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CASE MANAGEMENT

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JUN 25 2019

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BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

June 24, 2019

Via Electronic (aida.camacho@bpu.nj.gov) and FedEx Overnight Mail

Aida Camacho-Welch, Secretary  
Board of Public Utilities  
44 South Clinton Avenue  
3rd Floor, Suite 314  
Trenton, NJ 08625

TF19060751

Re: I/M/O the Verified Joint Petition of Zayo Group, LLC and Front Range TopCo, Inc. for Approval for Zayo Group, LLC to Participate in Certain Financing Arrangements  
File No. 41049.1200

Dear Secretary Camacho-Welch:

On behalf of Petitioners, Petitioners Zayo Group, LLC and Front Range TopCo, Inc., enclosed please find an original and 11 copies of their Verified Petition in connection with the above-captioned matter.

It would be appreciated if you would kindly date stamp the extra copy of this letter and said Petition as "FILED" and return the documents in the self-addressed stamped envelope enclosed herein for your convenience.

As always, should you require any further information, please do not hesitate to contact me.

I thank you for your kind attention.

Very truly yours,

Laura M. Miller  
For the Firm

LMM/dp

enc.

cc: Dr. Ben Witherell, Director (w/enc. ben.witherell@bpu.nj.gov and FedEx)  
Christine Lin, Administrative Analyst (w/enc. christine.lin@bpu.nj.gov and FedEx)  
Lawanda R. Gilbert, Director (w/enc. lawanda.gilbert@bpu.nj.gov and FedEx)  
Harold Bond, Chief, Engineering and Rates (harold.bond@bpu.nj.gov)  
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Stefanie A. Brand, Director (w/enc. sbrand@rpa.nj.gov and FedEx)  
Maria T. Novas-Ruiz, Assistant Deputy Rate Counsel (w/enc. mnovas-ruiz@rpa.nj.gov and FedEx)

CMS

LEGAL

DIAG

RPA

L. GULLBERT

H. BOND

R. DELLA SERRA

B. WITHERELL

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MAIL ROOM

JUN 25 2019

BOARD OF PUBLIC UTILITIES  
TRENTON, NJ

STATE OF NEW JERSEY  
BOARD OF PUBLIC UTILITIES

I/M/O of the Verified Joint Petition of

**Zayo Group, LLC**

and

**Front Range TopCo, Inc.**

for Approval for Zayo Group, LLC to Participate in  
Certain Financing Arrangements

Docket No. \_\_\_\_\_

**TO THE HONORABLE COMMISSIONERS OF THE NEW JERSEY BOARD OF  
PUBLIC UTILITIES.**

**VERIFIED JOINT PETITION**

Front Range TopCo, Inc. (“Transferee” or “Front Range”) and Zayo Group, LLC (“ZGL”) (together, “Petitioners”), pursuant to N.J.S.A. 48:3-7 and N.J.S.A. 48:3-9, and the regulations of the Board of Public Utilities (“Board”), request Board approval for ZGL to participate in certain Financing Arrangements (as defined below) upon completion of the proposed transfer of indirect control of ZGL to Transferee (the “Transaction”).<sup>1</sup>

In support of this Petition, Petitioners provide the following information:

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<sup>1</sup> An indirect subsidiary of ZGL, Electric Lightwave, LLC, provides resold telecommunications services in New Jersey pursuant to an Authorized Resale Carrier Letter Acknowledgement but does not hold a certificate from the Board. Because Electric Lightwave, LLC does not hold a certificate, Petitioners believe that Board approval is not required for Electric Lightwave, LLC in connection with this financing. To the extent the Board determines approval is necessary, Petitioners and Electric Lightwave, LLC request that the Board include Electric Lightwave, LLC as a Petitioner herein and grant such approval.

## **I. INTRODUCTION**

This Petition is being filed in connection with the financing relating to a proposed transfer of indirect control of ZGL to Transferee.<sup>2</sup> Pursuant to an Agreement and Plan of Merger (the “Agreement”), dated May 8, 2019, by and among Zayo Group Holdings, Inc. (“ZGH”), Transferee, and Front Range BidCo, Inc. (“Merger Sub”),<sup>3</sup> ZGH will be merged with and into Merger Sub with ZGH continuing its existence as the surviving corporation. The Transaction will result in ZGH transitioning from a publicly-traded company to a private company. At the closing of the Transaction, ZGL will become an indirect, wholly owned subsidiary of Front Range. Diagrams depicting the current and post-Transaction corporate ownership structure of ZGL are provided at **Exhibit A**.

Following consummation of the Transaction, ZGL is expected to participate in certain Financing Arrangements of Transferee. Therefore, this Petition seeks approval for ZGL to participate in such Financing Arrangements.

## **II. DESCRIPTION OF THE PETITIONERS**

### **A. Front Range TopCo, Inc.**

Front Range, a Delaware corporation, is a holding company created for purposes of the Transaction to aggregate the ownership of various investment and co-investment vehicles ultimately managed by (i) affiliates of EQT AB (“EQT”) and (ii) affiliates of Digital Colony GP, LLC (“Digital Colony”). Front Range has its principal office located at c/o EQT Partners, Inc. 1114 Avenue of the Americas, 45th Floor, New York, New York 10036.

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<sup>2</sup> A separate Petition requesting approval of the proposed Transaction (the “Transfer Petition”) is being concurrently filed. Petitioners request that the Transfer Petition be considered independently from this Petition as ZGL’s participation in the Financing Arrangements is not a condition for closing the Transaction and may occur at or after closing.

<sup>3</sup> Merger Sub is a corporation organized under the laws of Delaware, formed solely for purposes of effectuating the Transaction. Merger Sub is a wholly owned subsidiary of Transferee.

The equity in Front Range, and thus in ZGL's parent ZGH indirectly, will be shared amongst affiliates of EQT and Digital Colony with each holding approximately 45.3% percent of the equity; FMR, LLC, an affiliate of Fidelity Investments, will hold approximately 7.6% percent of the equity; and ZGH's current management team will hold the remaining equity (approximately 1.8%). EQT and Digital Colony will exercise control of Front Range, and thus ZGH through the General Partner of an intermediate Delaware partnership – Front Range JV, LP that aggregates the investment from the affiliates of EQT and Digital Colony and FMR. The Board of Directors of Front Range JV GP, LLC (the “GP”) — the General Partner of Front Range JV, LP — will be comprised of ten members: EQT and Digital Colony will each nominate four Directors, FMR will nominate a single director, and the non-executive independent Chairman will be selected by consensus between EQT and Digital Colony jointly, with EQT having the right to nominate and Digital Colony the right to approve the Chairman. Thus EQT and Digital Colony each share approximately 45% control through the GP.

EQT, founded in Sweden in 1994, is a leading alternative investments firm with approximately EUR 61 billion in raised capital across 29 funds. EQT funds have portfolio companies in the United States, Europe, and Asia with total sales of more than EUR 40 billion and approximately 110,000 employees. Investment funds managed by affiliates of EQT have successfully invested in several fiber-based companies in the United States, including SEGRA (formerly Lumos Networks Corp. and Spirit Communications), and abroad, including BroadNet/GlobalConnect (Denmark, Germany, Norway); IP-Only (Sweden, Denmark, Finland, Norway); Adamo Telecom Iberia SA (Spain); Delta Fiber NL (Netherlands); and Bjørvika IKT AS (Norway). Currently, each of these companies operate independently of each other, and following the Transaction each of these companies and ZGL will continue to operate independently with independent management teams.

Digital Colony, a Delaware limited liability company, is a global investment firm dedicated to strategic opportunities in digital infrastructure. The firm was launched in 2018 by Digital Bridge Holdings, LLC (“Digital Bridge”), a leading investor in, and operator of, companies enabling the next generation of mobile and Internet connectivity, and Colony Capital, Inc. (NYSE: CLNY) a leading global real estate and investment management firm. The firm brings together Digital Bridge’s industry, operational, and investment expertise in the telecommunications sector with Colony Capital’s 26 years of experience as a global investment manager.

Digital Colony and Digital Bridge possess a long record of accomplishment of successful investment in communications infrastructure companies in the United States and abroad. Digital Colony has invested in Cogeco Peer 1, a Canadian data center and fiber network operator; Andean Telecom Partners (formerly Andean Tower Partners) (a mobile and internet infrastructure company in Chile, Colombia, and Peru); Digita Oy (an independent tower operator in Finland); and strattoOpenCell (a provider of wireless infrastructure in the UK). Digital Bridge has also made minority investments in a number of digital infrastructure companies, including ExteNet Systems (a provider of small cell and other wireless infrastructure); Vertical Bridge (owner and operator of towers and other mobile wireless infrastructure); Mexico Tower Partners (towers and mobile wireless infrastructure); Databank (Data Center and cloud services); and Vantage (Data Centers). Marc C. Ganzi, the Managing Partner of Digital Colony and Chief Executive Officer of Digital Bridge, prior to co-founding Digital Bridge, was the sole founder and CEO of Global Tower Partners, which grew from its inception in 2003 to become one of the largest privately-owned tower companies in the United States at the time of its sale to American Tower Corporation in 2013 for \$4.8 billion.

## **B. Zayo Group, LLC**

ZGL, a Delaware limited liability company, is a direct subsidiary of ZGH (together with its subsidiaries, "Zayo") a publicly-traded Delaware corporation (NYSE: ZAYO). Zayo is a leading provider of bandwidth infrastructure, network neutral colocation, and interconnection services over regional and metropolitan fiber networks. These services enable customers to manage, operate, and scale their telecommunications and data networks. Zayo's customers consist primarily of wireless service providers, national and regional communications service providers, media/Internet/content companies, schools, hospitals, governments, banks and other bandwidth-intensive enterprises. ZGH's operating subsidiaries are authorized to provide competitive local exchange, competitive access and/or interexchange services in the District of Columbia and every state except Alaska. The primary telecommunications service offerings of ZGH's operating subsidiaries include high-capacity bandwidth services such as private line, Ethernet, and wavelength services. Zayo's corporate headquarters is located at 1821 30th Street, Unit A, Boulder, Colorado 80301.

ZGL is a provider of bandwidth infrastructure and network neutral colocation and interconnection services over regional and metropolitan fiber networks. In New Jersey, Zayo is authorized to provide local exchange and interexchange telecommunications services pursuant to Board authorization granted I/M/O the Petition of Zayo Group, LLC for Approval to Provide Local Exchange, Interexchange and Exchange Access Telecommunications Services Throughout the State of New Jersey, Docket No. TE11020049 (Order dated May 16, 2011). Zayo is also authorized to provide interstate and international telecommunications services by the FCC.

Zayo has 33 employees in New Jersey.

### III. DESIGNATED CONTACTS

Questions, correspondence or other communications concerning this Petition should be directed to:

Dennis C. Linken  
Laura M. Miller  
Scarinci & Hollenbeck, LLC  
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With copies to:

Michael Mooney, General Counsel  
Zayo Group  
1821 30th Street, Unit A  
Boulder, CO 80301  
[mike.mooney@zayo.com](mailto:mike.mooney@zayo.com)

### IV. DESCRIPTION OF THE FINANCING ARRANGEMENTS

Approval is sought for ZGL to participate in existing, new, amended and restated financing arrangements (the “Financing Arrangements”) up to an aggregate amount of \$11 billion.<sup>4</sup> To maintain adequate flexibility to respond to market conditions and requirements, to fund some or all of the purchase price for the Transaction and to respond to future acquisition and other business opportunities, authority is sought for ZGL to participate in Financing Arrangements that are generally consistent with the terms outlined below:

**Amount:** Up to \$11 billion (the “Aggregate Amount”).

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<sup>4</sup> ZGL is currently authorized to enter into or participate in Financing Arrangements with an aggregate amount of \$7.5 billion, with flexibility within that aggregate amount to negotiate particular market-based terms within the range described in its petition. *See* TF16100937 (Nov. 30, 2016).

**Borrower:** ZGL and its affiliate, Zayo Capital, Inc., are co-borrowers under existing Financing Arrangements and Front Range, ZGH and its subsidiaries are expected to be the borrowers under future Financing Arrangements. In order to maintain flexibility, authorization is sought for ZGL to be a borrower, co-borrower or guarantor under the Financing Arrangements.

**Debt Instruments:** The Financing Arrangements may include one or more of the following debt instruments: notes or debentures (including notes convertible into equity and private notes that may be exchanged for public notes); conventional credit facilities, such as revolving credit facilities and term loans; letters of credit; and bridge loans; or a combination thereof.

**Maturity:** Up to ten (10) years after issuance, amendment or restatement depending on the type of facility.

**Interest:** Interest rates will be the market rate for similar financings and will not be determined until the Financing Arrangement(s) are finalized. Depending on the type of debt securities, facility(ies) or other arrangements, indebtedness will accrue interest at a rate(s) that may be fixed (typically set at signing or closing based on then current market conditions) or floating (consisting of a base rate, which will float with a rate index such as LIBOR or Federal Funds Rate, plus an applicable margin), or a combination of fixed rates and floating rates. To maintain flexibility, authorization is sought for Financing Arrangements at an interest rate(s) at the then current market conditions.

**Security:** Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of Front Range, ZGH and their current and future subsidiaries, including ZGL. A portion of the Financing Arrangements may be unsecured facilities. For the secured facilities, the equity of Front Range, ZGH and their current and future subsidiaries, including ZGL, may be pledged as additional security. Additionally, Front Range, ZGH and their current and future subsidiaries, including ZGL, may provide a guaranty as security for the full \$11 billion in Financing Arrangements.

**Purpose:** The Financing Arrangements may be used for acquisitions (including a portion of the purchase price for the Transaction), refinancing existing debt, working capital requirements, and general corporate purposes of Zayo.

Board authorization is sought for ZGL to participate, upon completion of the Transaction, in Financing Arrangements up to the Aggregate Amount and thereby to incur debt, as a borrower, co-borrower or guarantor, and to pledge its assets as security for Financing Arrangements in the Aggregate Amount with terms materially consistent with those outlined above.

The effect of the Financing Arrangements on the ability of a utility to fulfill pension obligations to its employees is also a factor for the Board to consider pursuant to N.J.S.A. 48:3-7. Zayo



does not have an U.S. employee pension plan for New Jersey employees. Employees' existing rights in any other retirement benefit plan offered by Zayo will be retained upon completion of the Transaction

**V. PUBLIC INTEREST CONSIDERATIONS**


ZGL's participation in the Financing Arrangements will serve the public interest by providing Transferee with the ability to use debt financing for some of the consideration for the Transaction, which itself will serve the public interest. Further, the Financing Arrangements may be used to fund future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital and for other general corporate purposes. The Financing Arrangements are necessary and appropriate, are consistent with the performance by ZGL of its services to the public, will not impair its ability to perform such services and will promote its corporate purposes. The Financing Arrangements will be transparent to the customers of ZGL and will not disrupt service or cause customer confusion or inconvenience.

The Financing Arrangements also will serve the public interest in promoting competition among telecommunications carriers by providing ZGL with access to greater financial resources that will allow it to become a more effective competitor to larger incumbent telecommunications providers. In essence, Financing Arrangements will make Zayo a stronger competitor and thereby benefit the public.

V. CONCLUSION

For the foregoing reasons, Petitioners submit that the public interest, convenience and necessity would be furthered by grant of this Petition permitting ZGL to enter into or participate in the Financing Arrangements described above.

Respectfully submitted,



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*Counsel for Front Range TopCo, Inc.*

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[dlinken@sh-law.com](mailto:dlinken@sh-law.com)

*Counsel for Zayo Group, LLC*

Dated: June 24, 2019

**VERIFICATION**

STATE OF COLORADO

§

CITY OF BOULDER

§

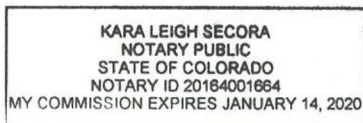
§

I, Michael Mooney, state that I am SVP, General Counsel and Secretary of Zayo Group Holdings, Inc., the parent company of Zayo Group, LLC (together, the “Company”); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.



Michael Mooney  
SVP, General Counsel and Secretary  
Zayo Group Holdings, Inc.  
Zayo Group, LLC

SWORN TO AND SUBSCRIBED before me on the 5 day of June, 2019.

  
Notary Public

My commission expires: 1/14/2020

VERIFICATION

STATE OF NEW YORK

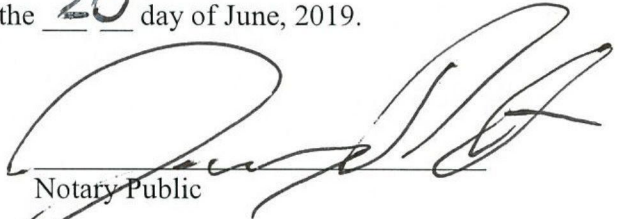
COUNTY OF KINGS

I, CARL SJOLUND state that I am DIRECTOR of Front Range TopCo, Inc. (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.



Name: CARL SJOLUND  
Title: DIRECTOR  
Front Range TopCo, Inc.

SWORN TO AND SUBSCRIBED before me on the 20 day of June, 2019.

  
Notary Public

My commission expires: Dec 21, 2019

JENNY PETERSON  
Notary Public, State of New York  
Registration #01PE6334861  
Qualified In Kings County  
Commission Expires Dec. 21, 2019

VERIFICATION

STATE OF FLORIDA §  
COUNTY OF PALM BEACH §

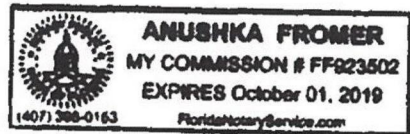
I, Jeffrey E. Ginsberg, state that I am Vice President and Secretary of Front Range TopCo, Inc. (the "Company"); that I am authorized to make this Verification on behalf of the Company; that the foregoing filing was prepared under my direction and supervision; and that the contents with respect to the Company are true and correct to the best of my knowledge, information, and belief.

Name: Jeffrey E. Ginsberg  
Title: Vice President and Secretary  
Front Range TopCo, Inc.

SWORN TO AND SUBSCRIBED before me on the 20th day of June, 2019.

  
Notary Public

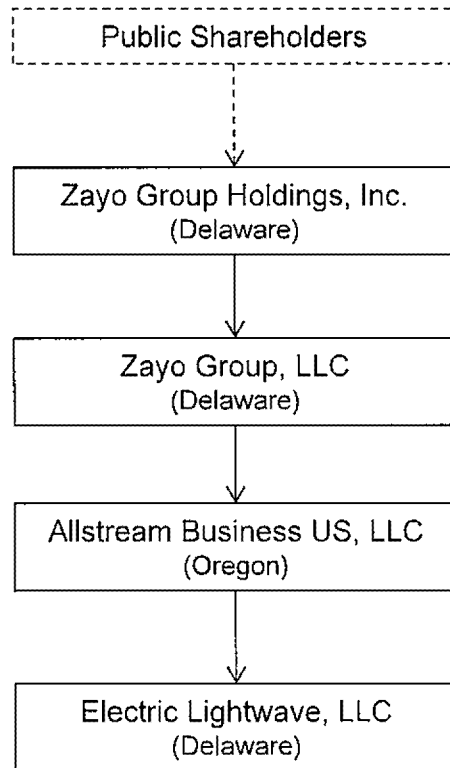
My commission expires: 10-01-2019



**EXHIBIT A**

**Current and Post-Transaction Corporate Ownership Structure Charts**

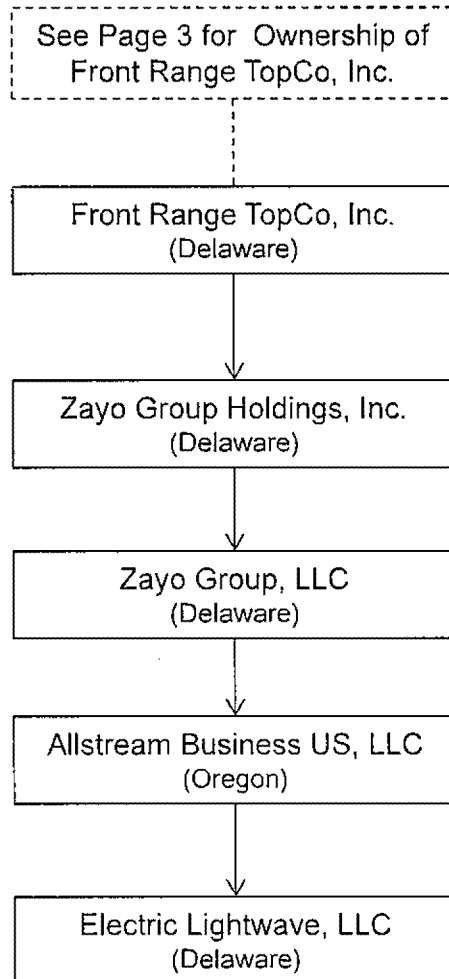
# Current Ownership Structure Chart of Zayo\*



\*The entities listed only include the holders of FCC and/or State PUC authorizations and those entities that are in their chain of ownership. The chart excludes all other subsidiaries of Zayo Group Holdings, Inc.

\*\*All ownership percentages are 100%.

# Post-Transaction Ownership Structure Chart of Zayo\*

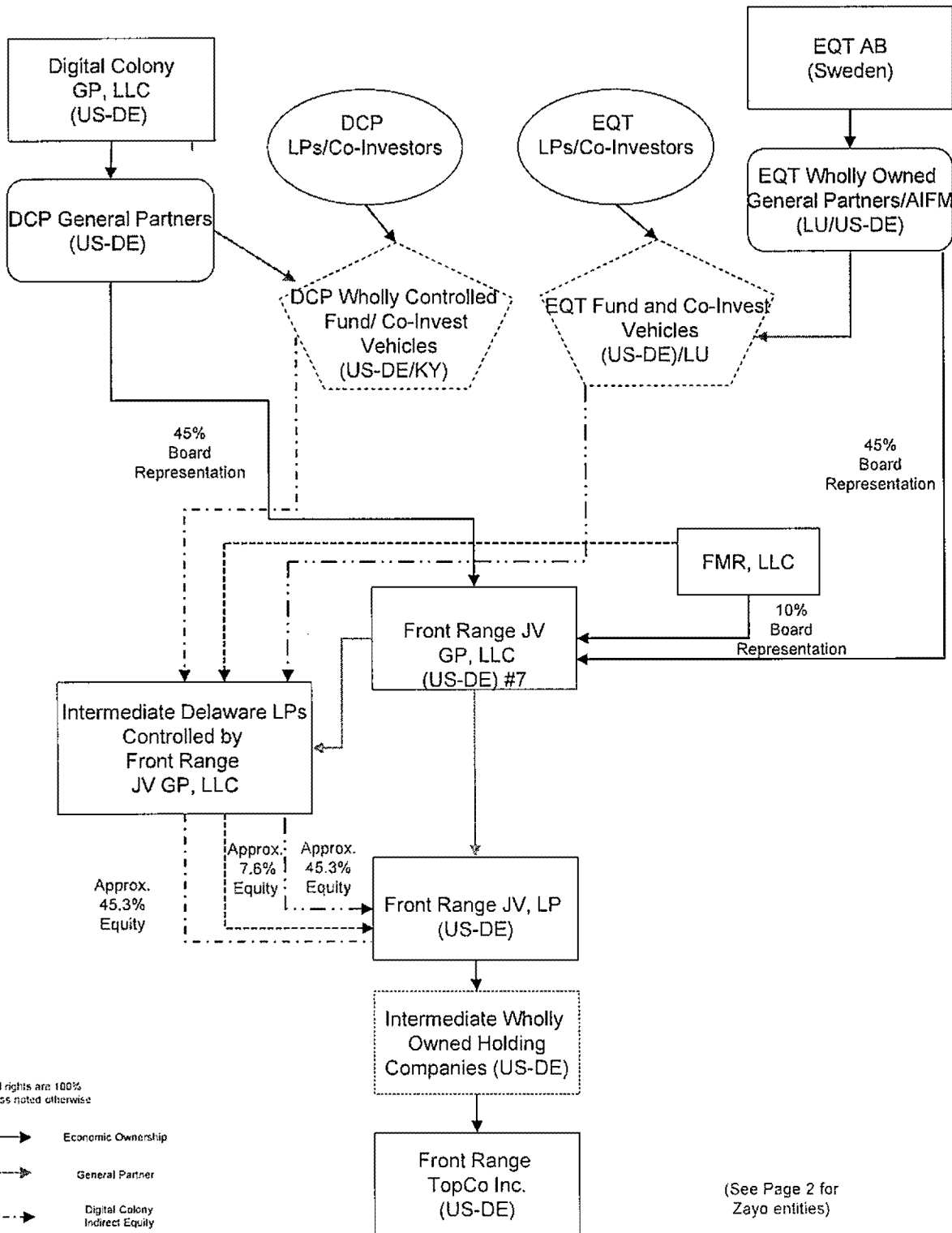


\*The entities listed only include the holders of FCC and/or State PUC authorizations and those entities that are in their chain of ownership. The chart excludes all other subsidiaries of Zayo Group Holdings, Inc.

\*\*All ownership percentages are 100%.



# Post-Transaction Ownership Chart of Front Range TopCo, Inc.



All rights are 100% unless noted otherwise

- Economic Ownership
- General Partner
- - - Indirect Equity
- - - Indirect Equity
- - - Indirect Equity

(See Page 2 for Zayo entities)