

NOTICE OF CLASS ACTION AND PROPOSED SETTLEMENT TO:

All holders from time to time of Monticello Telecommunications Revenue Bonds, Series 2008, (CUSIP No. 614491AA6 and 614491AB4) who bought Bonds in the original offering of the Bonds on or around June 19, 2008, or who purchased Bonds from such holders or their transferees, whether or not they own Bonds at the time of the Settlement.

THIS NOTICE MAY AFFECT YOUR RIGHTS.

PLEASE READ THE COMPLETE NOTICE CAREFULLY.

You are hereby notified of:

- The conditional certification of a settlement class consisting of current and former holders of the Monticello Telecommunications Revenue Bonds, Series 2008.
- The preliminary approval of a class action settlement under which the City of Monticello will pay a monetary sum to a settlement fund to be distributed to certain members of the settlement class.
- Your rights as a settlement class member to comment on or object to, participate in, or exclude yourself from the class action settlement.
- The obligations imposed on you by Court order if you purchased or otherwise acquired the Bonds for the beneficial interest of persons or organizations other than yourself.
- A court hearing on September 12, 2014, to determine the fairness, adequacy, and reasonableness of the class action settlement described herein.
- Important dates for all settlement class members:
 - Deadline to exclude yourself (or “opt out”) of the class action settlement, or to intervene in the action or to object to the settlement: August 18, 2014.
 - Deadline to Submit Proofs of Claim: August 18, 2014.
 - Final hearing to approve the Settlement: September 12, 2014.

I. PURPOSE OF THIS NOTICE.

There is now pending in the United States District Court for the District of Minnesota, a class action lawsuit entitled *Dean v. City of Monticello*, Civ. No. 14-cv-00376 DFW/JSM (“the Class Action Lawsuit”). This Notice explains the nature of the Class Action Lawsuit and the general terms of a proposed settlement of the Class Action Lawsuit. This Notice also informs you of your legal rights and obligations. Unless otherwise set forth herein, all capitalized terms used in this Notice have the same meaning as used in the Settlement Agreement, which is appended here.

The Settlement resolves Bond Holder Claims arising from the City of Monticello’s issuance of and nonpayment on the Monticello Telecommunications Revenue Bonds, Series 2008 (the “Bonds”). The Plaintiff in the Class Action Lawsuit, on behalf of himself and all those similarly situated, seeks redress for claims arising under federal and Minnesota state securities fraud claims, common law misrepresentation and other claims. The Plaintiff also seeks redress for claims arising under the Indenture to the Bonds. The City denies liability to the Plaintiff and other current and former holders of the Bonds and believes it has defenses that would defeat the Plaintiff’s alleged claims. Nevertheless, given the expense, length and uncertainty of litigation, the parties have agreed to enter into a Settlement as a compromise of the disputed claims and defenses, to promote the public welfare and to avoid drawn-out, intrusive litigation.

The Court appointed Plaintiff’s counsel—Geoffrey H. Coll and Rick L. Frimmer of Schiff Hardin LLP and David B. Potter and Archana Nath of Oppenheimer Wolff & Donnelly LLP—to serve as Class Counsel in this proceeding. Class counsel have investigated and evaluated the claims of Bond Holders against the City related to the Bonds, and have determined that the Settlement is fair, reasonable and adequate. All parties recognize and acknowledge the uncertainty, risk, difficulties, delays and expenses associated with litigation, and that it is desirable to provide benefits to the Class members promptly rather than initiate protracted, expensive litigation.

For purposes of Settlement only, the parties have stipulated that this Class Action Lawsuit shall proceed as a class action, and Judge Donovan W. Frank of the United States District Court for the District of Minnesota

(also referred to as “the Court”) has conditionally certified the Class pursuant to this stipulation. The Court has already reviewed the proposed Settlement and has granted preliminary approval of the Settlement. The Court has made no rulings as to the merits of the allegations in the Class Action Lawsuit or the City’s denials and defenses. Distribution of this Notice is not a Court ruling or opinion as to the likelihood of recovery by the Class members or as to the merits of the City’s defenses. The purpose of this Notice is only to inform Class members about the proposed Settlement and their rights under the Settlement.

II. CLASS ACTIONS IN GENERAL.

A class action is a lawsuit in which the claims and rights of a group of people are decided in a single court proceeding brought by representative plaintiffs (also called “Class Representatives”), without the necessity of each person filing his or her own lawsuit or appearing as an individual Plaintiff. Class actions are used when there are common issues of law and fact raised by all claims. Use of the class action eliminates the cost, waste, and delay of multiple claims/lawsuits and ensures that all class members are treated similarly. The Court has the responsibility to assure that the resolution of the class claims is fair.

III. CLASS MEMBERS.

The Court has made a preliminary ruling that the Class Action Lawsuit may be maintained on behalf of the following persons, referred to herein as “the Class”:

All Bond Holders who bought Bonds in the original offering of the Bonds on or around June 19, 2008, or who purchased Bonds from such holders or their transferees, whether or not they own Bonds at the time of the Settlement.

Members of the Class may qualify to receive a share of the Distributable Settlement Amount if they timely and properly file a Proof of Claim (form enclosed).

Approving Class Members will approve the Settlement and release any claims they may have against the City related to the Bonds, the Indenture, the FTTP Project, or the Official Statement, as explained in the attached Settlement Agreement. As a summary, Approving Class Members will agree to release any liens on the FTTP Project’s Net Revenues, to release other covenants under the Indenture binding the City or the Trustee, and to release any right to receive any other payment from the City related to the Bonds. Approving Class Members will also agree to release any federal or state securities fraud claims, misrepresentation claims, or other Bond Holder Claims they may have against the City.

If the Settlement becomes final, the Approving Class Members shall be forever barred from seeking any damages or other payments from the City related to the Bonds, the Indenture, the FTTP Project, or the Official Statement. Approving Class Members will also be barred from bringing claims against the Trustee in connection with the Bonds.

Approving Class Members who do not timely and properly file a Proof of Claim will be equally barred from seeking any damages or other payments from the City or the Trustee related to the Bonds. Class members can still object, opt-out, or intervene in the Class Action Lawsuit, as described herein.

IV. WHAT IF I BOUGHT BONDS ON SOMEONE ELSE’S BEHALF?

If you purchased or otherwise acquired the Bonds for the beneficial interest of persons or organizations other than yourself, you must, **WITHIN TEN (10) CALENDAR DAYS AFTER RECEIPT OF THIS NOTICE**, either (a) forward copies of the Notice, Settlement Agreement, and Proof of Claim form (the “Notice Packet”) to all such beneficial owners; or (b) provide the names and addresses of such persons or entities to **Monticello Securities Litigation, c/o American Legal Claim Services, P.O. Box 23650, Jacksonville, FL 32241**. If you choose the second option, the Claims Administrator will send the Notice Packet to the beneficial owners. Upon full compliance with these directions, you may seek reimbursement of your reasonable expenses actually incurred, by providing the Claims Administrator with proper documentation supporting the out-of-pocket expenses for which reimbursement is sought. Copies of this Notice, the Settlement Agreement, and the Proof of Claim form can be obtained from the website maintained by the Claims Administrator at www.AmericanLegal.com/MonticelloSecuritiesLitigation, or by calling the Claims Administrator toll-free at 800-937-5739 or by emailing the case team at MonticelloSecuritiesLitigation@AmericanLegalClaims.com.

V. CLASS REPRESENTATIVE.

The named Plaintiff in the Class Action Lawsuit, who is called the “Class Representative,” has agreed to litigate his claims on behalf of himself and all Class members. The Class Representative is William Dean. The Court has determined that the Class Representative’s claims are typical of the claims of all Class members and that the Class Representative will fairly and adequately protect and pursue the interests of the Class members.

VI. SETTLEMENT BENEFITS FOR CLASS MEMBERS.

The City has agreed to pay a maximum of \$5,750,000 (the “Settlement Amount”) into a settlement fund for distribution among the Approving Class Members and for the payment of attorneys’ fees and other expenses of Class Counsel and Class administration. Approving Class Members must apply for a distribution from the Distributable Settlement Amount by completing the Proof of Claim form enclosed with this Notice in order to be eligible to receive a distribution.

An Approving Class Member’s distribution (if any) will depend on several factors, including but not limited to the number of Approving Class Members who timely and accurately complete Proof of Claim forms, when those Approving Class Members purchased or acquired their Bonds, amounts those Approving Class Members received on the sale of their Bonds, and the expenses and attorneys’ fees incurred in administering the Settlement. Class Counsel will present a proposed plan of allocation to the Court and post it on the website at www.AmericanLegal.com/MonticelloSecuritiesLitigation, and the Court must approve a plan of allocation before any distribution to Approving Class Members will be made.

In addition, Class members who are holders of Bonds as of a special record date to be determined pursuant to the terms of the Indenture also may receive a distribution of Net Trust Funds held under the Indenture, regardless of whether those Class members opt out of the Settlement. See Section XI below for more information regarding the Net Trust Funds.

VII. CONDITIONS THAT MUST OCCUR BEFORE THE SETTLEMENT CAN BECOME FINAL.

The following conditions must all occur before the Settlement can become final and any payments will be made:

- a. Unless the City elects otherwise, the Rejecting Class Members may not hold (i) more than \$2,644,500 in aggregate principal amount of all outstanding Bonds on the date the Class Action was filed; or (iii) more than 10% in aggregate principal amount of all Bonds (held at any time to and including the date the Class Action is filed); and
- b. The Court must issue a final order approving the Settlement of the Class Action Lawsuit.

If any of these conditions are not met, the certification of the Class will be vacated and the parties’ rights will return to what they were prior to the Settlement. In such case, Class members will not have the opportunity to receive any payment related to the Settlement because no Class or Settlement will exist.

VIII. COUNSEL FEES AND EXPENSES

- a. *Class Counsel Fees and Expenses.*

The Court has appointed Plaintiff’s counsel to serve as Class Counsel. Plaintiff’s counsel includes the following attorneys and law firms:

Geoffrey H. Coll SCHIFF HARDIN LLP 901 K Street, NW Suite 700 Washington, D.C. 20001	Rick L. Frimmer SCHIFF HARDIN LLP 233 South Wacker Drive Suite 6600 Chicago, IL 60606	David B. Potter Archana Nath OPPENHEIMER WOLFF & DONNELLY LLP Campbell Mithun Tower Suite 2000 222 S. Ninth Street Minneapolis, MN 55402
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Class Counsel has not received payment for their services, nor have they been reimbursed for any out-of-pocket costs and expenses in connection with this Class Action Lawsuit or the Settlement. Any attorneys’ fees awarded to Class Counsel in connection with this Class Action Lawsuit and Settlement must be approved by the Court. The Court will conduct a Final Approval Hearing at which Class Counsel will ask the Court for an award of attorneys’ fees and expenses/costs based on the “lodestar” method, which is derived from a review of

the hours spent by the attorneys involved and a decision as to what a reasonable hourly fee is for the work performed. Any attorneys' fees awarded to Class Counsel in connection with this Settlement will be paid entirely out of the Settlement Amount.

Approving Class Members will NOT be individually responsible for the payment of attorneys' fees and expenses/costs. However, if any Approving Class Member elects to retain counsel personally, such as to assist with his or her Proof of Claim, the Approving Class Member would be responsible for such fees and expenses and those obligations could reduce the net amounts received by the Approving Class Member.

b. *Trustee's Counsel.*

Wells Fargo Bank, National Association, Trustee of the Bonds, retained the following counsel to represent it in connection with the Settlement:

Rick L. Frimmer Schiff Hardin LLP 233 South Wacker Drive Suite 6600 Chicago, IL 60606-6473	Stephen F. Grinnell Gray Plant Mooty 500 IDS Center 80 South 8th Street Minneapolis, MN 55402
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The Trustee will pay all of its fees, costs and expenses, including attorneys' fees, solely from the Trust Funds. The Trustee's fees, costs and expenses will not be paid from the Settlement Amount; the Trustee has no lien on or interest in the Settlement Amount. Approving Class members will NOT be individually responsible for the payment of the Trustee's attorneys' fees and expenses/costs.

IX. RIGHTS AND OPTIONS OF CLASS MEMBERS.

As a Class member, you have the following options:

- a. Remain a Class member;
 - b. Opt-out of the Settlement; or
 - c. Seek the Court's permission to allow you to intervene in the Class Action Lawsuit and/or object to the Settlement.
- a. *Remain a Class Member.*
1. **If you do not request exclusion from the Class, you will remain a Class member.** Your interests in connection with this Settlement will be represented by Plaintiff and Class Counsel.
 2. As a member of the Class, you and your heirs, executors, administrators, representatives, agents, partners, successors and assigns will be deemed to have agreed to the terms of the Settlement and the release of all claims against the City, as described in the Settlement Agreement enclosed with this Notice.
 3. If the Court grants final approval of the Settlement, you will be eligible to receive a distribution from the Distributable Settlement Amount only if you accurately complete and return the enclosed Proof of Claim form no later than August 18, 2014. Directions as to how to do so are included on the enclosed Proof of Claim form.
 4. As explained above, if the Court does not grant final approval of the Settlement, if less than the required percentage of Bond Holders agree to remain members of the Class, or if the TIP Court does not approve the Settlement, the certification of the Class will be vacated and the parties will retain their rights as if no Settlement had been reached.
 5. As a Class member, you will be bound by any judgment or other disposition of the Class Action Lawsuit, even if you do not submit a Proof of Claim form or otherwise apply for a distribution from the Distributable Settlement Amount and even if you do not receive a distribution from the Distributable Settlement Amount. Furthermore, you and your heirs, executors, administrators, representatives, agents, partners, successors and assigns will be deemed to have agreed to the terms of the Settlement Agreement, including but not limited to the Release of All Claims by the Approving Class Members.
- b. *Opt-Out of the Settlement.*
1. You have the right to opt out of the Class. Participation is not mandatory. If you opt out of the Class, you will not be bound by or subject to the Settlement. If you opt out, however, you will

also not be entitled to apply for or receive any distribution from the Distributable Settlement Amount.

2. If you wish to opt out, you must submit a written, signed request to opt out, stating (1) your name, address and telephone number; (2) a reference to the Class Action Lawsuit; and (3) that you wish to opt out of the Class. Requests to opt out must be delivered to Monticello Securities Litigation, c/o American Legal Claim Services, P.O. Box 23650, Jacksonville, FL 32241, postmarked on or prior to August 18, 2014. If you do not submit a timely opt-out request that complies with these requirements, your opt-out request will be deemed invalid and you will not be excluded from the Class. The deadline for exclusion from opting out of the Settlement is August 18, 2014.

c. *Intervene in the Class Action Lawsuit and/or Object to the Settlement.*

You have the right to seek the Court's permission to intervene in the Class Action Lawsuit and object to, or comment on, the Settlement, award of attorneys' fees and costs, or other terms of the Settlement Agreement. To do so, you must file with the Court a written statement setting forth: (1) your name, address, email address and telephone number; (2) the dates you held Bonds; (3) the amount of Bonds you held or hold; (4) your objection/intervention, comments and supporting arguments; (5) notice of your intention to appear at the Final Settlement Hearing; (6) a detailed statement that describes the specific grounds to be raised; and (7) any supporting documentation that you desire the Court to consider, including any memorandum or brief. The deadline for filing the necessary documents with the Court is August 18, 2014. Do not call the Court; all requests must be in writing.

You must also mail or otherwise deliver identical copies of your written submission to Class Counsel and the City's Counsel.

<u>Class Counsel:</u> Geoffrey H. Coll Schiff Hardin LLP 901 K Street, NW Suite 700 Washington, D.C. 20001	<u>City's Counsel:</u> Megan Walsh Greene Espel LLP 222 South Ninth Street Suite 2200 Minneapolis, MN 55402
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Your submission to the Court must include a certification that you have caused identical copies to be delivered to Class Counsel and the City's counsel. You cannot object or request to intervene if you have opted out of the Class. Only those that remain in the Class may object to the Settlement or request to intervene. Any person who fails to object in the manner provided herein shall be deemed to have waived his/her objections and shall be forever barred from making any such objections in the Class Action Lawsuit.

You may attend the Final Settlement Hearing either in person or through an attorney retained by you at your own expense. You may ask to be heard by Judge Donovan W. Frank at the Final Settlement Hearing. In order to be heard, however, you must have submitted a written objection or request to intervene in compliance with the paragraphs above and include in your submission that you intend to appear and wish to be heard at the Final Settlement Hearing.

X. FINAL SETTLEMENT HEARING.

On September 12, 2014, a public Final Settlement Hearing will be held before Judge Donovan W. Frank at the United States Courthouse for the District of Minnesota, 300 South Fourth Street, Minneapolis, MN 55415. The Final Settlement Hearing will determine: (1) whether the Settlement is just, fair, reasonable, and adequate for the Class and should be granted final approval; (2) whether certification of the Class should be made final; (3) whether the Court should enter a judgment dismissing the Class Action Lawsuit with prejudice; and (4) whether the Court should award Class Counsel attorneys' fees and costs, and, if so, how much should be awarded. You are not required to attend the Final Settlement Hearing.

XI. EFFECT OF FINAL APPROVAL.

If the Court grants final certification of the Class and final approval of the Settlement, the parties will seek a final judgment from the Court pursuant to Federal Rule of Civil Procedure 54, which shall be entered

forever barring every Approving Class Member from prosecuting any past, present or future, known or unknown, claims or lawsuit against the City relating to or arising out of the Bonds, the Indenture, the FTTP Project, or the Official Statement. This bar and release in favor of the City will extend to all of its past, present, and future agents, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns, from any and all claims for relief they have asserted, might have asserted or would be able to assert that relate in any way to Bonds, the Indenture, the FTTP Project, or the Official Statement, including claims of every kind and nature whatsoever, whether in law or equity, contract or tort, liquidated or unliquidated, absolute or contingent, known or unknown, suspected or unsuspected.

Approving Class Members also agree to release the Trustee from any obligations or covenants it has to Approving Class Members arising under the Indenture and to release any claims against the Trustee. This release applies and extends to the Trustee's employees, agents, members, representatives, attorneys, insurers, indemnitors, executors, administrators, successors and assigns.

XII. DISTRIBUTION OF SETTLEMENT AND TRUST FUNDS.

At the Final Approval Hearing, Class Counsel will present to the Court a proposed plan of allocation and distribution of the Distributable Settlement Amount. No later than 30 days after entry of an order granting final approval of the Settlement, Class Counsel will move the Court for an order approving the Claims Administrator's administrative determinations concerning the acceptance and rejection of the Proof of Claim forms submitted in connection with the Settlement, approving a plan for allocation and distribution of the Distributable Settlement Amount and directing payment, and approving any fees and expenses not previously applied for, including the fees and expenses of the Claims Administrator.

If the Settlement becomes final, the Trustee will distribute certain funds held under the Indenture ("Net Trust Funds") to current holders of Bonds in accordance with the Indenture. Distribution of Net Trust Funds is separate from and independent of distributions of the Distributable Settlement Amount.

XIII. EXAMINATION OF SETTLEMENT DOCUMENTS.

This Notice does not purport to be a complete description of the Settlement. The description set forth in this Notice is general and does not cover all of the issues and proceedings thus far. For a more detailed statement of the matters involved, Class members may refer to the pleadings, the enclosed Settlement Agreement, the Court filings, or to the orders entered by the Court. Documents filed with or issued by the Court are available for inspection at Office of the Clerk of the Court, United States District Court for the District of Minnesota, 300 South Fourth Street, Minneapolis, MN 55415, during business hours of each day. The Clerk's Office is not permitted to give legal advice.

If there are any inconsistencies between this Notice and the Settlement Agreement, the Settlement Agreement shall prevail.

XIV. CONTACT CLASS COUNSEL.

The Claims Administrator is available to answer questions and provide information at no cost to Class members. The Claims Administrator may be contacted at:

Monticello Securities Litigation
c/o American Legal Claim Services
P.O. Box 23650
Jacksonville, FL 32241
Toll Free Hotline: 800-937-5739
Email: MonticelloSecuritiesLitigation@AmericanLegalClaims.com

Class Counsel is available to answer questions and provide information at no cost to Class members. Class Counsel may be contacted at: Geoffrey H. Coll, Schiff Hardin LLP, 901 K Street, NW, Suite 700, Washington, DC 20001.

Phone: 202-778-6432

Email: gcoll@schiffhardin.com