



**STATE OF NEW JERSEY**  
**Board of Public Utilities**  
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**Post Office Box 350**  
**Trenton, New Jersey 08625-0350**  
**www.nj.gov/bpu/**

TELECOMMUNICATIONS

IN THE MATTER OF VERIFIED JOINT PETITION ) ORDER  
OF EXTENET SYSTEMS, INC. AND HUDSON )  
FIBER NETWORK INC. FOR APPROVAL FOR )  
HUDSON FIBER NETWORK INC. TO )  
PARTICIPATE IN CERTAIN FINANCING )  
ARRANGEMENTS ) DOCKET NO. TF18060613

**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 June 4, 2018, ExteNet Systems, Inc. ("ESI") and Hudson Fiber Network Inc. ("HFN") (collectively, "Petitioners") submitted a Verified 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 HFN to participate in certain financing arrangements upon completion of the transfer of indirect control of HFN to ESI ("Transaction").<sup>1</sup>

**BACKGROUND**

ESI is a privately-held Delaware corporation and a wholly-owned direct subsidiary of Odyssey Acquisition, LLC ("Odyssey"), a Delaware limited liability company.<sup>2</sup> ESI has an executive office

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<sup>1</sup> In a separate filing (I/M/O the Verified Joint Petition of ExteNet Systems, Inc. and Hudson Fiber Network, Inc. for Approval to Transfer Indirect Control of Hudson Fiber Network, Inc. to ExteNet Systems, Inc., BPU Docket No. TM18060612 or "Merger Petition") petitioners seek approval for the acquisition of HFN to ESI.

<sup>2</sup> Odyssey is an indirect, wholly-owned subsidiary of Mount Royal Holdings, LLC, a Delaware limited liability company. For more information regarding the ownership of Mount Royal Holdings, LLC, see I/M/O the Verified Joint Petition of Odyssey Acquisition, LLC and ExteNet Systems, Inc. for Approval (1) of the Transfer of Indirect Control of ExteNet Systems, Inc. to Odyssey Acquisition, LLC and (2) for ExteNet Systems, Inc. to Participate in Certain Financing Arrangements, BPU Docket No. TM15080862

at 3030 Warrenville Rd., Suite 340, Lisle, Illinois 60532. ESI designs, builds, owns, and operates distributed networks for use by national and regional wireless service providers ("WSPs") in North America using distributed antenna systems, small cells, Wi-Fi, and other technologies. ESI and its subsidiaries is a carrier's carrier that provides point-to-point telecommunications services to its WSP customers and does not provide services directly to retail consumers. ESI (or one of its subsidiaries) is authorized to provide services in the District of Columbia and 43 states and operates distributed networks in Alabama, Arizona, California, Colorado, Connecticut, Delaware, the District of Columbia, Florida, Georgia, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maryland, Massachusetts, Michigan, Minnesota, Missouri, Nevada, New Jersey, New York, North Carolina, Ohio, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Virginia, Washington, and Wisconsin. In New Jersey, ESI is authorized to provide local exchange and interexchange services pursuant to authority granted by the Board Order dated April 13, 2006 in Docket No. TE05121059.<sup>3</sup> ESI has nine (9) employees who reside in New Jersey and ten (10) employees who work in New Jersey.

HFN is a New Jersey corporation with its principal place of business located at 12 North State Rt. 17, Suite 120, Paramus, New Jersey 07652. HFN is a direct, wholly-owned subsidiary of Hudson Fiber Holdings, Inc. ("HF Holdings"), a Delaware corporation. Tiger Infrastructure Partners Fund LP ("Tiger"), a Delaware limited partnership, directly owns a majority of the stock of HF Holdings. The remainder of the stock of HF Holdings is held by: (a) TIGER INFRASTRUCTURE PARTNERS CO-INVEST B LP ("Tiger Co-Invest B"), a Delaware limited partnership, which is a vehicle for institutional investors controlled by Tiger; (b) seven individuals who are management or board members of HFN; and (c) Meritage Opportunity Fund, LLC. Tiger is a middle-market private equity firm based in New York and London. Tiger invests in energy, transportation, and communications infrastructure businesses and related sectors.

HFN provides communications solutions to global trading enterprises, principally utilizing trading and communications equipment interconnected using resold private lines or IP-based transport services. HFN provides its systems and services to the world's largest financial services firms, as well as to public safety, government, power, energy and utility, and transportation organizations. HFN is authorized to provide local exchange and interexchange telecommunications services throughout New Jersey pursuant to the Board Order dated August 18, 2010 in Docket No. TE10050365. HFN is also authorized by the FCC to provide domestic (interstate) and international telecommunications services. HFN has approximately thirty (30) employees in New Jersey.

The granting of competitive local exchange ("CLEC") authority conveys certain rights and privileges upon ESI and HFN, 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

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(Order dated October 15, 2015) and I/M/O Odyssey/ExteNet Internal Pro Forma Change of Control, BPU Docket No. TM16030187 (March 18, 2016).

<sup>3</sup> The authorization was granted in the name of ClearLinx Network Corporation, which subsequently changed its name to ExteNet Systems, Inc. See I/MO the Petition of ClearLinx Network Corporation for Approval to Provide Local Exchange and Interexchange Telecommunications Services Within the State of New Jersey, BPU Docket No. TE05121059 (April 13, 2006).

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 HFN, only upon completion of the Transaction, to participate in certain financing arrangements up to an aggregate amount of \$750 million ("Financing Arrangements").<sup>4</sup> Petitioners expect that any long-term indebtedness incurred as part of the financing will mature up to ten 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, depending on the type of debt and market conditions. Some or all of the Financing Arrangements may be secured facilities, which may include a grant of a security interest in the assets of ESI and its current and future subsidiaries, including HFN. Additionally, ESI's current and future subsidiaries, including HFN, 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 Transaction, refinancing existing debt, working capital requirements, and other types of general corporate purposes. In order to maintain adequate flexibility, Petitioners therefore seek authority for HFN, concurrently with or following consummation of the Transaction, to incur debt as borrower, co-borrower, or guarantor and to pledge its assets as security for Financing Arrangements up to an aggregate amount of \$750 million consistent with the parameters outlined above.

In their Joint Petition, the Petitioners state that the Financing Arrangements will serve the public interest in promoting competition among telecommunications carriers by providing access to greater financial resources that will allow ESI and its subsidiaries, including HFN, to become more effective competitors in the communications industry. Petitioners state that, among other things, the Financing Arrangements may be used to fund some or all of the purchase price for the Transaction and future acquisitions, to support strategic growth initiatives, to provide for ongoing working capital, and for other corporate purposes. Petitioners state that the Financing Arrangements are necessary and appropriate, are consistent with the performance by Petitioners of their services to the public, will not impair their ability to perform such services, and will promote their corporate purposes. Petitioners assert that the Financing Arrangements will be transparent to Petitioners' customers and will not disrupt service or cause customer confusion or inconvenience.

The New Jersey Division of Rate Counsel ("Rate Counsel") has reviewed this matter and, by letter dated June 7, 2018, stated that it does not object to Board approval of the Petition. Rate Counsel anticipates that the funds generated by the Financing Arrangements 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 customers in this state.

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<sup>4</sup> The Board has authorized ESI to enter into, or participate in, financing arrangements with an aggregate amount of \$750 million, with flexibility within that aggregate amount to negotiate particular market-based terms within the range described in its petition in Docket No. TF17091000 (Order dated November 21, 2017).

Board Staff review indicates that the financing arrangements and the use of the proceeds associated therewith are appropriate. While there is no guarantee in this regard, especially given the competitive environment in which Petitioners operate, the Financing Arrangements do not appear to adversely impact HFN's operations in New Jersey.

### **FINDINGS AND CONCLUSIONS**

After review of this matter, the Board **FINDS** that HFN'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** HFN to participate in the Financing Arrangements up to an aggregate amount of \$750 million following completion of the Transaction and for Petitioners to take those actions necessary to effectuate such Financing Arrangements.

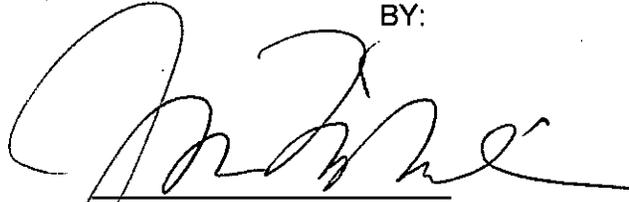
This Order is issued subject to the following provisions:

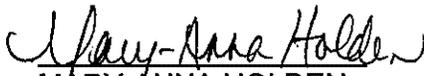
1. This Order shall not affect or in any way limit the exercise of the authority of the Board or the State of New Jersey in any future petition or in any proceeding regarding rates, costs of service, franchises, service, financing, accounting, capitalization, depreciation, or any other matters affecting 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 become effective on August 4, 2018.

DATED: 7/25/18

BOARD OF PUBLIC UTILITIES  
BY:

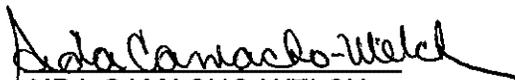
  
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UPENDRA J. CHIVUKULA  
COMMISSIONER

  
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 ExteNet Systems, Inc. and Hudson Fiber Network Inc. for Approval for Hudson Fiber Network Inc. to Participate in Certain Financing Arrangements  
BPU Docket No. TF18060613

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