



STATE OF NEW JERSEY
Board of Public Utilities
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
www.nj.gov/bpu/

TELECOMMUNICATIONS

IN THE MATTER OF THE JOINT PETITION OF)
REP/CRF HOLDINGS LLC AND CROSS RIVER FIBER,) ORDER
INC. FOR A TRANSFER OF CONTROL) DOCKET NO. TM14080906

Parties of Record:

William K. Mosca, Jr., Esq., Bevan, Mosca, Giuditta & Zarillo, P.C., on behalf of Cross River Fiber, Inc.

Bradford M. Stern, Esq., Law Offices of Bradford M. Stern, on behalf of REP / CRF Holdings, LLC

Stefanie A. Brand, Esq., Director, New Jersey Division of Rate Counsel

BY THE BOARD:

On August 12, 2014, REP/CRF Holdings LLC ("Purchaser") and Cross River Fiber, Inc. ("Cross River") (collectively "Petitioners"), by their counsel, filed a verified petition with the New Jersey Board of Public Utilities ("Board") requesting approval for (i) a stock purchase transaction resulting in the direct transfer of control of Cross River and the indirect transfer of control of Cross River Fiber, LLC, a wholly owned subsidiary of Cross River ("CRF LLC"), to Purchaser, and (ii) a related loan transaction, to the extent that approval is required under N.J.S.A. 48:2-51.1, N.J.S.A. 48:3-7, N.J.S.A. 48:3-9, and N.J.S.A. 48:3-10 and all other applicable statutes administered by the Board. Following the consummation of proposed transactions, Cross River and CRF LLC will continue to provide service to customers in New Jersey at the same rates, terms and conditions.

BACKGROUND

Cross River is a Delaware corporation with headquarters in Summit, New Jersey. Cross River is authorized by the Board to provide facilities-based local exchange and interexchange telecommunications services throughout the state. See, In the Matter of the Petition of Cross River Fiber, Inc. for Approval to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE12040297, Order dated June 18, 2012. Cross River is a sole member of, and holds all of the membership interest in, CRF LLC, a New Jersey limited liability company, which is also authorized by the Board to provide facilities-based local exchange and interexchange telecommunications

services throughout the State. See, In the Matter of the Petition of Cross River Fiber, LLC for Approval to Provide Local Exchange and Interexchange Telecommunications Services Throughout the State of New Jersey, Docket No. TE11050320, Order dated July 14, 2011. According to the petition, Cross River, through itself and its subsidiary CRR LLC, currently provides dark fiber, fractional dark fiber and interconnection services to enterprise and carrier customers requiring fiber optic connectivity between business operations and data centers throughout the State.

REP/CRF Holdings LLC is a Delaware limited liability company with principal offices located in Charlotte, North Carolina which is a wholly-owned subsidiary of Ridgemont Equity Partners I Holdings, L.P., a Delaware limited partnership ("Ridgemont"), which also has principal offices located in Charlotte, North Carolina. According to the petition, Ridgemont is an independent private equity firm that specializes in middle market buyout and growth and in equity investments. Ridgemont currently has no direct or indirect control of any telecommunications services providers in New Jersey.

DISCUSSION

According to the petition, Purchaser and Cross River (together with its stockholders) have entered into a Share Purchase Agreement dated as of July 31, 2014 pursuant to which Purchaser proposes to acquire a majority ownership interest in Cross River, through a series of transactions which upon closing will be converted to Cross River Fiber, LLC a Delaware limited liability company without any substantive changes in senior management or operations. Five of the eight current stockholders of Cross River will retain a minority ownership interest. Petitioners note that following the transfer, CRF LLC will continue in existence as Cross River's wholly owned subsidiary.¹

In evaluating this petition, the Board must be satisfied that positive benefits will flow to customers and the State of New Jersey and, at a minimum, that there are no adverse impacts on any of the criteria delineated in N.J.S.A. 48:2-51.1. See also N.J.A.C. 14:1-5.14(c).

The Petitioners state that the transfer of Control of Cross River and CRF LLC to Purchaser will result in net benefits to Cross River's and CRF LLC's customers because their financial stability will be strengthened through the resources of Purchaser, its parent Ridgemont, and their ability to secure financing for Cross River and CRF LLC to fund working capital and capital expenditures. Petitioners claim that this will enhance Cross River's and CRF LLC's ability to offer a broader range of services to New Jersey businesses and to expand their service offerings throughout the geographic are of New Jersey. The petition also states that Purchaser intends to maintain substantially similar levels of employee staffing in New Jersey following the closing and anticipates that the transfer will result in increased employment opportunities, and further states that Cross River's and CRF LLC's customers will continue to receive service on an uninterrupted basis without any adverse impact on rates or on the provision of safe, adequate and proper service to customers in New Jersey.

The Petition also states that since the proposed transaction will not entail a customer "migration," the regulatory safeguards of N.J.A.C. 14:10-12.1 et seq. are neither necessary nor required and requests that the Board determine that those provisions do not apply. In

¹ The Petition notes that upon or after the conversion of Cross River Fiber, Inc., to Cross River Fiber LLC, CRF LLC's name may be changed to avoid any potential confusion between Cross River as the parent Delaware limited liability company and CRF LLC as the subsidiary New Jersey limited liability company.

connection therewith, Petitioners request a waiver of the notice requirements of N.J.A.C. 14:1-5.14(b)(12). Petitioners state that Cross River and CRF LLC provide services to large enterprise customers and other large telecommunications service providers and that they will be advised of the transaction in accordance with the terms and conditions of the customer service agreements.

In connection with the transaction and simultaneously with its consummation, Cross River has requested Board approval to enter into a financing transaction with a commercial lending group. The lenders will provide Cross River, as the borrower, a term loan to be funded on the closing date of the transaction, a delayed draw term loan facility and a revolving credit facility (collectively, the "Credit Facilities"). An incremental term loan commitment may also be secured subject to lender approval. The Credit Facilities will be secured in part by a pledge of certain equity interests of Cross River and a first priority lien on substantially all of the assets and property of Cross River and its subsidiaries.

Proceeds from the term loan may be used to fund the acquisition of Cross River (in part through a redemption of stock of Cross River) to provide general liquidity to Cross River and to finance fees and expenses associated with closing. Proceeds from the revolving loan may be used to finance working capital and general corporate purposes of Cross River. Proceeds from the delayed draw term loan may be used to finance any acquisition and capital expenditures.

The Division of Rate Counsel has reviewed this matter and, by letter dated August 20, 2014, states that it has no objection to the Board's grant of Petitioner's requests under their Verified Petition.

FINDINGS AND CONCLUSIONS

After a thorough review of the petition and all related documents, the Board concludes that there will be no negative impact on rates or service quality since Petitioners' New Jersey customers will continue to receive the same services at the same rates and under the same terms and conditions. Also, the Board is satisfied that positive benefits will flow to customers based on the record presented by Petitioners, as the transaction will strengthen Petitioners' competitive posture in the telecommunications market due to its access to additional resources. In addition, the Board is persuaded that Petitioners will make every effort to minimize any potential adverse impact to employees in New Jersey.

Accordingly, the Board **FINDS** that the proposed transfer and financing arrangements are consistent with the applicable law and are not contrary to the public interest and **HEREBY AUTHORIZES** Petitioners to participate in the financing arrangements described herein. As for the request for the Board to make a determination regarding mass migration regulations and a waiver of the notice requirements of N.J.A.C. 14:1-5.14(b)(12), the Board **FINDS** that invoking those rules are not necessary in this instance and the request for waiver is **HERBY GRANTED**.

This Order is 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 in any future petition with respect to rates, franchises, services, financing, accounting, capitalization, depreciation, or any other matters affecting the Petitioners.
2. Notwithstanding anything to the contrary in the documents executed pursuant to the financing transactions or other supporting documents, a default or assignment under

such agreement does not constitute an automatic transfer of Petitioners' assets. Board approval must be sought pursuant to N.J.S.A. 48:1-1 et seq. where applicable.

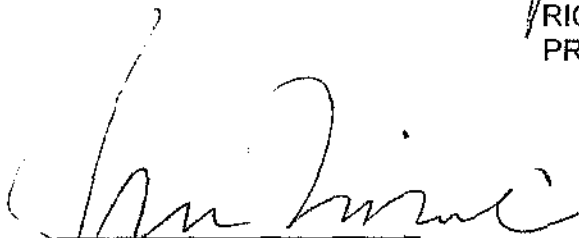
3. This Order shall not be construed as directly or indirectly fixing for any purpose whatsoever any value of tangible or intangible assets now owned or hereafter to be owned by Petitioners.
4. Petitioners shall notify the Board, within five business days, of any material changes in the proposed financing, and shall provide complete details of such transactions, including any anticipated effects upon service in New Jersey.
5. Petitioners shall notify the Board of any material default on the terms of the notes within five business days of such occurrence.
6. Petitioners shall notify the Board of the closing of the proposed transaction within seven (7) days of consummation.

This Order shall be effective on October 23, 2014.

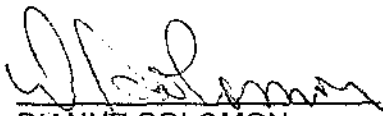
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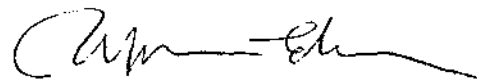
BOARD OF PUBLIC UTILITIES
BY:


RICHARD S. MROZ
PRESIDENT


JOSEPH L. FIORDALISO
COMMISSIONER

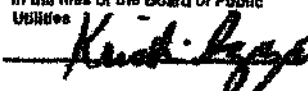

MARY-ANNA HOLDEN
COMMISSIONER


DIANNE SOLOMON
COMMISSIONER


UPENDRA J. CHIVUKULA
COMMISSIONER

ATTEST:


KRISTI IZZO
SECRETARY

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


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SERVICE LIST

Bradford M. Stern, Esq.
Law Offices of Bradford M. Stern
22 Lakeview Hollow
Cherry Hill, NJ 08003
brad@bmsternlaw.com

C. Mark Kelly, Esq.
William B. Snyder, Esq.
Anna V. Short, Esq.
Alston & Bird LLP
Bank of America Plaza
101 South Tryon Street, Suite 4000
Charlotte, North Carolina 28280-4000
mark.kelly@alston.com
william.snyder@alston.com
anna.short@alston.com

Edward A. Balogh, Jr.
Ridgmont Equity Partners
150 N. College Street, Suite 2500
Charlotte, NC 28202
ebalogh@ridgmontep.com

William K. Mosca, Jr., Esq.
Bevan, Mosca, Giuditta & Zarillo, P.C.
222 Mount Airy Rd., Suite 200
Basking Ridge, New Jersey 07920
wmosca@bmqzlaw.com

Vincenzo Clemente, President & CEO
Cross River Fiber, Inc.
Cross River Fiber, LLC
382 Springfield Avenue, Suite 409
Summit, New Jersey 07901
vclemente@crossriverfiber.com

James F. Fitzsimmons, Esq.
Budd Lamer, P.C.
150 John F. Kennedy Parkway, 3rd Floor
Short Hills, New Jersey 07078
jfitzsimmons@buddlamer.com

Stefanie A. Brand, Esq., Director
Division of Rate Counsel
140 Front Street, 4th Floor
Post Office Box 003
Trenton, New Jersey 08625-0003
sbrand@rpa.state.nj.us

Rocco Della Serra
Board of Public Utilities
Division of Telecommunications
44 South Clinton Avenue, 9th Floor
Post Office Box 350
Trenton, New Jersey 08625-0350
rocco.della-serra@bpu.state.nj.us

Alex Moreau
Deputy Attorney General
Department of Law & Public Safety
Division of Law
124 Halsey Street
Post Office Box 45029
Newark, New Jersey 07102-45029
alex.moreau@dol.lps.state.nj.us