



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
**44 South Clinton Avenue, 3<sup>rd</sup> Floor, Suite 314**  
**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
**[www.nj.gov/bpu/](http://www.nj.gov/bpu/)**

TELECOMMUNICATIONS

IN THE MATTER OF JOINT PETITION OF MLN )  
TOPCO LTD., MITEL NETWORKS ) ORDER  
CORPORATION, AND MITEL CLOUD SERVICES, )  
INC. F/K/A MITEL NETSOLUTIONS, INC. FOR )  
APPROVAL FOR MITEL CLOUD SERVICES, INC. )  
TO PARTICIPATE IN CERTAIN FINANCING )  
ARRANGEMENTS ) DOCKET NO. TF18050567

**Parties of Record:**

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

**BY THE BOARD:**

On May 18, 2018 MLN TopCo Ltd. ("TopCo" or "Transferee"), Mitel Networks Corporation ("Mitel" or "Transferor"), and Mitel Cloud Services, Inc. ("MCSI" or "Licensee") (collectively, "Petitioners") submitted a Joint 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 MCSI to participate in certain financing arrangements in an aggregate amount of up to \$1.480 billion ("Aggregate Amount") upon completion of the transfer of indirect control of MCSI to TopCo ("Mitel Merger")<sup>1</sup> (collectively, "Transactions").

**BACKGROUND**

Mitel is a Canadian corporation (NASDAQ: MITL) with principal offices located at 350 Legget Drive, Ottawa, Ontario K2K 2W7. MCSI, a Texas corporation and wholly owned indirect subsidiary of Mitel, resells local communications services; domestic and international long-distance services; calling card services; 800 services; dedicated data services; Internet, DSL, MPLS services, and Web voice and videoconferencing; disaster recovery solutions; and network monitoring and management. In addition, MCSI is licensed as a competitive local

<sup>1</sup> In a separate filing ([I/M/O the Joint Petition of MLN TopCo Ltd., Mitel Networks Corporation, and Mitel Cloud Services, Inc., f/k/a Mitel NetSolutions, Inc., for Approval to Transfer Indirect Control of Mitel Cloud Services, Inc., to MLN TopCo Ltd.](#), BPU Docket Number TM18050568 or "Merger Petition") petitioners seek approval for the acquisition of MCSI by TopCo.

exchange and interexchange carrier throughout the United States and registered as an interconnected voice over internet protocol ("VoIP") provider and wireless/commercial mobile radio services ("CMRS") reseller in numerous states. In New Jersey, MCSI is registered as a provider of resold interexchange services and was approved by the Board to provide resold and facilities-based competitive local exchange services on August 1, 2005.<sup>2</sup> MCSI has approximately 1,029 customers in New Jersey.

TopCo is a Cayman Islands exempted company formed for the purposes of implementing the Transaction. TopCo is a wholly owned subsidiary of Searchlight II MLN, L.P., a Cayman Islands exempted limited partnership and master aggregator of an investor group led by funds affiliated with Searchlight Capital Partners, L.P. ("Searchlight"), a private equity investment group. Searchlight's funds invest in companies across various sectors, including communications, media, consumer, and business services.

The granting of competitive local exchange ("CLEC") authority conveys certain rights and privileges upon MCSI, which are reserved for the provision of facilities-based landline services. While CLECs may also provide other telecommunications services, such as wireless, small cell, or distributed antenna systems, these service offerings are beyond the scope of Board jurisdiction and the granting of CLEC authority. Specifically, the Board granting of CLEC authority is limited to the provision of competitive facilities-based local and interexchange services. To the extent that a CLEC provides non-regulated telecommunications services, the CLEC benefits, rights, or privileges are not applicable to those non-regulated services.

## **DISCUSSION**

Petitioners seek Board approval for MCSI, only upon completion of the Mitel Merger, to participate in certain financing arrangements up to an aggregate amount of \$1.480 billion ("Financing Arrangements"). Petitioners expect that any long-term indebtedness incurred as part of the financing will mature up to eight years after issuance. 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 applicable 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 TopCo and its current and future subsidiaries, including MCSI. Additionally, TopCo's current and future subsidiaries, including MCSI, may provide a guaranty as security for the full aggregate amount of the Financing Arrangements. The Financing Arrangements may be used for acquisitions, including the Mitel Merger, refinancing existing debt, working capital requirements, and other types of general corporate purposes.

In order to maintain adequate flexibility, Petitioners therefore seek authority, following consummation of the Mitel Merger, for MCSI to incur debt, as borrower, co-borrower, or guarantor and pledge its assets as security for Financing Arrangements up to an aggregate amount of \$1.480 billion consistent with the parameters outlined above.

In their petition, the Petitioners assert that the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing MCSI with access to greater financial resources that will allow MCSI to become a more effective competitor to larger telecommunications providers. Petitioners state that, among other things, the Financing Arrangements may be used to fund some or all of the purchase price for the Mitel Merger, to support strategic growth initiatives, to provide for ongoing working capital, and for

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<sup>2</sup> I/M/O the Petition of Inter-Tel NetSolutions, Inc. to Provide Local Exchange Services Throughout New Jersey, BPU Docket No. TE05050456 (August 1, 2005).

other corporate purposes. Petitioners assert that the Financing Arrangements are necessary and appropriate, are consistent with the performance by MCSI of its services to the public, will not impair their ability to perform such services, and will promote their corporate purposes. Petitioners state that the Financing Arrangements will be transparent to the MSCI's customers and will not disrupt service or cause customer confusion or inconvenience.

The Division of Rate Counsel has reviewed this matter and, by letter dated May 29, 2018, stated that it does not object to Board approval of the Joint Petition. Specifically, Rate Counsel notes that the Petitioners have provided all the information required under the applicable statutes and the Board's regulations regarding a petition for approval of debt. Rate Counsel notes Petitioners' assertion that the financing contemplated is not contrary to the public interest and will serve a beneficial purpose, increasing Petitioners' ability to effectively compete in the market by providing enhanced services and service quality. Rate Counsel anticipates that the funds generated by the agreements will in fact enable Petitioners to continue providing innovative, high quality telecommunications services to the public and thereby promote increased competition in the New Jersey telecommunications market, hopefully for the benefit of both residential and business customers in the state.

### **FINDINGS AND CONCLUSIONS**

After review of this matter, the Board **FINDS** that MCSI's participation in the Financing Arrangements is in accordance with law, is in the public interest, and 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 proceeding, the Board **HEREBY AUTHORIZES** MCSI to participate in the Financing Arrangements up to an aggregate amount of \$1.480 billion following completion of the transfer of indirect control of MCSI to TopCo and for Petitioners to take those actions necessary to effectuate such Financing Arrangements.

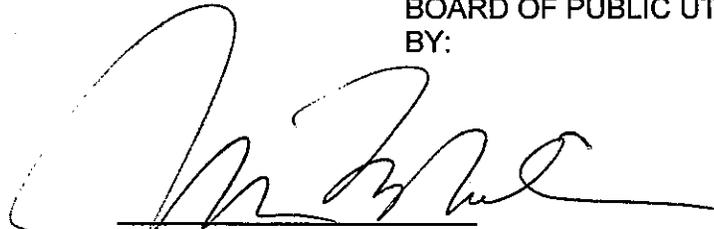
This Order is issued subject to the following provisions:

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 Petitioners.
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 documents shall 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.
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 Petitioners.

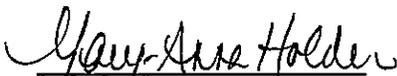
This Order shall be effective on August 4, 2018.

DATED: 7/25/18

BOARD OF PUBLIC UTILITIES  
BY:



JOSEPH L. FIORDALISO  
PRESIDENT



MARYANNA HOLDEN  
COMMISSIONER



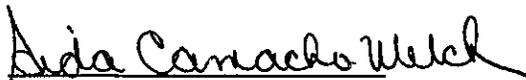
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ROBERT M. GORDON  
COMMISSIONER

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 JOINT PETITION OF MLN TOPCO LTD., MITEL NETWORKS CORPORATION, AND MITEL CLOUD SERVICES, INC. F/K/A MITEL NETSOLUTIONS, INC. FOR APPROVAL FOR MITEL CLOUD SERVICES, INC. TO PARTICIPATE IN CERTAIN FINANCING ARRANGEMENTS - BPU DOCKET NO. TF18050567

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