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PUBLIC SERVICE
COMMISSION

December 20, 2019

Via Overnight Courier

Gwen Pinson, Executive Director
Kentucky Public Service Commission
211 Sower Boulevard
Frankfort, KY 40602-8294

**Re: Notification Regarding the Transfer of Control of SQF, LLC to
SDC Tilson Investor, LLC**

Dear Ms. Pinson,

By this letter, SQF, LLC (“SQF” or “transferor”) and SDC Tilson Investor, LLC (“SDC”) (collectively, the “Parties”) notify the Commission of the transfer of control of SQF to SDC (the “Transaction”), which was completed on November 29, 2019. Pursuant to the Orders issued in Admin. Case No. 359 on June 21, 1996 and Admin. Case No. 370 on January 8, 1998 and 807 KAR 5:011, Section 11, prior action by the Commission is not required for the transaction described herein. Accordingly, the Parties submit this letter for informational purposes.

I. DESCRIPTION OF THE PARTIES

A. SQF, LLC

SQF is a Delaware limited liability company¹ with its principal office at 16 Middle Street, 4th Floor, Portland, Maine 04101. SQF is currently a direct, wholly owned subsidiary of SQF Holdco, LLC.² SQF holds a license to provide facilities-based competitive local exchange telecommunications services in Kentucky (Utility ID: 5057620; Utility Made Active Date: September 13, 2017).

B. SDC Tilson Investor, LLC

SDC is a Delaware LLC with a principal office at 3 E. 28th Street, 3rd Floor, New York, New York 10016. SDC is a wholly-owned by funds managed by SDC Capital Partners, LLC, a New York

¹ SQF, LLC converted from a Maine LLC to a Delaware LLC on February 12, 2019.

² At the time of SQF’s certification in Kentucky, SQF was a wholly owned subsidiary of Tilson Technology Management, Inc. On March 8, 2019, Tilson contributed SQF, LLC to a newly created wholly-owned holding company, SQF HoldCo, LLC (“SQF HoldCo”). Prior to the contribution, both SQF, LLC and SQF Holdco, LLC were owned directly by Tilson Technology Management, Inc., thus there was no change in ownership as a result of the contribution of SQF to SQF Holdco. On March 12, 2019, Tilson distributed shares in SQF HoldCo, LLC to its investors pursuant to a Distribution Agreement.

City-based private investment firm focused on information technology and communications infrastructure.

II. CONTACTS

For purposes of this filing, contacts are as follows:

For Transferor (SQF):

Nicholas Bournakel
Regulatory Administrator – SQF, LLC
16 Middle Street, 4th Floor
Portland, ME 04101
(207) 671-0893 (tel)
(207) 772-3427 (fax)
nbournakel@tilsontech.com

With copies to:

Clinton Karcher
SDC Capital Partners, LLC
3 East 28th Street, 3rd Floor
New York, NY 10016
ckarcher@sdccapitalpartners.com

Scott Gross
SDC Capital Partners, LLC
3 East 28th Street, 3rd Floor
New York, NY 10016
sgross@sdccapitalpartners.com

III. DESCRIPTION OF THE TRANSACTION

On November 29, 2019, pursuant to the terms of an investment agreement between SDC and SQF dated February 27, 2019, and after obtaining the necessary regulatory approvals, SDC made a series of cash investments in SQF (“The Transaction”). As a result of this investment, SDC now owns a majority of SQF, LLC, with the remainder held by SQF’s current owner, SQF HoldCo. For the Commission’s reference, a chart depicting the pre and post-Transaction ownership of SQF, LLC is provided as Exhibit A.

An original and four (4) copies of this notification letter are enclosed. Please date stamp and return the extra copy in the envelope provided. This letter has also been filed via e-mail. Please do not hesitate to contact me if you should have any questions regarding this filing.

Respectfully submitted,

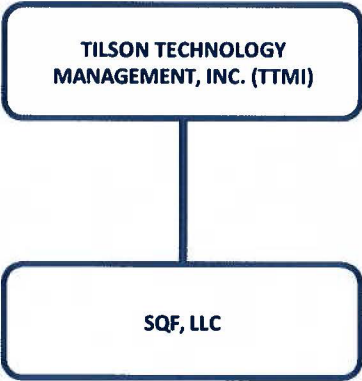
A handwritten signature in blue ink, appearing to read "N. Bournakel".

Nicholas Bournakel
Regulatory Administrator – SQF, LLC
Tel: (207) 671-0893
Fax: (207) 772-3427
Email: nbournakel@tilsontech.com

EXHIBIT A

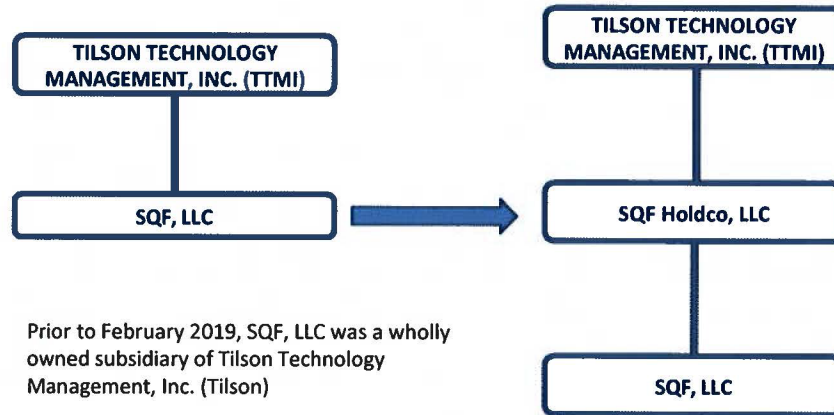
Pre- and Post-Transaction Ownership of SQF, LLC

Initial SQF, LLC Ownership



SQF, LLC was a wholly owned subsidiary of TTMI.

Contribution to SQF HoldCo

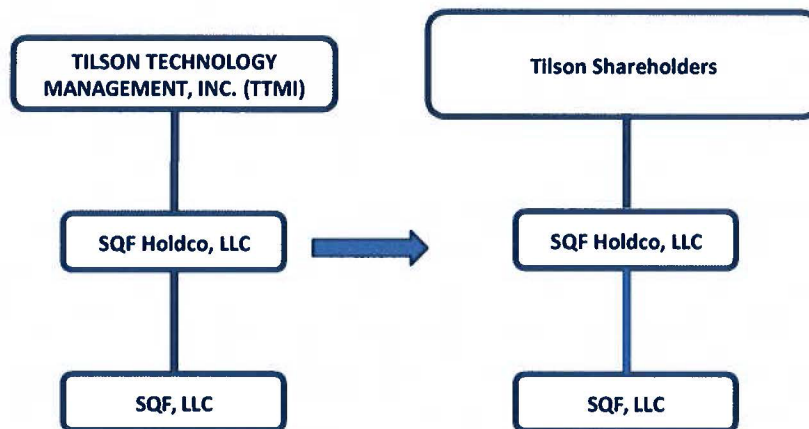


Prior to February 2019, SQF, LLC was a wholly owned subsidiary of Tilson Technology Management, Inc. (Tilson)

In February 2019, Tilson:

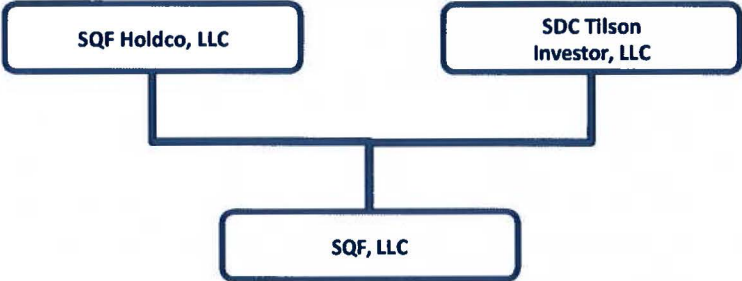
- contributed SQF into a newly created subsidiary, SQF Holdco, LLC.
- Converted SQF from a Maine to a Delaware LLC

SQF Spinout



- In March 2019, Tilson distributed units in SQF Holdco to Tilson’s shareholders, “spinning out” SQF HoldCo and with it, SQF into a separate company.
- SQF’s ultimate ownership (i.e., the Tilson investors) remained largely unchanged
- Tilson simultaneously entered into a Services Agreement with SQF whereby Tilson will manage and provide services to SQF.

SDC Investment in SQF – (Post Transaction Structure)

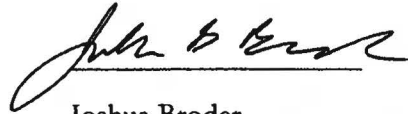


Verifications

STATE OF MAINE)
)
)
COUNTY OF CUMBERLAND)


Verification

I, Joshua Broder, state that I am the Manager of SQF, LLC ("SQF") and that I am authorized to make this Verification on behalf of SQF. This filing was prepared under my direction and supervision, and the contents with respect to SQF are true and correct to the best of my knowledge, information, and belief.



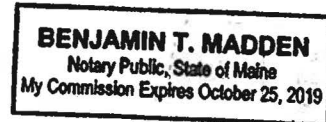
Joshua Broder
Manager - SQF, LLC

Sworn and subscribed before me this 2nd day of April, 2019.



NOTARY PUBLIC

My commission expires October 25, 2019



Verification

I, Todd Aaron, state that I am the sole member of SDC GP Manager, LLC, which is the Managing Member of SDC DIOF I GP, LLC, which is the the Non-Member Manager of SDC Tilson Investor, LLC ("SDC") and that I am authorized to make this Verification on behalf of SDC. This filing was prepared under my direction and supervision, and the contents with respect to SDC are true and correct to the best of my knowledge, information, and belief.

MANAGER:

SDC DIOF I GP, LLC, as
Non-Member Manager

By: SDC GP Manager, LLC,
as Managing Member

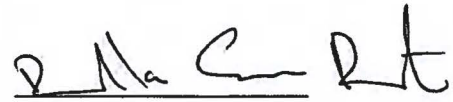
By: 

Name: Todd Aaron
Title: Member

STATE OF NEW YORK)
)
)
CITY/COUNTY OF Queens)

ss:

Sworn and subscribed before me this 4th day of April, 2019.



NOTARY PUBLIC

My commission expires 12/12/2020

