NOTICE OF STATUS OF FIBERNET MONTICELLO PROJECT

CUSIP #614491

TO: Wells Fargo Bank, National Association

RE: City of Monticello, Minnesota Telecommunication Revenue Bonds (Fibernet Monticello Project), Series 2008 (the "Bonds")

This is to advise you of actions the City of Monticello (the "City") expects to take and has taken with respect to the above-captioned Bonds issued under the Trust Indenture dated as of June 1, 2008 (the "Indenture"), between the City and you, as trustee.

The Bonds are payable from the Net Revenues (as defined in the Indenture) of the telecommunications system (the "System") constructed by the City with the proceeds of the Bonds. The System is substantially complete and, as of March 31, 2012, the System was providing 1,038 voice lines, 1,394 internet data connections and 1,052 video connections.

Net revenues of the System are not sufficient to pay both operation costs and debt service payments on the Bonds. The Bonds are revenue bonds and as noted in the Official Statement for the Bonds, the obligation of the City to make payments on the bonds is a special and limited obligation of the City, payable solely from the net revenues derived by the City for the operation of the System after paying the operation and maintenance costs and does not constitute a debt of the City. The Official Statement also noted that "Purchase of the Bonds involves a high degree of risk."

While the City is not obligated to make deposits to the debt service fund in the absence of net revenues, the City has made supplemental payments to the debt service fund from July 1, 2011 to May 1, 2012. These supplemental payments were made after the capitalized interest provided for in the Bonds was utilized.

The City previously notified you on March 23, 2012 that it was considering to discontinue making supplemental payments. After reviewing the financial performance of the System, the City has decided to discontinue making supplemental payments for debt service as of June 1, 2012. There is a debt service reserve fund that is available to make debt service payments for the near future in the event that net revenues of the System are insufficient to fund debt service payments.

The City is actively undertaking all reasonable actions and exploring all available options to make the System successful both financially and continue providing high quality services to its customers. To accomplish these goals, the City has expanded its efforts to review the operations of the System and is engaging professionals with experience in Broadband operations to assist it in examining strategic options for the System with a goal of enhancing operations through cost reductions, revenue enhancement and debt restructuring.

The firm that has provided management of the System since it became operational has exercised its option to discontinue management of the System. The City expects to have an interim manager in place by the time the current manager's contract concludes at the end of August 2012.

The City is also looking at all options for restructuring or refunding the Bonds to reduce the debt service costs of the System. The City has not precluded any option related to restructuring or refunding the Bonds and expects to work
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with you to develop options related to the debt that will allow the System to be successful, in combination with operational changes to accomplish the same goal.

The City will continue to work with you and keep you updated on the progress of its review and actions related to the operation of the System and debt restructuring efforts.

Please distribute this Notice to Bondholders by posting on EMMA – Electronic Municipal Market Access system.

Dated: June 6, 2012

CITY OF MONTICELLO

By __________________________
City Administrator