



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 3rd Floor, Suite 314
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Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE VERIFIED JOINT PETITION) ORDER
OF ZAYO GROUP, LLC AND FRONT RANGE TOPCO,)
INC. FOR APPROVAL FOR ZAYO GROUP, LLC TO)
PARTICIPATE IN CERTAIN FINANCING)
ARRANGEMENTS) DOCKET NO. TF19060751

Parties of Record:

Dennis C. Linken, Esq., and Laura M. Miller, Esq., Scarinci & Hollenbeck, LLC, on behalf of
Petitioners
Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On June 25, 2019, Front Range TopCo, Inc. ("Front Range") and Zayo Group, LLC ("ZGL") (together, "Petitioners") submitted a Verified Petition to the New Jersey Board of Public Utilities ("Board") pursuant to N.J.S.A. 48:3-7 and 48:3-9 requesting Board approval for ZGL to participate in certain financing arrangements up to an aggregate amount of \$11 billion in connection with the Petitioners' proposed transfer of indirect control of ZGL to Front Range (the "Transaction").¹

BACKGROUND

ZGL, a Delaware limited liability company, is a direct subsidiary of Zayo Group Holdings, Inc. ("ZGH" and 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. Zayo's corporate headquarters are located at 1821 30th Street, Unit A, Boulder, Colorado 80301.

¹ Petitioners simultaneously submitted a petition seeking Board approval of the Transaction in I/M/O the Verified Joint Petition of Zayo Group, LLC and Front Range Topco, Inc. for Approval of the Transfer of Indirect Control of Zayo Group, LLC to Front Range Topco, Inc., Docket No. TM19060749.

In New Jersey, ZGL is authorized to provide local exchange and interexchange telecommunications services. 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, (May 16, 2011). ZGL is also authorized by the Federal Communications Commission to provide domestic and international telecommunications services.

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.

EQT, founded in Sweden in 1994, is a leading alternative investments firm with approximately EUR 61 billion in raised capital across 29 funds. Digital Colony, a Delaware limited liability company, is a global investment firm launched in 2018 by Digital Bridge Holdings, LLC, 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 equity in Front Range, and indirectly in ZGH upon completion of the Transaction, will be shared amongst affiliates of EQT and Digital Colony. 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.

DISCUSSION

Pursuant to an Agreement and Plan of Merger dated May 8, 2019, by and among ZGH, Front Range and Front Range BidCo, Inc. ("Merger Sub"²), 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. Following consummation of the Transaction, ZGL is expected to participate in certain Financing Arrangements of Front Range.

Petitioners seek approval for ZGL to participate in existing, new, amended and restated financing arrangements up to an aggregate amount of \$11 billion. ZGL may participate in the financing arrangements as a borrower, co-borrower or guarantor. Petitioners expect that any long-term indebtedness incurred as part of the proposed expanded financing arrangements will mature up to ten years after issuance, amendment or restatement. Interest rate(s) will be set according to market conditions at issuance and may be fixed or floating, or a combination thereof, with floating rates consisting of a base rate plus an agreed upon margin. 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. 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. The financing arrangements may be used for acquisitions (including a portion of the purchase price

² Merger Sub is a corporation organized under the laws of Delaware formed solely for the purposes of effecting the Transaction. Merger Sub is a wholly owned subsidiary of Front Range.

for the Transaction), refinancing existing debt, working capital requirements, and other types of general corporate purposes.

According to the Petition, the financing arrangements will serve the public interest by providing Front Range with the ability to use debt financing for some of the consideration for the Transaction, which itself will serve the public interest. The financing arrangements will also 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. Specifically, the Petitioners state that 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 Petitioners therefore assert that the financing arrangements are necessary and appropriate, are consistent with the performance by ZGL of its services to the public, will not impair the ability of ZGL to perform such services, and will promote the corporate purposes of the Petitioners. The Petitioners also emphasize that the financing will be transparent to customers and will not disrupt service or cause customer confusion or inconvenience.

The New Jersey Division of Rate Counsel has reviewed this matter and, by letter dated July 26, 2019, stated that it did not object to Board approval of the Petition.

FINDINGS AND CONCLUSIONS

After review of this matter, the Board **FINDS** that ZGL's participation in the financing arrangements is in accordance with law and in the public interest and it will have no negative impact on the company, rates, customers or New Jersey employees. Therefore, after investigation and consideration of the record and information submitted in this filing, the Board **HEREBY AUTHORIZES** ZGL to participate in the financing arrangements up to an aggregate amount of \$11 billion, and to take those actions necessary to effectuate such financing arrangements.

This Order is issued subject to the following provisions:

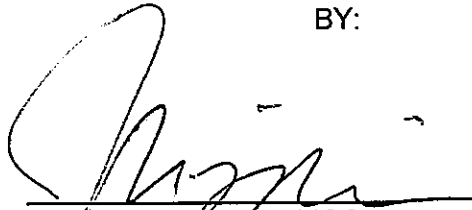
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation or any other matters affecting Petitioner.
2. Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
3. Petitioners shall notify the Board of any material default in the terms of the proposed financing within five business days of such occurrence.
4. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transaction or other supporting documents, a default or assignment under such agreement does not constitute an automatic transfer of Petitioner's assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

5. This order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by the Petitioner.

This Order shall become effective on August 17, 2019.


DATED: 8/7/19

BOARD OF PUBLIC UTILITIES
BY:


JOSEPH L. FIORDALISO
PRESIDENT


MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER


ROBERT M. GORDON
COMMISSIONER

ATTEST: 
AIDA CAMACHO-WELCH
SECRETARY

I HEREBY CERTIFY that the within document is a true copy of the original in the files of the Board of Public Utilities.

IN THE MATTER 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. TF19060751

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