

March 23, 2018

By Electronic Filing

Braulio L. Baez, Executive Director
Florida Public Service Commission
Office of Commission Clerk
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

Re: Notice of the Indirect Transfer of Control of Momentum Telecom, Inc.

Dear Mr. Baez:

MBS Holdings, Inc. (“MBS”) and Momentum Telecom, Inc. (“Momentum”) (“Transferor” and “Licensee,” respectively) and Castle Intermediate Holdings, Inc. (“Transferee” or “Castle Intermediate Holdings,” and collectively with MBS and Momentum, the “Parties”) hereby notify the Florida Public Service Commission (“Commission”) of their intent to consummate a merger transaction whereby Castle Intermediate Holdings, by and through its wholly-owned subsidiary, Castle Merger Sub, Inc. (“Merger Sub”), will acquire ultimate control of MBS and MBS’s wholly-owned indirect subsidiary, Momentum (the “Transaction”). Consummation of the Transaction will serve the public interest by providing additional financial and managerial resources to Momentum, which will, in turn, enhance Momentum’s ability to maintain and improve its network and services and to better compete in the telecommunications marketplace. The Parties submit this letter for informational purposes to ensure the accuracy of the Commission’s records.

I. DESCRIPTION OF THE PARTIES

A. MBS and Momentum

MBS is a privately-held Delaware corporation headquartered at 880 Montclair Road, Suite 400, Birmingham, Alabama 35242. MBS is the indirect parent company of several subsidiary companies, including Momentum.¹ Momentum is a Delaware corporation headquartered at 880 Montclair Road, Suite 400, Birmingham, Alabama 35242. Momentum is currently authorized to operate as a CLEC in the following states: Alabama, California, Florida, Georgia, Kentucky, Louisiana, New Jersey, North Carolina, Pennsylvania, South Carolina, Tennessee, and the U.S. Virgin Islands. Momentum was granted Certificate No. 8057 on March

¹ Another MBS carrier subsidiary, ALEC, LLC, recently discontinued operations. Filings to withdraw or cancel ALEC, LLC’s certifications in each state where it was previously authorized to provide telecommunications services were submitted to the relevant state regulatory commissions, including this Commission, prior to the filing of this Application. *See ALEC, LLC Notice of Discontinuance Application* (filed with the Commission on Feb. 5, 2018 to discontinue service under Certificate of Authority No. 8402).

26, 2002 in Docket No. 020056-TX to provide Alternative Local Exchange Telecommunications Services in Florida.²

Under the trade name Momentum Telecom, Momentum is a leading provider of wholesale hosted Voice Over Internet Protocol (“VoIP”) and unified communications services and serves as the wholesale “CLEC partner” and broadband system manager to Tier II and Tier III cable providers. Momentum currently supports more than 411 cable operators, broadband providers and reseller partners, manages nearly 1.2 million high-speed data modems and powers over 350,000 voice lines around the country.

A diagram depicting the current (pre-closing) ownership of the MBS corporate family, including Momentum, is provided in Exhibit A.³

B. *Castle intermediate Holdings and Affiliates*

Castle Intermediate Holdings is a Delaware corporation with its headquarters located at 55 East 52nd Street, 34th Floor, New York, New York 10055. Castle Intermediate Holdings was formed on March 1, 2018 for the purpose of consummating this transaction and ultimately acquiring control of MBS.

Castle Intermediate Holdings’ parent entity is Castle Holding Company, LLC (“Castle Parent”), a Delaware limited liability company formed on March 1, 2018 for the purpose of holding the investment interests in Castle Intermediate Holdings of both (i) investment funds managed by the professionals at Court Square Capital Partners (“Court Square”), a leading private equity firm, and (ii) members of MBS management.

CSC Castle Holdings, L.P. (“CSC Castle Aggregator”) is a holding company formed by Court Square on March 8, 2018 to hold the aggregate equity investments of certain Court Square investment funds in Castle Parent.⁴ At closing, the funds will own 100% of the limited partnership interests in CSC Castle Aggregator and will indirectly own approximately 82%–96% of the equity of MBS and Momentum depending on the total participation by MBS’s current management, which will not be known until closing.

² See *Momentum Business Solutions, Inc.*, Docket No. 020056-TX, Consummating Order No. PSC-02-0425-CO-TX (Mar. 28, 2002).

³ One other wholly-owned indirect subsidiary of MBS, Alteva of Warwick, LLC, operates as an incumbent local exchange carrier and as a competitive local exchange carrier in portions of New Jersey and New York.

⁴ Court Square Capital GP III, LLC (“GP”) is the sole general partner of the funds, and the sole managing member of CSC Castle Aggregator. The GP is managed and controlled by a Board of Managers composed of the following Court Square investment professionals, all of whom are U.S. citizens: William Comfort, David Thomas, Michael Delaney, Joseph Silvestri, Ian Highet, John Weber, Christopher Bloise, Thomas McWilliams and John Civantos.

A diagram depicting the ownership of Castle Intermediate Holdings and its affiliates, including MBS and Momentum, after consummation of the Transaction is provided in Exhibit B.

The professionals at Court Square are well-qualified to obtain control of MBS and Momentum. Court Square is one of the most experienced private equity firms in the industry and its management team has extensive experience investing in the telecommunications industry. Court Square currently controls Conterra Ultra Broadband Holdings, Inc. (“Conterra Holdings”) and its regulated subsidiaries, including, but not limited to, Conterra Ultra Broadband, LLC (“Conterra”). Conterra provides backhaul and fronthaul transport for wireless carriers and access and broadband networks for K-12, healthcare, and government entities in the following states: Alabama, Arizona, Arkansas, Colorado, Florida, Georgia, Illinois, Iowa, Kansas, Mississippi, Montana, Nevada, New Mexico, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and Washington.

Court Square also controls digital media service provider Encompass Digital Media Group. Previously, Court Square owned a controlling interest in Fibertech Networks, LLC (a broadband provider that operates one of the largest independently owned metro-area fiber optic footprints in the United States), co-owned a controlling interest in NTELOS (a diversified, regional communications provider offering wireless and wireline services in Virginia and West Virginia) and held a minority interest in incumbent local exchange carrier Valor Telecommunications.

Except for the interests in Conterra Holdings (and its respective subsidiaries) described above, Court Square and its affiliates do not currently offer any regulated telecommunications services in the State of Florida and are not affiliated with any other telecommunications carrier in the State of Florida.

Other than the investment funds and intermediate holding companies described above and depicted in Exhibit B, following consummation of the Transaction, no individual or entity will directly or indirectly hold 10% or more of the equity of Momentum. Upon consummation of the Transaction, MBS will still indirectly hold 100% of Momentum. Castle Intermediate Holdings will, in turn, hold 100% of MBS.

II. DESCRIPTION OF THE TRANSACTION

Pursuant to an Agreement and Plan of Merger (“Merger Agreement”) executed on March 10, 2018 among MBS, Castle Intermediate Holdings, Merger Sub, and Big Mo, LLC (as representative for MBS’s selling shareholders), Castle Intermediate Holdings will acquire a controlling interest in MBS and, thereby, control of Momentum. Specifically, MBS will merge with and into Merger Sub, with MBS surviving the merger as a wholly-owned subsidiary of Castle Intermediate Holdings. As a result, Momentum will become an indirect, wholly-owned subsidiary of Castle Intermediate Holdings.

The completion of the Transaction is conditioned on, among other things, obtaining required federal and state regulatory approvals. The parties intend to consummate the Transaction as promptly as practicable after such approvals have been received and the other closing conditions are satisfied or waived. For the Commission's reference, pre- and post-Transaction diagrams depicting the relevant current and post-Transaction corporate structures are provided as Exhibits A and B, respectively, hereto.

III. PUBLIC INTEREST BENEFITS OF THE TRANSACTION

The proposed Transaction will serve the public interest. The change in control of Momentum will not involve any assignment of operating authority, assets, or customers. Momentum's existing management team will stay intact following the Transaction and will continue to actively manage the day-to-day operations of Momentum. No changes in management or operational personnel are expected as a result of the Transaction. In addition, Momentum will be able to draw upon the operational and managerial resources of Court Square, which will augment the already well-qualified management team of Momentum and help strengthen Momentum's competitive position in the telecommunications marketplace.

Moreover, the proposed Transaction will result only in a change in the ultimate equity ownership of Momentum. Momentum will continue to provide competitive and innovative service to existing customers at the same rates, terms, and conditions and in the same geographic areas as currently provided.⁵ Any future changes in the rates, terms, or conditions of service will be undertaken pursuant to customer contracts and any applicable federal and state notice and tariff requirements. The Transaction is not expected to result in the discontinuance, reduction, loss, or impairment of service to any customer. The transfer of control will be seamless and virtually transparent to customers. Consummation of the Transaction will serve the public interest.

⁵ The Parties have no present intention to change the rates, terms, or conditions of services offered to customers. Any changes to the rates, terms, or conditions offered to customers that may occur in the ordinary course of business in the future will be implemented in conformance with applicable law, including obtaining any required regulatory approvals, tariffing, or other applicable legal requirements.

IV. CONTACT INFORMATION

All correspondence and communications with respect to this Notice should be addressed to or directed as follows:

For MBS and Momentum:

Matthew G. Conroy
Chief Financial Officer
MBS Holdings, Inc.
2700 Corporate Drive, No. 200
Birmingham, AL 35242
Tel: (205) 978-4400
mconroy@momentumtelecom.com

Michael C. Sloan
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW
Suite 800
Washington, DC 20006
Tel: (202) 973-4227
Fax: (202) 974-4427
michaelsloan@dwt.com

For Castle Intermediate Holdings:

Chris Litchford
Vice President
Castle Intermediate Holdings, Inc.
c/o Court Square Capital Partners
55 East 52nd Street, 34th Floor
New York, NY 10055
Tel: (212) 752-6781
clitchford@courtsquare.com

Paige K. Fronabarger
Wilkinson Barker Knauer, LLP
1800 M Street, N.W., Suite 800N
Washington, D.C. 20036
Tel: (202) 783-4141
Fax: (202) 783-5851
PFronabarger@wbklaw.com

V. **CONCLUSION**

If you have any questions regarding this notification, please contact the undersigned.

Respectfully submitted,



Michael C. Sloan
Davis Wright Tremaine LLP
1919 Pennsylvania Avenue, NW
Suite 800
Washington, DC 20006
Tel: (202) 973-4227
Fax: (202) 974-4427
michaelsloan@dwt.com

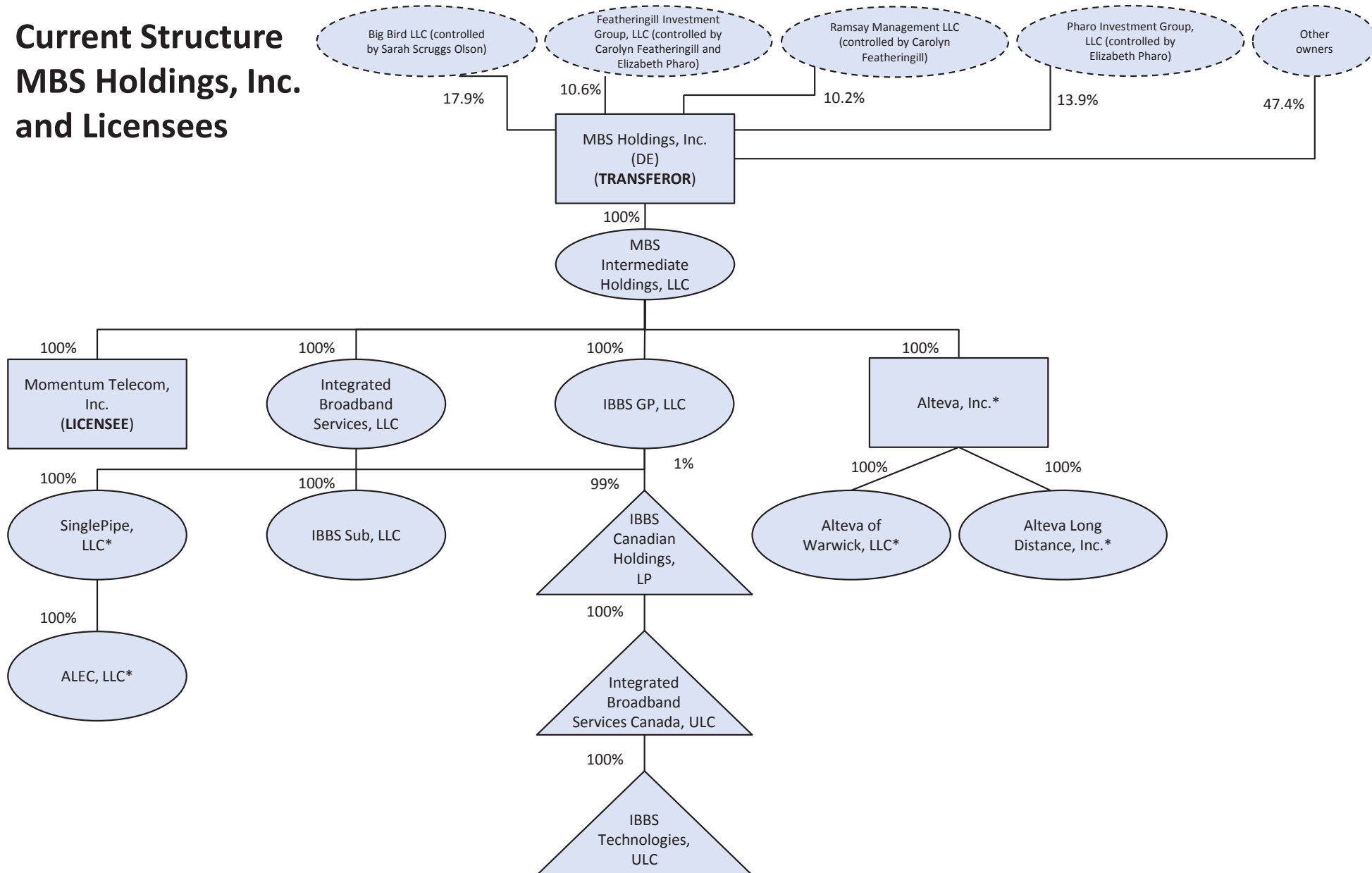


Paige K. Fronabarger
Wilkinson Barker Knauer, LLP
1800 M Street, N.W., Suite 800N
Washington, D.C. 20036
Tel: (202) 783-4141
Fax: (202) 783-5851
PFronabarger@wbklaw.com

EXHIBIT A

Diagram depicting current (pre-closing) ownership of MBS including Momentum

Current Structure MBS Holdings, Inc. and Licensees

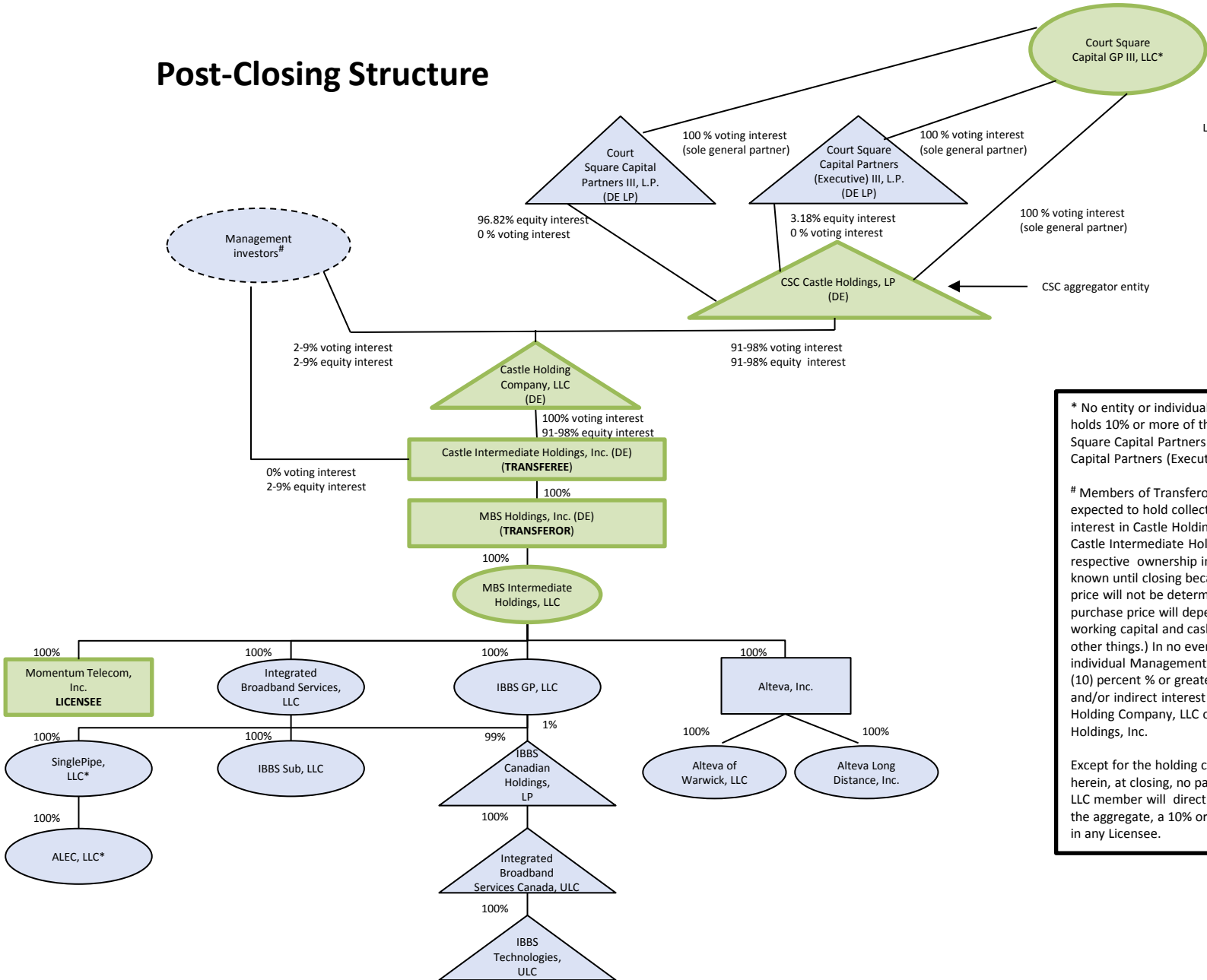


*MBS Holdings, Inc. currently contemplates consolidating or winding up these entities at some point in the future.

EXHIBIT B

Diagram depicting the post-closing ownership structure

Post-Closing Structure



*Court Square Capital GP III, LLC is the sole general partner of Court Square Capital Partners III, L.P., Court Square Capital Partners (Executive) III, L.P. and CSC Castle Holdings, LP

* No entity or individual directly or indirectly holds 10% or more of the equity of Court Square Capital Partners III, L.P. or Court Square Capital Partners (Executive) III, L.P.

Members of Transferor’s management are expected to hold collectively a 2% to 9% equity interest in Castle Holding Company, LLC and/or Castle Intermediate Holdings, Inc., but their respective ownership interests will not be known until closing because the exact purchase price will not be determined until closing. (The purchase price will depend on the amount of working capital and cash-on-hand, among other things.) In no event, however, will any individual Management investor have a ten (10) percent % or greater aggregate direct and/or indirect interest in Castle Intermediate Holding Company, LLC or Castle Intermediate Holdings, Inc.

Except for the holding companies described herein, at closing, no partner, shareholder or LLC member will directly or indirectly hold, in the aggregate, a 10% or greater equity interest in any Licensee.