citizens of Burlington.

JSh: We are supposed to be transparent as government. And I understand, you know, that private companies don't work that way. Public companies do. And Ting is a public company so we know a lot about them. There's nothing redacted . It's, it's transparent.

JSh: We don't know...President Knodell had made a huge issue of our buyback rate and said that Burlington was not getting a good enough deal from Ting . The deal that we have with Ting is that Ting is going to buy Burlington at a certain multiplier of EBITDA. And the agreement was, that if we wanted to liquidate our share, that they would buy us back at the same multiplier of EBITDA.

5:23:22

JSh: But that was not good enough. In this case, we have no idea of what the buyback rate is going to be, and that was critically important in considering the Ting offer. But now, I think we lose our leverage *at our vote tonight, and while the date is December 31st that we're supposed to approve the final documents, it's December 18th that's our last meeting of this year. And getting into the Christmas holiday is hardly a transparent time to be approving documents.

JSh: Currently, 50% of BT employees get retirement benefits. I don't know what Schurz plans to offer to the BT employees. I know that Ting had said that 100% of the BT employees will get retirement benefits. So that remains an unknown, unless somebody wants to correct that point because I, certainly I might have missed something at this time.

5:24:32

JSh: There's no right of first refusal in this offer. In the communications that I have received. Certainly on the Council floor, the predominance of input from the public has been support for KBTL. In my own In Box, I've had very mixed support, for KBTL and Ting. There has been a lot of support that has been expressed to me in the community. And you know, it's not televised, but there is a lot of support in the community for Ting.

JSh: On Twitter, I think the predominant support has really been for Ting, from the kind of tech community.

JSh: There were, I think, on Facebook, I had two people respond that their second choice, and it was a long second, was ZRF, and when I asked why, the only thing I heard was the right of first refusal. That is not part of a Schurz offer. There's no right of first refusal in a Schurz offer. So, we have lost that. So, for the community, the community has not asked for anything in this offer. There's nothing in this offer that Ting isn't providing.

JSh: Ting is providing \$250,000 annually for community... community investments, like BTVIgnite, like Smart Cities, like bridging the digital divide. We have a seven year commitment in the Schurz offer. I think there's a lot of value. When that gets cut off, we're going to feel that. When you take that \$250,000 annually out of the community, we are going to feel that as a community.

JSh: There's a number of questions that are being raised on Twitter about Schurz's position on net neutrality. They.. are.. not convinced of of the answer, well, I don't want to say they're not convinced of the answer, because I think Todd was very fair in saying that he's agreed to net neutrality for Burlington Telecom, but the other organizations of Schurz are not committed to net neutrality. The parent company is not committed to net neutrality.

5:27:00

JSh: So to the extent that Burlington Telecom*, I'm sorry that I can't support you because I don't think you met the bar of a viable offer, but Ting is a great alternative. And when one of the experts in local telecom, the community expert in local telecom, says, well if you can't go local, Ting is an awesome choice, in, in their letter to Burlington which the Mayor referenced.

JSh: So, I....I don't understand how the Council, how, how any Councilor can cast a vote for a company that has virtually no community support. Nobody in the community is saying that they want Schurz.

DH: Not true. It's just not true.

5:27:50

DH: That's just bullshit. Bullshit..

JSh: I believe I have the floor.

DH: .That's unbelievable.

BA: Councilor Har..

JSh: I have gotten no support, I have nobody here telling me.

DH: * all night..

DH: * Look at the stuff that you made up,. {talking over Shannon}

BA: Councilor Hartnett.

JSh: *...for Schurz

DH: *But that's unfair. I mean, she sits there and nobody rebuts this.

JSh: * Councilor Hartnett ..

BA: She has the floor.

JSh: Perhaps Councilor Hartnett has had lots of people telling him that they want Schurz.

DH: Yea, How about that?

JSh: That's for him to say. For myself, I have no input from the public in support of the offer that is now on the table. It's unknown to the public because they have been sleeping for all of the time that it's been negotiated here.

{The time is past 1am at this point in the meeting}

JSh: And I will not be casting a vote that is, I mean, I hate to use the word transparency, and I never do, but I never have seen a less transparent process than bringing in a completely new offer at the eleventh hour when everybody is asleep.

?: Yea.

JSh: And I will not...I, I, I think Schurz could be a good operator,...and I think that they could be good for Burlington, but I can not tonight in good, and they're good people, and I like them, and

DH: Boring.

JSh: But, I hope, I hope that we won't, I hope that we won't cast a vote for an unknown. Thank you.

5:29:21

BA: I think the attorneys just wanted to make a clarification and then there.

RO: Yea, I just wanted to clarify the point on the right of first refusal . I think they have offered a right of first refusal we just don't have complete clarity on the terms. I, I realize that's not a full answer , but it, there, it's not that there's a lack of willingness to offer a right of first refusal, but it's just not defined yet.

JSh: Where, where is that? Like how would I know that?

RO: {looking through papers} On page ...

JSh: Thank you for the correction. I appreciate it.

RO: I just...

JSh: I appreciate it.

DH: Call the question?

BA: Councilor Hartnett.

BA: OK. We will vote, then. Indulge me, I'm just going to remind everyone...

JSh; Don't we have to vote on calling the question?

JK: Yes. Point of order. There's a motion to end debate and move to the vote, which I think, does it require a second?

DH: No.

JK: I don't think it does. But it does need to be voted on.

BA: That's why I stopped, I'm sorry. . OK. So we will then.. , we will

??: We need to vote on it.

BA: We'll vote on calling the question. I'm sorry..

JK: Just for clarification, a Yes vote means we want to end debate and move to voting.

BA: Thank you. Ok. All those in favor?

AD: Point of order. Can I ask a question?

BA: I, I...not during the vote, sorry. I'm sorry can we just have all the ..

JK: Can we call the question?

BA: I'm calling the question again. All those in favor ,please... hands went up. OK.

BA: Opposed? ..Four, * I think a hand... I don't. OK. So we will, we will move to vote.

BA: Now, indulge me for just a moment. I'm will remind everyone what we're going to do, make sure I have it straight.

BA: The question is whether the Council should authorize the Mayor to sign a letter of intent for the purchase of Burlington Telecom with KBTL, Ting/Tucows or ZRF/Schurz . We'll go through two rounds of voting. The first round we'll try to move from three to two bidders. Each Councilor will be asked to vote for their two, for two choices , so if, as we do the roll call, you will say, you will respond with, 'One vote for your first choice and one vote for your second choice.' That would be great.

BA: Hopefully we will have two...two winners from there. We will move to the second round and vote again for one each.

BA: OK. So, we will... actually, call the roll.

5:32:38

LO: Councilor Hartnett.

DH: Schurz and KBTL.

LO: City Council President Knodell.

JK: Schurz and KBTL

LO: Councilor Dean.

RD: One vote for Ting and I... respectfully... decline to vote... for another candidate.

LO: Councilor Shannon.

JSh: Ting and no.

LO: Councilor Bushor.

SB: KBTL and Schurz

LO: Councilor Tracy.

MT: KBTL

LO: Councilor Moore

SM: KBTL and Schurz

LO: Councilor Wright.

KW: Schurz and KBTL.

LO: Councilor Mason.

CM: Ting and Schurz

LO: Councilor Paul.

KP: Ting and Schurz

LO: Counselor Dieng.

AD: KBTL and no.

LO: Councilor Roof.

AR: Ting and Schurz.

LO: So I have eight for KBTL, five for Ting and eight for Schurz.

JK: No, no, that's not correct.

{EB goes over to Lori and talks to her.}

LO: So this is right. I didn't know. OK. Seven for KBTL, five for Ting and eight for Schurz.

BA: OK. So the two highest were Schurz and KBTL. So we will move right ahead, right?.

BA: OK. We will move forward to the second round, and we will again call roll and ask each Councilor to vote for one of the two, Schurz or KBTL.

BA: You would call roll, please.

5:35:34

LO: Councilor Hartnett.

DH: Schurz.

LO: City Council President Knodell.

JK: Schurz.

LO: Councilor Dean.

RD: I won't cast a vote.

LO: Councilor Shannon.

JSh: No.

LO: Councilor Bushor.

SB: Schurz.

LO: Councilor Tracy.

MT: KBTL.

LO: Councilor Moore.

SM: Schurz.

LO: Councilor Wright.

KW: Schurz.

LO: Councilor Mason.

CM: Schurz.

LO: Councilor Paul.

KP: Schurz.

LO: Councilor Dieng.

AD: KBTL.

LO: Councilor Roof.

AR: Schurz/ZRF

LO: Two for KBTL, and eight for Schurz.

BA: OK. So the final vote is for Schurz. The party will move forward, and I will pass the gavel back.

JK: Thank you. And I'll entertain a motion to adjourn.

KW: Move to adjourn.

JK: Wright and Roof seconds it. All in favor?

?? Aye.

JK: We stand adjourned at 1:45 am.