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STATEMENT OF JONATHAN LEOPOLD

November 13, 2009

I am pleased to announce that the City has received a letter of engagement from Piper Jaffrey of Minneapolis, Minnesota to underwrite a refinancing of Burlington Telecom which would bring Burlington Telecom into full compliance with Condition 60 of the Certificate of Public Good. We will be discussing the proposed engagement with the Board of Finance this evening and will recommend acceptance of the proposed engagement to the City Council on Monday evening.

Piper Jaffrey of Minneapolis is one of the premier underwriting firms in the country. Last year Piper Jaffrey issued more than \$7.7 billion of municipal financing. Most recently, in August of this year, Piper Jaffrey was the low bid underwriter for the \$4.6 million taxable bond issue for the Burlington Electric Department.

The proposed refinancing for Burlington Telecom will be a public sale of certificates of participation in a lease/purchase financing similar to the current financing with CitiCapital. Since January 2007, Piper Jaffrey has underwritten more than 100 certificates of participation issues for a total value of more than \$3.4 billion. We have worked with Piper Jaffrey to secure this proposed refinancing based on their strong credentials and capability as underwriters to secure this financing.

We have provided the Board a draft of a proposed financing structure. However, it is important to note that the structure, term and amount of the refinancing will be finalized over the next month. The financing will provide Burlington Telecom additional new funding of \$18 million and will refinance the existing lease/purchase financing with CitiCapital of \$33 million. In addition, we will be creating a debt service reserve fund equal to approximately \$5 million. We will also be proposing a financing structure that will defer payment of principal and interest for some period of time. We anticipate based on the current financial markets that the interest rate for this financing will be comparable to the interest rate of the existing CitiCapital financing.

The proposed \$18 million of new funding will fully reimburse Burlington Telecom's debit to pooled cash and bring Burlington Telecom into compliance with Condition 60 of the Certificate of Public Good. In addition, the proposed deferral of debt service will provide Burlington Telecom sufficient internal cash flow to proceed with the capital expenditures for hooking up new customers. It will also provide Burlington Telecom a period of time to build sufficient cash reserves to ensure that Burlington Telecom will be cash flow positive and able to fully meet its operational needs.