

SUPPLEMENTAL EXHIBIT 1

FCC Application

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
TQCI Holdco, Inc.)
Transferor)
)
and) WC Docket No. 17-_____
)
Education Networks of America, Inc.)
Transferee)
)
Application Under Section 214 of the)
Communications Act of 1934, as)
Amended, and Section 63.04 of the)
Commission’s Rules, for the Transfer of)
Control of Blanket Section 214)
Authorization to Education Networks of)
America, Inc. and ENA Services, LLC)
)
Attention: Wireline Competition Bureau)

**APPLICATION FOR TRANSFER OF CONTROL OF
DOMESTIC SECTION 214 AUTHORIZATION
STREAMLINED PROCESSING REQUESTED**

TQCI Holdco, Inc. (“TQCI Holdco”) and Education Networks of America, Inc. (“ENA”) and its wholly-owned subsidiary ENA Services, LLC (“ENA Services” and together with ENA, the “ENA Subsidiaries”) request authority pursuant to Section 214 of the Communications Act of 1934, as amended (the “Act”), and section 63.04 of the Federal Communications Commission’s (“FCC” or “Commission”) rules¹ to transfer control of TeleQuality Communications, Inc. (“TeleQuality Inc.”) from TQCI Holdco to ENA Subsidiaries. As further

¹ 47 U.S.C. § 214; 47 C.F.R. § 63.04.

discussed below, the transaction serves the public interest. The parties also request streamlined processing of this application pursuant to Section 63.03(b) of the Commission's rules.²

I. DESCRIPTION OF THE PARTIES

A. ENA Subsidiaries

The ENA Subsidiaries, both Delaware corporations with headquarters in Nashville, Tennessee, provide high-capacity broadband, Wi-Fi/LAN, voice, and video solutions to the K–12 education community, higher education institutions and libraries. ENA's managed networks include information solutions, instructional and productivity tools, and third-party applications that are used in tandem with its proprietary products. ENA currently provides services primarily to school districts and libraries that participate in the Commission's schools and libraries universal service support program, commonly known as the E-Rate program.

B. TQCI Holdco, Inc.

TQCI Holdco is a Texas corporation which, pursuant to the *pro forma* reorganization explained in Section II, *infra*, will hold a 100 percent ownership interest in TeleQuality Communications LLC ("TeleQuality LLC"). TeleQuality LLC will be the successor-in-interest to TeleQuality Inc., a Texas corporation with headquarters in San Antonio, Texas, and the holder of the domestic Section 214 authorization. As discussed in more detail below, following the *pro forma* reorganization, TeleQuality LLC will hold all of the TeleQuality conglomerate's telecommunications-related assets other than those pertaining to the provision of service in California, which will be transferred to a separate subsidiary of TQCI Holdco.

TeleQuality Inc. provides Internet access and data network products and services to rural health care providers that participate in the Commission's Rural Health Care Program.

² 47 C.F.R. § 63.03(b).

TeleQuality Inc.'s technology solutions, including high-bandwidth connectivity, Internet access, and hosted VoIP services, enable healthcare providers to take advantage of emerging healthcare communications technologies that increase access to and lower the cost of healthcare.

II. DESCRIPTION OF THE TRANSACTION

On October 13, 2017, TeleQuality Inc., TQCI Holdco, TQCI Holdings LLC, ENA and Timothy Koxlien³ entered into a Unit Purchase Agreement (“Agreement”) pursuant to which ENA will acquire control of TeleQuality Inc. 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 the State of 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 Communications, LLC (“TeleQuality”).⁴ 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.⁵

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

³ Timothy Koxlien owns and controls 100 percent of TQCI Holdings LLC, which in turn owns and controls 100 percent of TQCI Holdco.

⁴ Under the Commission's rules, this reorganization is a *pro forma* transfer because it involves no substantial change in the beneficial ownership of TeleQuality Inc. 47 C.F.R. § 63.24(d), note 2. Notification of the *pro forma* transfer will be given pursuant to the Commission's rules.

⁵ See Exhibit 1(b) for a diagram of TeleQuality's ownership structure after completion of the corporate reorganization.

Assets.⁶ Specifically, TQCI Holdco will contribute approximately 40 percent of its equity interests in TeleQuality LLC to ENA's indirect parent company, Commodore Parent, LLC ("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.

Exhibits 1 and 2 include diagrams showing the pre- and post-closing ownership structure of TeleQuality.

III. PUBLIC INTEREST STATEMENT

The proposed transaction serves the public interest, convenience and necessity. ENA will continue to serve schools and libraries under the E-Rate Program and TeleQuality will continue to serve rural health care providers under the Rural Health Care Program. ENA and TeleQuality will have more resources at their disposal to innovate and offer new products and services to consumers. The transaction will allow the companies to benefit from economies of scale in the procurement of equipment and services, enabling them to reduce costs, increase efficiency, and become more competitive. The companies will also be better positioned to leverage their expertise to maintain and improve their networks.

⁶ 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.

The proposed transaction will have no adverse impact on customers and will be transparent to customers in terms of the service they now receive. ENA and TeleQuality will continue to provide services at the same rates and on the same terms and conditions as are currently in effect. The transaction also raises no competitive issues. The companies will continue to provide the services they currently provide and there will be no reduction in competitors because they will continue to focus on their respective industries. Moreover, ENA's and TeleQuality's share of the telecommunications market is very small, and consumers will continue to have a wide range of competitive choices.

IV. INFORMATION REQUIRED BY SECTION 63.04 OF THE COMMISSION'S RULES

In support of the parties' request for consent to transfer control of the domestic Section 214 authorization held by TeleQuality, Inc., the following information is submitted pursuant to Section 63.04(a) of the Commission's rules.

(1) Name, address and telephone number of the Parties

Authorization Holder

TeleQuality Communications, Inc. (FRN: 0016004012)
21202 Gathering Oak
San Antonio, TX, 78260
Phone: (210) 408-0388

Transferor

TQCI Holdco, Inc. (FRN: 0026921718)
21202 Gathering Oak
San Antonio, TX, 78260
Phone: (210) 408-0388

Transferee

Education Networks of America, Inc. (FRN: 0011583515)
ENA Services, LLC (FRN: 0015297245)
618 Grassmere Park Drive, Suite 12
Nashville, TN 37211
Phone: 615-312-6000

(2) Jurisdiction of Organizations

TeleQuality Communications, Inc. – a Texas corporation
TQCI Holdco, Inc. – a Texas corporation
Education Networks of America, Inc. – a Delaware corporation
ENA Services, LLC – a Delaware corporation

(3) Correspondence Concerning the Application

For TQCI Holdco, Inc.

Timothy Koxlien
TQCI Holdco, Inc.
21202 Gathering Oak
San Antonio, TX, 78260
Phone: (210) 408-0388
Tim@telequality.com

With a copy to:

James M. Smith
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, N.W., Suite 800
Washington, DC 20006
Phone: (202) 973-4288
jamesmsmith@dwt.com

&

Jay Schifferli
Goodwin Procter LLP
901 New York Avenue, NW
Washington, DC 20001
Phone: (202) 346-4186
jschifferli@goodwinlaw.com

For ENA Subsidiaries

Kitty Conrad
Education Networks of America, Inc.
618 Grassmere Park Drive, Suite 12
Nashville, TN 37211
Phone: 615-312-6000
kconrad@ena.com

With a copy to:

Richard E. Wiley
Wiley Rein LLP
1776 K Street, NW
Washington, DC 20006
Phone: (202) 719-7010
RWiley@wileyrein.com

&

Leo M. Greenberg, P.C.
Kirkland & Ellis LLP
601 Lexington Avenue
New York, NY 10022
Phone: (212) 446-4799
lgreenberg@kirkland.com

(4) Name, address, citizenship and principal business of any person or entity that directly or indirectly owns at least ten (10) percent of the equity of the applicant, and the percentage of equity owned by each of those entities (to the nearest one percent):

Upon completion of the proposed transaction, TeleQuality will operate as a wholly-owned subsidiary of ENA, which in turn will continue to be a wholly-owned subsidiary of ENA Holding Corporation (“ENA Holding”). ENA Holding is a wholly-owned subsidiary of Commodore Holdco, LLC (“Commodore Holdco”). Commodore Holdco is a wholly-owned subsidiary of Commodore Intermediate Holdco, LLC (“Commodore Intermediate”). Commodore Intermediate is a wholly-owned subsidiary of Commodore Parent, LLC (“Commodore Parent”). Commodore Holdco, Commodore Intermediate, and Commodore Parent are limited liability companies organized under the laws of Delaware and their principal business is as a holding company. The address for Commodore Holdco, Commodore Intermediate and Commodore Parent is 110 East 59th Street, 24th Floor, New York, NY 10022.

Upon closing, the following entities will have a ten percent or greater equity ownership interest in Commodore Parent: (a) ZMC II, L.P. (“ZMC II”), a Delaware limited partnership, will hold approximately 58.6 percent ownership interest; (b) Commodore Co-Investor Aggregator, LLC (“Commodore Co-Investor”), a Delaware limited liability company, will hold approximately 13.8 percent ownership interest; and (c) TQCI Holdco, a Texas corporation, will hold 21.0 percent ownership interest.⁷

ZMC II is managed by its general partner ZMC Partners II, GP, L.L.C. (“ZMC Partners”). ZMC Partners II, L.L.C. (“ZMC Partners”), a Delaware limited liability company, is the sole general partner of ZMC II. Further information regarding ZMC Partners is set forth in

⁷ The remaining 6.6% in Commodore Parent will be owned by ENA management.

Exhibit 2(b). The address for all ZMC entities and Commodore Co-Investor is 110 East 59th Street, 24th Floor, New York, NY 10022.

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 Sammell.

TQCI Holdco will continue to be 100 percent owned by TQCI Holdings LLC, a Delaware limited liability company. TQCI Holdings LLC will continue to be 100 percent owned by Timothy Koxlien, a U.S. citizen. The address for TQCI Holdco, TQCI Holdings and Timothy Koxlien is 21202 Gathering Oak, San Antonio, TX, 78260.

No other person or entity will directly or indirectly own 10 percent or more of the equity of or control TeleQuality upon closing.

(5) Anti-Drug Abuse Act Certification

Each applicant certifies that, pursuant to Sections 1.2001 through 1.2003 of the Commission's rules, it is not subject to a denial of Federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1988.

(6) Description of the Transaction

A description of the proposed transaction is set forth in Section II above.

(7) Geographic Areas Served

TeleQuality provides one or more of its services to rural health care providers in the following states: Alabama, Arizona, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Kansas, Kentucky, Louisiana, Minnesota, Mississippi, Missouri, Montana, New Mexico, Ohio, Oklahoma, Oregon, Tennessee, Texas, Virginia, Washington, West Virginia and Wisconsin.

ENA provides one or more of its services to schools and libraries in the following states: Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Pennsylvania, Tennessee, Texas, Vermont, Virginia and Washington.

(8) Request for Streamlined Processing

This application qualifies for streamlined processing pursuant to Section 63.03(b)(2) of the Commission's rules because: (i) the proposed transaction will result in the applicants and their affiliates having a market share in the interstate, interexchange market of less than 10 percent; (ii) the applicants and their affiliates will provide competitive telephone exchange services or exchange access services exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction; and (iii) neither the applicants nor any of their affiliates are regulated as dominant with respect to any service.

(9) Additional FCC Applications

No other applications are being filed with the Commission with respect to the proposed transaction.

(10) Special Consideration Requests Due to Imminent Business Failure

The applicants do not request special consideration because no parties to this transaction are facing imminent business failure.

(11) Waiver Requests

No separately filed waiver requests are sought in conjunction with this application.

(11) Public Interest Statement

A demonstration of how the proposed transaction is in the public interest is set forth in

Section III, *supra*.

V. CONCLUSION

For the reasons stated above, the parties respectfully request that the Commission promptly grant this application.

Respectfully submitted,

TQCI Holdco, Inc.

/s/ Timothy Koxlien

Timothy Koxlien

President

TQCI Holdco, Inc.

21202 Gathering Oak

San Antonio, TX, 78260

Phone: (210) 408-0388

James M. Smith

Davis Wright Tremaine LLP

1919 Pennsylvania Avenue, N.W.

Suite 800

Washington, DC 20006

Phone: (202) 973-4288

Counsel to TQCI Holdco, Inc.

October 20, 2017

Education Networks of America, Inc.

/s/ David Pierce

David Pierce

Chief Executive Officer

Education Networks of America, Inc.

618 Grassmere Park Drive, Suite 12

Nashville, TN 37211

Phone: 615-312-6000

Richard E. Wiley

Edgar Class

Sara M. Baxenberg

Wiley Rein LLP

1776 K Street, NW

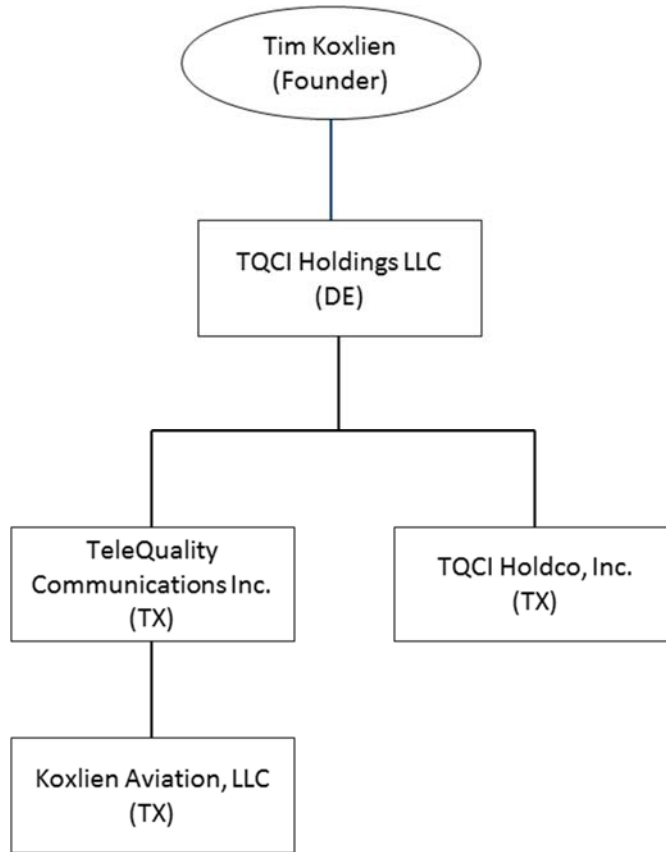
Washington, DC 20006

Phone: (202) 719-7010

Counsel to Education Networks of America, Inc.

Exhibit 1(a)

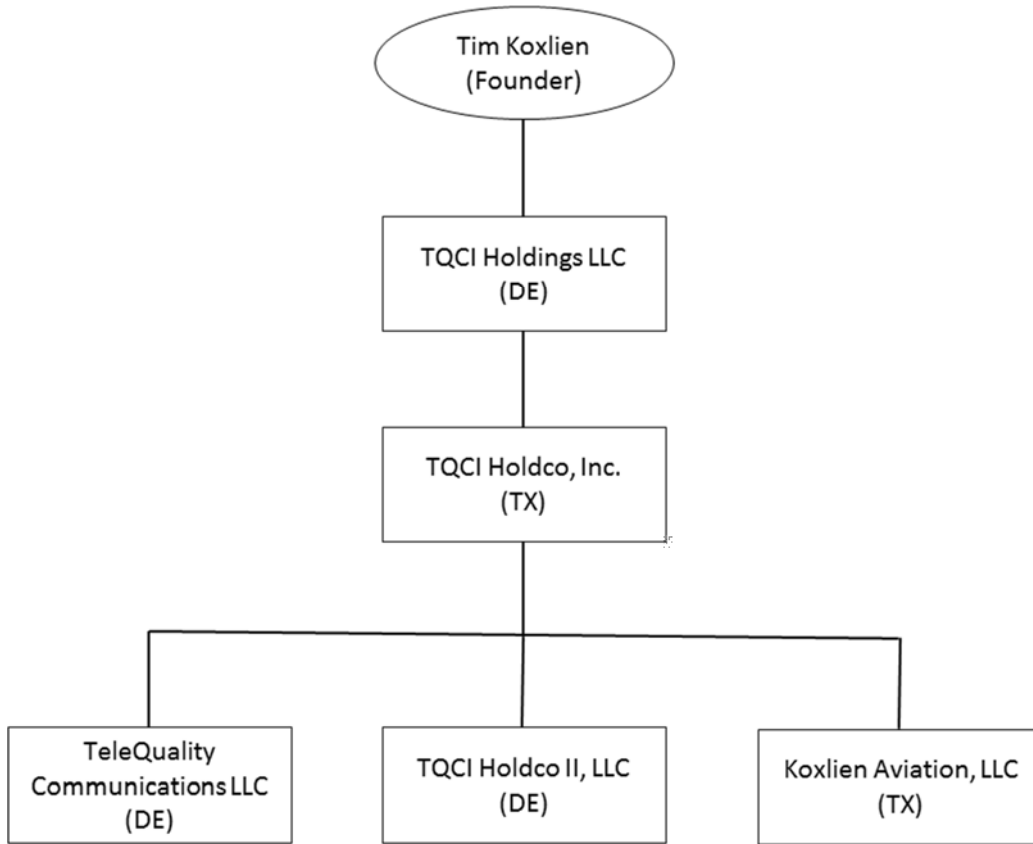
Current Ownership Structure⁸



⁸ All ownership interests are 100 percent.

Exhibit 1(b)

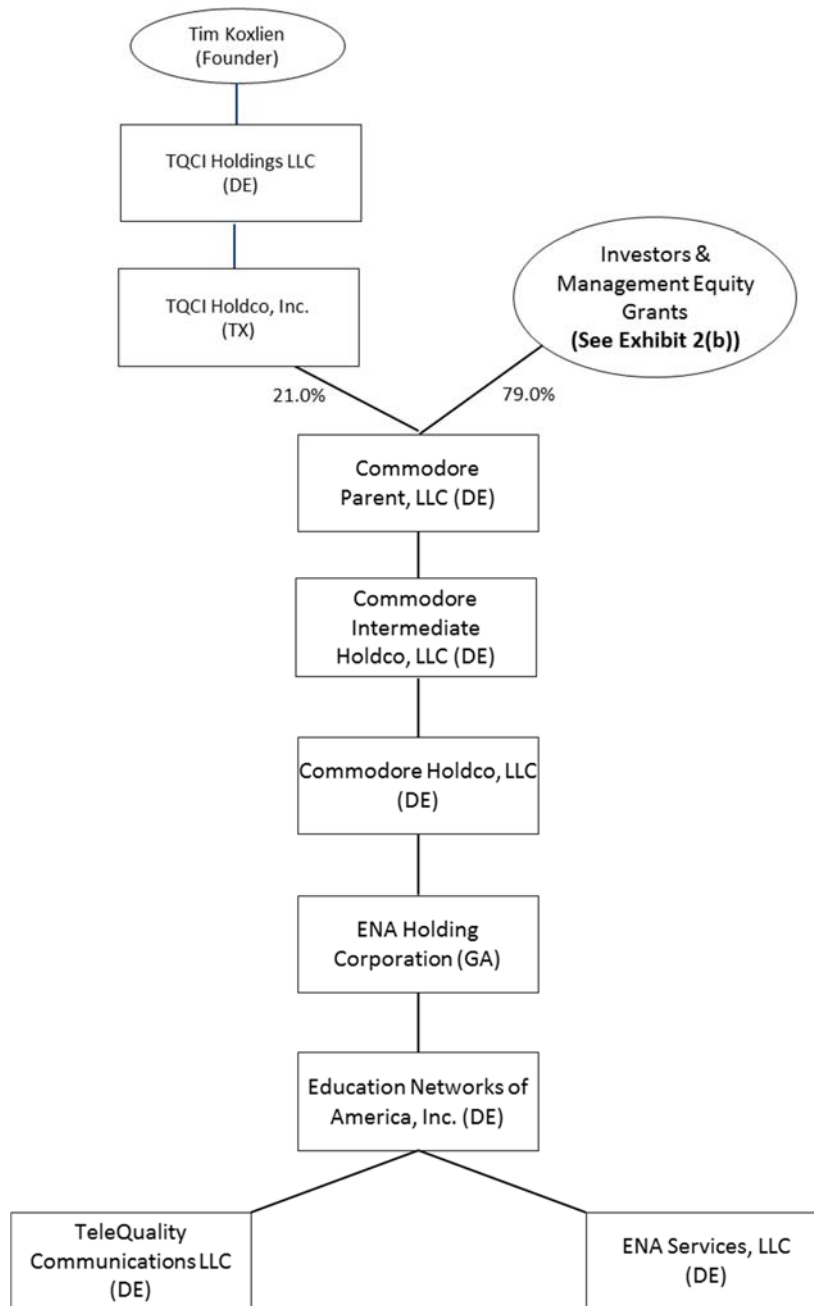
Pre-Closing, Post-Reorganization Ownership Structure⁹



⁹ All ownership interests are 100 percent.

Exhibit 2(a)

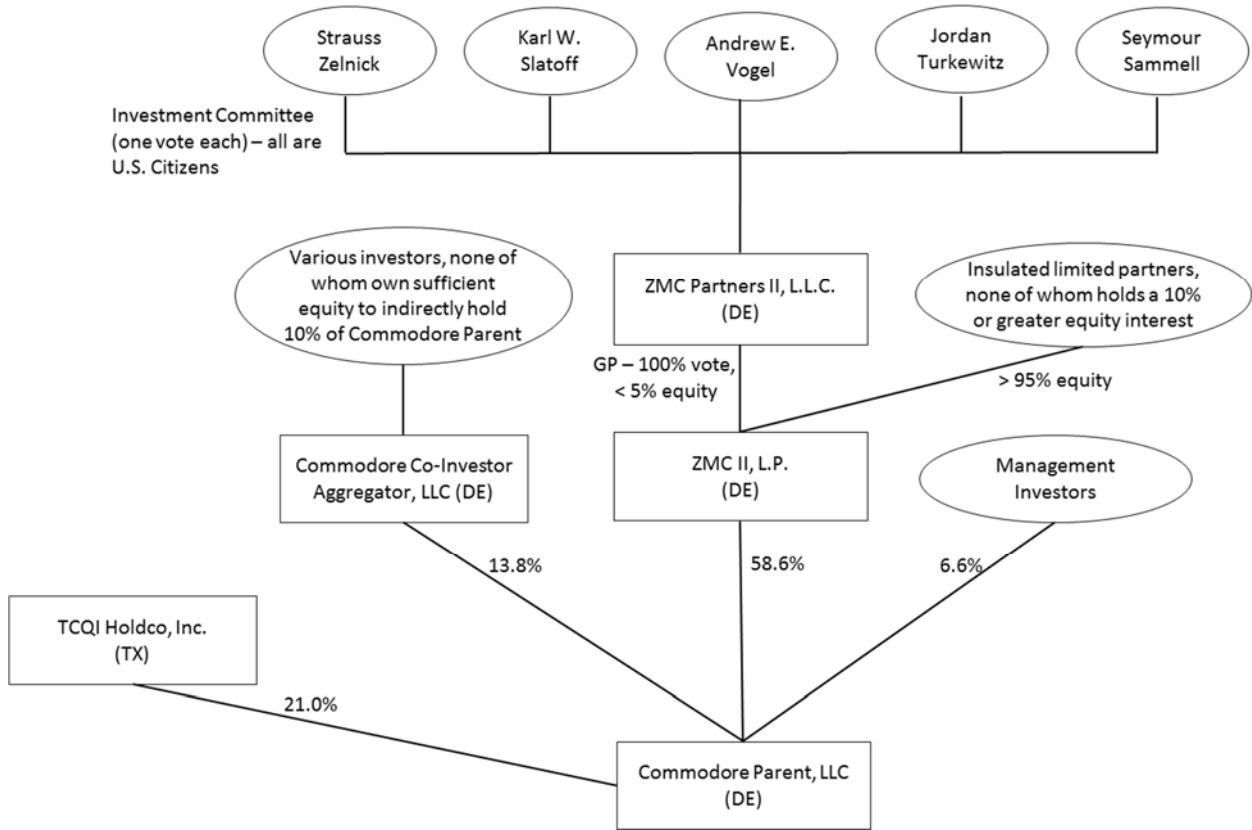
Post-Closing Ownership Structure¹⁰



¹⁰ All ownership interests are 100 percent unless otherwise noted.

Exhibit 2(b)

Post-Closing Ownership Structure (cont'd)



For assistance with using ECFS, please contact the ECFS Help Desk at 202-418-0193 (tel:+12024180193) or via email at ECFSHelp@fcc.gov (mailto:ECFSHelp@fcc.gov).

Non-Docketed Filing

1 **Filing** 2 **Review** 3 **Confirmation**

FCC Inbox:	INBOX-63.04 : Section 214 Domestic Transfer of Control Application (Fee Required)
Confirmation #:	2017102068695582
Submitted:	Oct 20, 2017 12:15:21 PM
Status:	RECEIVED
Name(s) of Filer(s)	Education Networks of America, Inc., ENA Services, LLC, TQCI Holdco, Inc.
Law Firm(s)	Wiley Rein LLP, Davis Wright Tremaine LLP
Attorney/Author Name(s)	Richard E. Wiley, James M. Smith
Primary Contact Email	RWiley@wileyrein.com
Type of Filing	APPLICATION
Address of	Law Firm
Address	1776 K St. NW , Washington, DC, 20006
Email Confirmation	Yes

For assistance with using ECFS, please contact the ECFS Help Desk at 202-418-0193 (tel:+12024180193) or via email at ECFSHelp@fcc.gov (mailto:ECFSHelp@fcc.gov).

Federal Communications Commission
445 12th Street SW, Washington, DC 20554
Phone: 1-888-225-5322
TTY: 1-888-835-5322
Videophone: 1-844-432-2275
Fax: 1-866-418-0232

Contact Us (<https://www.fcc.gov/contact-us>)