

# Morgan Lewis

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August 30, 2019

## **Via Electronic Filing**

Mark Johnson, Executive Director/Secretary  
Washington Utilities and Transportation Commission  
1300 S. Evergreen Park Drive  
Olympia, WA 98504-7250  
records@wutc.wa.gov

## **RE: Notification Regarding the Proposed Transfer of Indirect Control of Zayo Group, LLC and Electric Lightwave, LLC to Front Range TopCo, Inc.**

Dear Mr. Johnson:

Zayo Group, LLC ("ZGL") and Electric Lightwave, LLC ("Electric Lightwave" and together with ZGL, the "Licensees") and Front Range TopCo, Inc. ("Front Range") (collectively, the "Parties"), by undersigned counsel, notify the Commission of the proposed transfer of indirect control of Licensees to Front Range. Since Commission action is not required for the Transaction (as defined below), the Parties submit this letter for informational purposes.

### **Description of the Parties**

#### **A. Zayo Group, LLC and Electric Lightwave, LLC**

Licensees are wholly owned subsidiaries of Zayo Group Holdings, Inc. ("ZGH" and together with its subsidiaries, "Zayo"), a publicly traded Delaware corporation (NYSE: ZAYO). ZGL is a Delaware limited liability company and a direct subsidiary of ZGH. Electric Lightwave is a Delaware limited liability company and is a direct subsidiary of Allstream Business US, LLC ("Allstream US"), an Oregon limited liability company. Allstream US is a direct subsidiary of ZGL. 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 inter-connection services over regional and metropolitan fiber networks. In Washington, ZGL is authorized to provide intrastate telecommunications services pursuant to its registration as a telecommunications company with competitive classification granted in Docket No. UT-110349. ZGL is also authorized by the Federal Communications Commission ("FCC") to provide interstate and international telecommunications services.

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COMMISSION

Electric Lightwave is part of the Allstream business segment of Zayo ("Allstream"), and provides business and carrier customers a suite of integrated telecommunications products and services (including competitive local exchange, interexchange data, Internet access and broadband transport services) primarily in metropolitan areas in Arizona, California, Colorado, Idaho, Minnesota, Montana, Nevada, North Dakota, Oregon, Utah and Washington. In Washington, Electric Lightwave is authorized to provide facilities-based and resold local exchange and interexchange telecommunications, interexchange private line or special access, intraexchange dark fiber, services, and intrastate interexchange switched telecommunications services pursuant to authority granted in Docket No. UT-970032 and amended in Docket Nos. UT-971128 and UT-970874, and was granted competitive classification in Docket No. UT-970874. Electric Lightwave is also authorized to provide interstate and international telecommunications services by the FCC.

## **B. 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 a principal office located at c/o EQT Partners, 1114 Avenue of the Americas, 45th Floor, New York, New York 10036.

The equity in Front Range, and thus in Licensee's ultimate 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, 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, with EQT having the right to nominate and Digital Colony the right to approve the Chairman. Thus EQT and Digital Colony each share 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 Zayo will continue to operate independently with independent management teams.

Digital Colony, a Delaware limited liability company, is a U.S.-investment firm dedicated to strategic opportunities in digital infrastructure. Digital Colony is wholly controlled by Colony

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Capital, Inc. (NYSE: CLNY), a leading U.S. publicly-traded real estate and investment management firm with significant expertise in the telecommunications sector.

Digital Colony and its affiliates possess a long record of successful investment in communications infrastructure companies in the United States and abroad. For example, Digital Colony has invested in Aptum Technologies (formerly 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 The Freshwave Group (formerly strattoOpenCell) (a provider of wireless infrastructure in the UK). In turn, some of its principals have 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, previously 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.

### **Designated Contacts**

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

For the Parties:

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Ulises R. Pin  
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Morgan Lewis & Bockius LLP  
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with copies for Zayo to:

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

### **Description of the Transaction**

Pursuant to an Agreement and Plan of Merger (the "Agreement"), dated May 8, 2019, by and among ZGH, Front Range, and Front Range BidCo, Inc. ("Merger Sub"),<sup>1</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.

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<sup>1</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 Front Range.

Under the terms of the Agreement, at the closing of the Transaction, ZGH shareholders will receive \$35.00 in cash per share of ZGH's common stock in a transaction valued at approximately \$14.3 billion, including the assumption of approximately \$5.9 billion of Zayo's net debt obligations. At the closing of the Transaction, Licensees will become wholly owned indirect subsidiaries of Front Range. For the Commission's reference, current and post-Transaction corporate ownership structure charts are provided as **Exhibit A**.

The Transaction will occur entirely at the holding company level and will have no adverse impact on Licensees' customers. As such, the Transaction will not result in service disruption, termination, or customer confusion. At this time, key members of Zayo's current management team are expected to continue to execute Zayo's strategy. The only significant change resulting from the Transaction will be that ZGH (and indirectly, Licensees) will be owned by Front Range rather than its current shareholders. Front Range and its ultimate owners are financially well-qualified to become the new owner of Zayo, and following closing of the Transaction, Zayo will enjoy access to the financial resources and broader management expertise of Front Range and its ultimate owners.

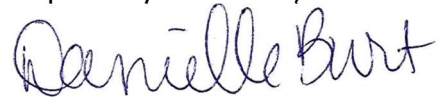
The proposed Transaction will serve the public interest, convenience, and necessity by providing Licensees with access to Front Range's financial and operational expertise, permitting Licensees to continue to provide robust communications solutions to their customers and to better compete in the Washington telecommunications marketplace. Both EQT and Digital Colony have substantial experience investing in communications infrastructure companies. Zayo's current management can call on this experience as together, Zayo's current management under Front Range's ownership, will seek to build on Zayo's existing assets, support investment in new infrastructure and continue to offer innovative and high-quality services to existing customers. In essence, the Transaction will make Licensees stronger competitors and thereby benefit consumers.

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Please acknowledge receipt and acceptance of this electronic filing. Please do not hesitate to contact us if you have any questions.

Respectfully submitted,



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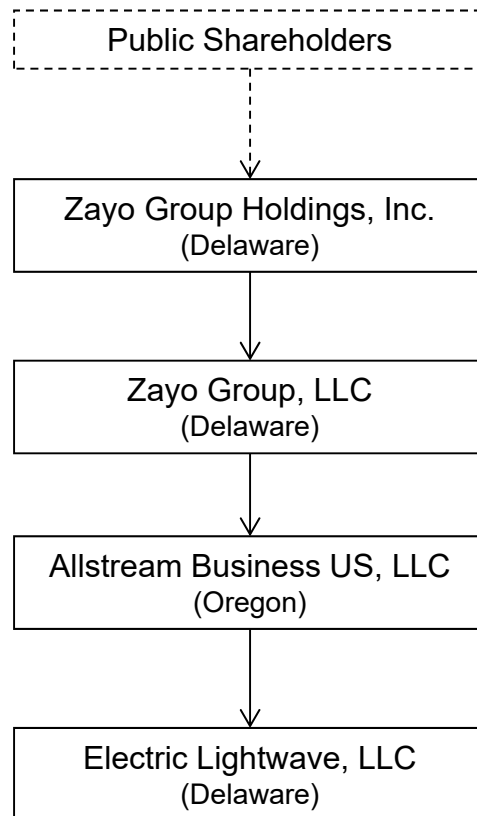
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Counsel for the Parties

**EXHIBIT A**

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

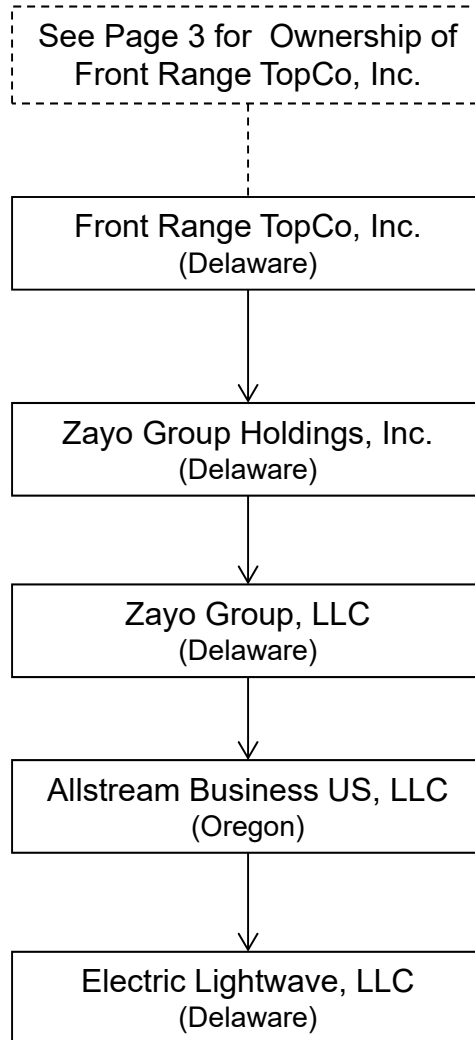
# Current Ownership Structure Chart of Zayo\*



\*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\*

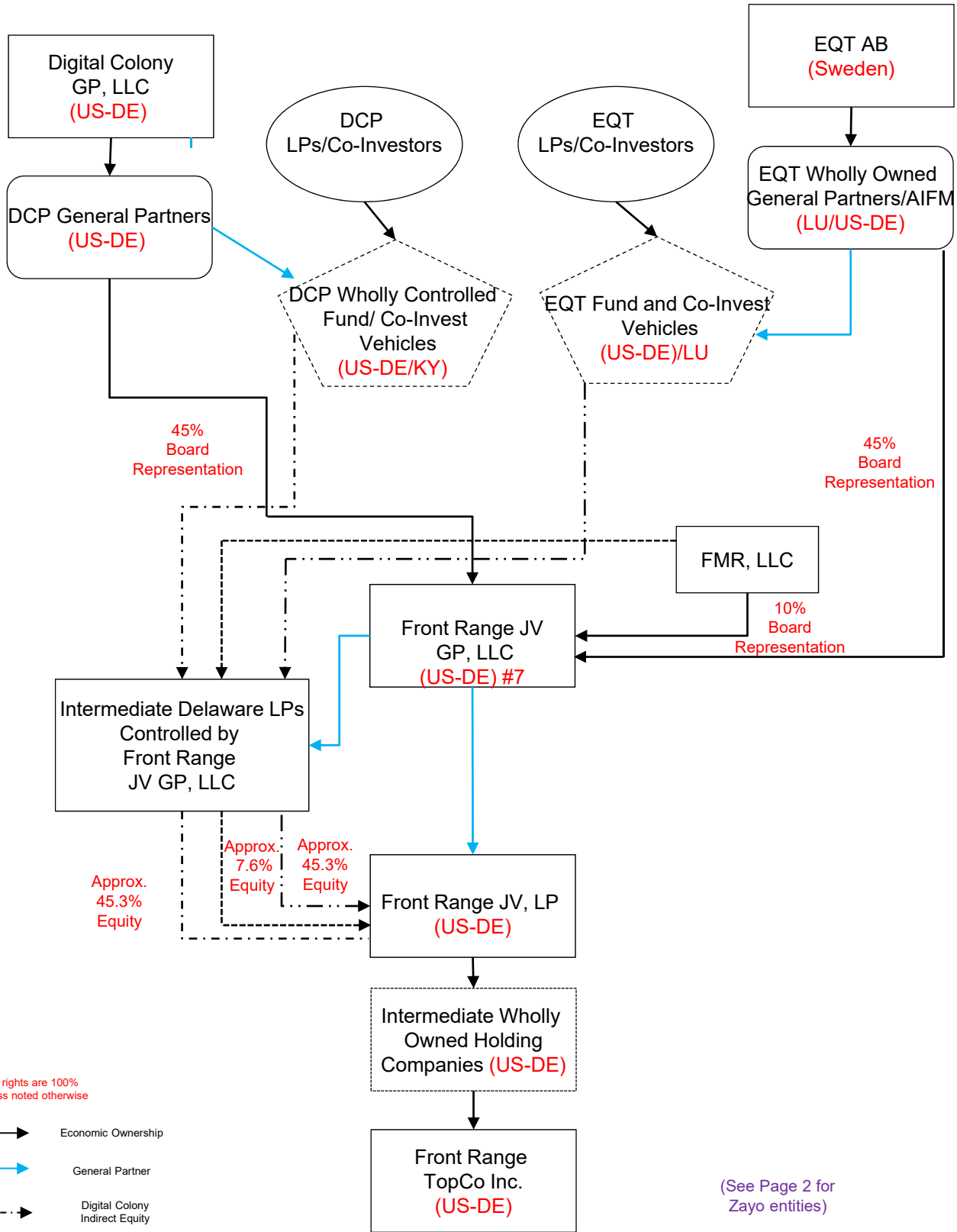


\*The entities listed only include the holders of FCC and/or State PUC authorizations and those entities that are in their chain of ownership. The chart excludes all other subsidiaries of Zayo Group Holdings, Inc.

\*\*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)

## **Verifications**

## VERIFICATION

I, Michael Mooney, state that I am SVP, General Counsel and Secretary of Zayo Group Holdings, Inc., the parent company of Zayo Group, LLC and its subsidiary, Electric Lightwave, LLC (collectively, 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 thereof and the certifications contained therein regarding the Company and its affiliates, are true and correct to the best of my knowledge, information, and belief.

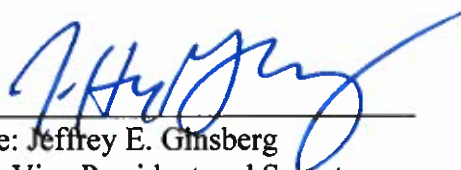
I declare under penalty of perjury that the foregoing is true and correct. Executed this 5<sup>th</sup> day of June 2019.

  
\_\_\_\_\_  
Michael Mooney  
SVP, General Counsel and Secretary  
Zayo Group Holdings, Inc.  
Zayo Group, LLC  
Electric Lightwave, LLC

## VERIFICATION

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 thereof and the certifications contained therein regarding the Company are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11<sup>th</sup> day of June 2019.



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

## VERIFICATION

I, Carl Sjölund, state that I am a 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 thereof and the certifications contained therein regarding the Company are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 13th day of June 2019.



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Name: Carl Sjölund  
Title: Director  
Front Range TopCo, Inc.