



# PUBLIC NOTICE

Federal Communications Commission  
445 12<sup>th</sup> St., S.W.  
Washington, D.C. 20554

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Internet: <http://www.fcc.gov>  
TTY: 1-888-835-5322

DA 17-1095  
November 8, 2017

**DOMESTIC SECTION 214 APPLICATION FILED FOR THE TRANSFER OF CONTROL OF  
TELEQUALITY COMMUNICATIONS, INC. TO  
EDUCATION NETWORKS OF AMERICA, INC.**

**STREAMLINED PLEADING CYCLE ESTABLISHED**

**WC Docket No. 17-285**

**Comments Due: November 22, 2017**  
**Reply Comments Due: November 29, 2017**

By this Public Notice, the Wireline Competition Bureau seeks comment from interested parties on an application filed by TQCI Holdco, Inc. (TQCI Holdco), Education Networks of America, Inc. (ENA), and ENA Services, LLC (ENA Services) (collectively, Applicants), pursuant to section 214 of the Communications Act of 1934, as amended, and sections 63.03-04 of the Commission's rules, requesting consent to transfer control of TeleQuality Communications, Inc. (TeleQuality Inc.) from TQCI Holdco to ENA.<sup>1</sup>

TeleQuality Inc., a Texas corporation, provides data network and other services in multiple states to rural health care providers participating in the Commission's Rural Health Care Program. Pursuant to a *pro forma* reorganization occurring prior to the proposed transaction, TQCI Holdco, a Texas corporation, will wholly own TeleQuality Communications LLC (TeleQuality LLC), a Delaware limited liability company, which will be the successor-in-interest to TeleQuality Inc. and hold its telecommunications-related assets.<sup>2</sup>

ENA and its wholly owned subsidiary, ENA Services, both Delaware corporations, provide high-capacity broadband, voice, and other services in multiple states to school districts and libraries participating in the Schools and Libraries Universal Service Support Mechanism (informally known as the E-rate program). Applicants state that, following the consummation of the proposed transaction, both ENA and ENA Services will be wholly owned by ENA Holding Corporation (ENA

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<sup>1</sup> See 47 U.S.C. § 214; 47 CFR §§ 63.03-04. On November 2, 2017, Applicants filed a supplement to their domestic section 214 application.

<sup>2</sup> Applicants provide in their application a full description of the *pro forma* reorganization and the proposed transaction, which includes a two-tiered closing that ultimately transfers control of all of TeleQuality Inc.'s former assets to ENA. Applicants also include in their application charts depicting the pre and post-consummation ownership structure of the entities involved in the proposed transaction.

Holding), a Georgia corporation. ENA Holding will be a subsidiary of a series of Delaware limited liability and holding companies ultimately held by Commodore Parent, LLC (Commodore Parent), a Delaware limited liability company. Upon closing, Applicants state the following entities will have a 10 percent or greater equity ownership interest in Commodore Parent: ZMC II, L.P. (ZMC II), a Delaware limited partnership (58.6 percent); Commodore Co-Investor Aggregator, LLC (Commodore Co-Investor), a Delaware limited liability company (13.8 percent); and TQCI Holdco (21.0 percent).<sup>3</sup>

On October 13, 2017, TeleQuality Inc., TQCI Holdco, TQCI Holdings LLC, ENA, and Timothy Koxlien<sup>4</sup> entered into a Unit Purchase Agreement (Agreement) pursuant to which ENA will acquire control of TeleQuality Inc. Applicants state the Agreement provides for a corporate reorganization and a two-tiered closing. Prior to the closing of the transaction that is the subject of the instant application, TeleQuality Inc., TQCI Holdings LLC, and TQCI Holdco intend to effect a corporate reorganization pursuant to which: (a) TeleQuality Inc. will transfer its assets located in California (California Assets) to TQCI Holdco II, LLC (TQCI Holdco II), a new Delaware limited liability company that will be formed by TQCI Holdco; and (b) TeleQuality Inc. will be redomiciled and converted into a Delaware limited liability company, becoming TeleQuality LLC. Upon completion of the corporate reorganization, TQCI Holdco will own all of the issued and outstanding limited liability company interests of TeleQuality LLC and TQCI Holdco II.

Applicants state that, upon Commission consent and other regulatory approvals, the parties will consummate the first portion of the transaction contemplated in the Agreement, which excludes the California Assets.<sup>5</sup> Specifically, TQCI Holdco will contribute approximately 40 percent of its equity interests in TeleQuality LLC to ENA's indirect parent company, Commodore Parent, in exchange for equity in Commodore Parent, which will in turn contribute the equity interests in TeleQuality LLC to ENA. The value of the equity securities in Commodore Parent will equal approximately 40 percent of the value of TeleQuality LLC. Additionally, TQCI Holdco will contribute the remaining approximately 60 percent of its equity interests in TeleQuality LLC to ENA in exchange for cash. After the closing of this transaction, TeleQuality LLC will operate all assets (except for the California Assets) as a wholly-owned subsidiary of ENA. Upon approval by the State of California for the sale of the California Assets, TQCI Holdco will transfer the California Assets held by TQCI Holdco II to ENA.

Applicants assert that the proposed transaction is entitled to presumptive streamlined treatment under section 63.03(b)(2)(i) of the Commission's rules and that a grant of the application will serve the public interest, convenience, and necessity.<sup>6</sup>

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<sup>3</sup> Applicants state that neither ZMC II, Commodore Co-Investor, nor TQCI Holdco hold any other telecom interests. Applicants further state that ZMC II is managed by its general partner ZMC Partners II, L.L.C. (ZMC Partners), a Delaware limited liability company. ZMC Partners is controlled by its Investment Committee, which is comprised of the following U.S. citizens, each holding one vote: Strauss Zelnick, Karl W. Slatoff, Andrew E. Vogel, Jordan Turkewitz, and Seymour Sammel. TQCI Holdco will continue to be wholly owned by TQCI Holdings LLC, a Delaware limited liability company which, in turn, will continue to be wholly owned by Timothy Koxlien, a U.S. citizen. Applicants state that no other person or entity will directly or indirectly own 10 percent or more of the equity of or control TeleQuality LLC upon closing.

<sup>4</sup> Applicants state Timothy Koxlien owns and controls 100 percent of TQCI Holdings LLC, which in turn owns and controls 100 percent of TQCI Holdco.

<sup>5</sup> Applicants state that the exclusion of the California Assets from the first closing is designed to allow for the processing in due course of a transfer of control application by the California Public Utilities Commission.

<sup>6</sup> 47 CFR § 63.03(b)(2)(i).

Domestic Section 214 Application Filed for the Transfer of Control of  
TeleQuality Communications, Inc. to Education Networks of America, Inc.,  
WC Docket No. 17-285 (filed Oct. 20, 2017).

### **GENERAL INFORMATION**

The transfer of control identified herein has been found, upon initial review, to be acceptable for filing as a streamlined application. The Commission reserves the right to return any transfer application if, upon further examination, it is determined to be defective and not in conformance with the Commission's rules and policies. Pursuant to section 63.03(a) of the Commission's rules, 47 CFR § 63.03(a), interested parties may file comments **on or before November 22, 2017**, and reply comments **on or before November 29, 2017**. Pursuant to section 63.52 of the Commission's rules, 47 CFR § 63.52, commenters must serve a copy of comments on the Applicants no later than the above comment filing date. Unless otherwise notified by the Commission, the Applicants may transfer control on the 31st day after the date of this notice.

Pursuant to section 63.03 of the Commission's rules, 47 CFR § 63.03, parties to this proceeding should file any documents using the Commission's Electronic Comment Filing System (ECFS): <http://apps.fcc.gov/ecfs/>.

#### **In addition, e-mail one copy of each pleading to each of the following:**

- 1) Tracey Wilson, Competition Policy Division, Wireline Competition Bureau, [tracey.wilson@fcc.gov](mailto:tracey.wilson@fcc.gov);
- 2) Gregory Kwan, Competition Policy Division, Wireline Competition Bureau, [gregory.kwan@fcc.gov](mailto:gregory.kwan@fcc.gov);
- 3) Jim Bird, Office of General Counsel, [jim.bird@fcc.gov](mailto:jim.bird@fcc.gov);

People with Disabilities: To request materials in accessible formats for people with disabilities (braille, large print, electronic files, audio format), send an e-mail to [fcc504@fcc.gov](mailto:fcc504@fcc.gov) or call the Consumer & Governmental Affairs Bureau at (202) 418-0530 (voice), 1-888-835-5322 (tty).

The proceeding in this Notice shall be treated as a "permit-but-disclose" proceeding in accordance with the Commission's ex parte rules. Persons making ex parte presentations must file a copy of any written presentation or a memorandum summarizing any oral presentation within two business days after the presentation (unless a different deadline applicable to the Sunshine period applies). Persons making oral ex parte presentations are reminded that memoranda summarizing the presentation must (1) list all persons attending or otherwise participating in the meeting at which the ex parte presentation was made, and (2) summarize all data presented and arguments made during the presentation. If the presentation consisted in whole or in part of the presentation of data or arguments already reflected in the presenter's written comments, memoranda or other filings in the proceeding, the presenter may provide citations to such data or arguments in his or her prior comments, memoranda, or other filings (specifying the relevant page and/or paragraph numbers where such data or arguments can be found) in lieu of summarizing them in the memorandum. Documents shown or given to Commission staff during ex parte meetings are deemed to be written ex parte presentations and must be filed consistent with rule 1.1206(b), 47 CFR § 1.1206(b). Participants in this proceeding should familiarize themselves with the Commission's ex parte rules.

For further information, please contact Tracey Wilson at (202) 418-1394 or Gregory Kwan at (202) 418-1191.

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