

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

In the Matter of the Application of

**Champlain Broadband, LLC, and Schurz
Communications, Inc.**, Transferees

and

City of Burlington d/b/a Burlington Telecom,
Transferor,

For Grant of Authority Pursuant to
Section 214 of the Communications Act of 1934,
to Transfer Control of Domestic and International
Section 214 Authorizations

WC Docket No. 18- ____

File No. ITC-T/C- _____

**To: International Bureau
Wireline Competition Bureau**

**JOINT DOMESTIC AND INTERNATIONAL
214 TRANSFER OF CONTROL APPLICATION**

Champlain Broadband, LLC and Schurz Communications, Inc., (collectively “Transferees”) and the City of Burlington d/b/a Burlington Telecom (“Transferor”), hereby request authorization pursuant to Section 214 of the Communications Act, 47 U.S.C. §214, and Part 63 of the Commission’s Rules, 47 C.F.R. §63.01 *et. seq.*, to transfer control of the blanket domestic and international Section 214 authorizations held by Transferor to Transferees.

The Applicants respectfully request that the Commission expeditiously grant approval to consummate a transaction (the “Transaction”) whereby Transferees will acquire control of domestic and international Section 214 authorizations held by Transferor to provide domestic and international telecommunications services. Because the Transaction will strengthen an existing, independent source of voice, video, high-speed Internet and business data services in markets already served by providers of such services, and will not reduce competition or

consumer choice, the Commission should find that consummation of the Transaction is in the public interest and expeditiously grant its consent for the Parties to consummate the Transaction.

Applicants respectfully submit that this Application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) and 63.18(p) of the Commission's Rules, because subsequent to consummation of the proposed transaction, Transferee (and its affiliates) will have a market share in the interstate, interexchange market of less than 10 percent, Transferee (and its affiliates) will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and none of the Applicants (or their affiliates) are dominant with respect to any service. Moreover, Section 63.12(c)(1) is inapplicable because none of the Applicants is, or is affiliated with, any foreign carriers and none of the scenarios outlined in Section 63.12(c) applies. The Applicants provide the information set forth below in support of this Application.

I. DESCRIPTION OF THE APPLICANTS

A. Champlain Broadband, LLC and Schurz Communications, Inc. (Transferees)

Transferee, Champlain Broadband, LLC is a Limited Liability Company formed under the laws of Vermont. Champlain's business address is 200 Church Street, Burlington, Vermont 05401.

Schurz Communications, Inc., ("Schurz" or "Transferee") is the sole member of Champlain, and therefore exercises sole control over Champlain. Schurz, organized as a corporation under the laws of Indiana, is a diversified privately-owned, nationwide communications company incorporated in 1873. Schurz has been engaged in publishing daily and weekly newspapers in various communities since its inception, and over the years Schurz

has added the operations of radio, television, digital media, and cable television / broadband facilities.

Schurz is a privately held company operated by members of the Schurz family, led by Mr. Todd Schurz, President and CEO of Schurz Communications. The Mishawaka, Indiana based news and information company has holdings in cable, newspaper publishing and digital media. In small to mid-sized markets across the country Schurz publishes daily and weekly newspapers, provides video, voice, broadband and directory information services through its wholly owned cable companies and phone directory business. Specifically, Schurz owned or controlled cable companies provide high-capacity broadband, video and voice services to communities in Maryland, Minnesota, Nebraska, South Dakota, Iowa and Arizona through three separately owned and operated cable providers. Geographically, Schurz Communications has a presence in Arizona, Indiana, Iowa, Maryland, Michigan, Minnesota, Nebraska, Pennsylvania and South Dakota.

Champlain is a wholly-owned affiliate of Schurz and was created solely for the purpose of effectuating the acquisition and continued operations of Burlington Telecom, as described herein. At closing Champlain will assume control of Burlington Telecom and will continue operations under that name.

B. City of Burlington d/b/a Burlington Telecom (Transferor)

City of Burlington d/b/a Burlington Telecom (“BT”) holds blanket domestic and international 214 authorizations. *See* 47 C.F.R. 63.01 (domestic 214 authority granted by operation of law); *and* ITC-214-20171121-00209 (international 214 authorization). The Vermont PUC (then known as the PSB) issued Certificates of Public Good (“CPGs”) to BT to provide telecommunications services and other services. The City of Burlington controls and runs Burlington Telecom as a department of the City. The City of Burlington began self-

provisioning telecommunications via Burlington Telecom in 2002. In February 2006, Burlington Telecom, officially launched cable television, internet and telephone services over a high-speed fiber network to the public, including residential and commercial customers. BT currently provides competitive voice, broadband and video services throughout the City of Burlington, Vermont to more than 7,000 customers.

Burlington Telecom is an important part of the Burlington community, a company with a pride in its customer service and in its role as a corporate citizen of the area. Burlington Telecom has expanded its service offerings from its early days of a 25 Mb symmetrical service to offering a 1 Gigabit symmetrical service today, with a laser-focus on customer service. Burlington Telecom boasts upgraded infrastructure with cost-effective connections to the Internet backbone and peering relationships with content providers that ensure the highest-quality cost-effective service quality. Burlington Telecom also pioneered an affordable broadband product for low-income consumers earlier than virtually any provider in the country, currently selling 25 Mb for less than \$10 per month to Lifeline-eligible consumers as well as parents of pupils in Burlington's School System who qualify for its Edu-Net program.

At the end of 2014, Burlington Telecom entered into a public-private financing arrangement with Blue Water Holdings LLC. Pursuant to a Management and Sale Agreement and Lease Agreement, Blue Water leases BT's assets back to the City.

II. DESCRIPTION OF THE TRANSACTION

On December 29, 2017, Burlington Telecom and Blue Water Holdings LLC entered into an Asset Purchase Agreement ("Agreement") with Champlain and, to a limited extent, with Schurz Communications, Inc. ("Schurz"), as guarantor of certain Champlain commitments related to the purchase under the Agreement. The Agreement provides, following Commission consent, for Champlain's acquisition of the assets identified in the Agreement (all of those

necessary to continue the provision of telecommunications services to the public), and Champlain's new responsibility in maintaining operations under the terms and conditions of the existing authorizations held by BT.

At closing, Champlain will assume control of existing operations and all of BT's existing operations, license holdings or authorizations that are the subject of this application will remain intact and will continue to support the operation of BT's voice and other services. Consistent with this approach, the company will continue to have a strong local presence in Burlington, Vermont and operate under the BT brand. Recognizing that BT has been an integral part of Burlington's community for many years, Schurz has committed to continuing operations and plans to continue investing in the business and the employees of BT (at the local level where the day-to-day business will be run) in recognition of the fact that BT's success in this area is because of its commitment to serving the public.

As a result, the proposed transaction will not result in any change to the current terms and conditions or operations of the telecommunications services provided by BT. Immediately following closing BT will continue to do business as Burlington Telecom. The company will also continue to comply with the terms and conditions of the authority granted by this Commission, and all applicable federal, state, and local law. Further, BT will continue to provide the high quality customer service that customers currently receive. Thus, immediately following consummation of the proposed transaction, BT will continue to offer service with no change to the rates or terms and conditions of service, and there will be no interruption or disruption of service to customers.

The pre-closing ownership structure of Transferor is depicted on the organizational charts attached hereto as Attachment A. The proposed post-Transaction ownership structure of Transferee is depicted on the structure charts attached hereto as Attachment B.

III. INFORMATION REQUIRED BY SECTION 63.04, 63.24 and 63.18

Pursuant to Commission Rule 63.04(a) and 63.18, Applicants submit the following information in support of their request for domestic Section 214 authority:

(a) Name, Address and Telephone Number of Each Applicant

Transferor:

City of Burlington d/b/a Burlington Telecom FRN: 0010480093
City Hall, 149 Church Street
Burlington, VT 05401
(Tel.) (802) 865-7121

Transferee:

Champlain Broadband, LLC FRN: 0027427863
200 Church Street
Burlington, Vermont 05401
(Tel.) 240-420-2068

Schurz Communications, Inc. FRN: 0008712937
1301 E. Douglas Road, Suite 200
Mishawaka, IN 46545
(Tel.) 240-420-2068

(b) Jurisdiction of Applicants

Transferor: City of Burlington d/b/a Burlington Telecom is a municipality in Vermont.

Transferee: Champlain Broadband, LLC is a limited liability company organized under the laws of Vermont.

Schurz Communications, Inc. is a corporation formed under the laws of Indiana.

(c) Correspondence Concerning This Application Should be Directed to:

For Transferee:

Brian Lynch
Schurz Communications, Inc.
Senior V.P., Broadband
1301 E. Douglas Road, Suite 200
Mishawaka, IN 46545
(240) 420-2068 (Tel)
blynch@schurz.com

With copies to:

Jessie Agostino
Schurz Communications, Inc.
Senior V.P. and CFO
1301 E. Douglas Road, Suite 200
Mishawaka, IN 46545
jagostino@schurz.com

For Transferor:

Eileen M. Blackwood
City Attorney & Corporation Counsel
City Hall
149 Church St., Suite 11
Burlington, VT 05401
Phone: (802) 865-7121
eblackwood@burlingtonvt.gov

With copies to:

Cheryl Leanza
Best Best & Krieger LLP
2000 Pennsylvania NW, Suite 5300
Washington, DC 20006
T: (202) 370-5316
cheryl.leanza@bbklaw.com

(d) Existing Authorizations Under Section 214

Transferee, Schurz, is a parent company to several wholly-owned affiliates that hold existing 214 authorizations issued by the Commission. Most recently, the Commission granted consent for Schurz's acquisition and control of the domestic and international 214 authorizations held by Hiawatha Broadband Communications, Inc. See DA 18-133 (rel. Feb. 2018) (approving transfer of control of blanket domestic and international 214 authorizations originally issued DA 14-203 (notice of grant of domestic 214 authority); *and* ITC-214-20071113-00536 (international 214 authorization).

In addition, Schurz is also a parent to Long Lines, LLC, which holds an international resale authorization under Certificate No. ITC-214-20060724-00362. The FCC consented to Schurz's acquisition of control of the Long Lines, LLC 214 authorization in 2016. See IBFS File No. ITC-T/C-20150123-00017. In that proceeding the Commission granted consent to the transfer of control of international section 214 authorization, ITC-214-20060724-00362, held by

Long Lines LLC (Long Lines), from its 100% parent, Long Lines Communications LLC (Long Lines Communications), to Schurz. *See* FCC Public Notice DA 15-229 (Feb. 2015). Another wholly-owned subsidiary of Long Lines Communications, Long Lines Wireless, LLC, previously held an international resale authorization under Certificate No. ITC-214-20130709-00182, which the Commission consented to be assigned to LL Acquisition Company, LLC, an indirect, wholly-owned subsidiary of AT&T Inc.

Further, as the Commission records confirm, Schurz's wholly-owned affiliates provide high-capacity broadband, video and voice services to communities in Maryland, Iowa, Nebraska, South Dakota and Arizona through three separately owned and operated service providers. Specifically, Schurz affiliates providing these services are as follows: (1) Antietam Broadband, incorporated as Antietam Cable Television, LLC (f/k/a Antietam Cable Television, Inc.), a limited liability company formed under the laws of Indiana, serving Hagerstown, Maryland and surrounding communities in Washington County, Maryland; (2) Long Lines, LLC, a limited liability company formed under the laws of Delaware, serving sixteen communities in Iowa, Nebraska and South Dakota; and, (3) Orbitel Communications, LLC, a limited liability company formed under the laws of Arizona, serving the City of Maricopa, Arizona, and surrounding planned communities (also in Arizona): Sun Lakes, Sun Bird, Robson Ranch, SaddleBrooke, and SaddleBrooke Ranch. Schurz does not have any other affiliates offering telecommunications service, or other interests in any other telecommunications service provider.

Transferor, BT holds the blanket domestic and international 214 authorizations that are the subject of this application. *See* 47 C.F.R. 63.01 (domestic 214 authority granted by operation of law); *and* ITC-214-20171121-00209 (international 214 authorization).

In addition, the Parties have also submitted an application to the Vermont PUC requesting that agency's approval and consent for the sale of the BT assets to Champlain.

Champlain has asked the PUC to issue a CPG authorizing Champlain to offer telecommunications to customers in the BT market. Champlain has also asked to be designated as an Eligible Telecommunications Carrier in the same manner as BT is presently designated, i.e. solely for Lifeline purposes.

(e) Ownership Information

Transferee - The following entities own or control 10% or more of the Transferee, Schurz, and its wholly-owned affiliate, Champlain Broadband, LLC:

Name: **Schurz Communications Voting Trust Agreement**
(an irrevocable trust formed under the laws of Indiana)
Address: 1301 E. Douglas Road, Suite 200
Mishawaka, IN 46545
Citizenship: USA
Principal Trust
Business:
% Interest Held: 75.17% voting interest

Trustees of the Schurz Communications Voting Trust Agreement (“Trust”) with a voting interest of 10% or greater in the Trust are as follows:

Name: **Franklin D. Schurz, Jr.**
Address: 389 Derek Way
Bozeman, MT 59718
Citizenship: U.S. Citizen
Principal Trustee
Business:
% Interest Held: 33.3%

Name: **Todd F. Schurz**
Address: 1211 E. Eckman Street
South Bend, IN 46613
Citizenship: U.S. Citizen
Principal Trustee and CEO of Schurz Communications, Inc.
Business:
% Interest Held: 33.3%

Name: **Scott C. Schurz**
Address: 50 Coe Road, Unit 226

Citizenship: Belleair, FL 33756
U.S. Citizen
Principal Trustee and Chairman of Schurz Communications, Inc.
Business:
% Interest Held: 33.3%

Beneficiaries of the Schurz Communications Voting Trust Agreement with an equitable interest of 10% or greater in the Trust are as follows:

Name: **Franklin D. Schurz, Jr.**
Address: 389 Derek Way
Bozeman, MT 59718
Citizenship: U.S. Citizen
Principal Trustee
Business:
% Interest Held: 28%

Name: **Scott C. Schurz**
Address: 50 Coe Road, Unit 226
Belleair, FL 33756
Citizenship: U.S. Citizen
Principal Trustee, and Chairman of Schurz Communications,
Business: Inc.
% Interest Held: 28%

Name: **Mary Ann Schurz**
Address: 10713 Bratton Ct.
Williamsport, MD 21795-1434
Citizenship: U.S. Citizen
Principal Shareholder
Business:
% Interest Held: 19%

A prior disclosable interest holder, Mr. David C. Ray, passed away on August 10, 2017. Upon his passing his interests passed to his wife, Laura E. Ray, and their four children, in five separate trusts, each below the disclosure threshold. However, Mrs. Laura E. Ray is Family Trustee of each of the five separate trusts which, when aggregated, results in Mrs. Laura E. Ray holding certain indirect voting rights in Schurz Communications, Inc. above the disclosure threshold (as set forth below). In addition, Mr. Harvey B. Wallace, the family's attorney, is Independent Trustee of all five trusts established for the benefit of Mrs. Laura Ray and the four children described above, and the David C. Ray Trust (an irrevocable trust formed under the laws of Indiana). As an Independent Trustee, Mr. Wallace holds certain indirect voting rights which are above the disclosure threshold, as set forth below.

Name: **Laura E. Ray**
Address: 17565 Green Oaks Ct.

Citizenship: Granger, IN 46530-6921
U.S. Citizen
Principal Business: Trustee & Shareholder
% Interest Held: 12% (indirect voting interest in Schurz Communications, Inc.)¹

Name: **Harvey B. Wallace**
Address: Berry Moorman, P.C.
535 Griswold, Suite 1900
Detroit, MI 48226-3679
Citizenship: U.S. Citizen
Principal Business: Trustee & Attorney
% Interest Held: 15% (indirect voting interest in Schurz Communications, Inc.)

NOTE: There is no other entity or individual with a direct or indirect 10 percent or greater equity or voting interest in Schurz or Champlain Broadband, LLC.

Transferor –

No other entity besides the City of Burlington owns or controls 10% or more of the Licensee, Burlington Telecom.

(f) Certifications

No affiliation with foreign carriers (per 47 C.F.R. 63.18(i)): Applicants certify that they are not foreign carriers, nor are they affiliated with foreign carriers, nor will they become affiliated with foreign carriers as a result of this transaction.

Provision of international telecommunications to certain destination countries (per 47 C.F.R. 63.18(j)): Applicants certify that they do not seek to provide international telecommunications services to any destination country where: (1) an applicant is a foreign carrier in that country; (2) an applicant controls a foreign carrier in that country; (3) any entity that owns more than 25 percent of an applicant, or that controls an applicant, controls a foreign carrier in that country; or, (4) two or more foreign carriers (or parties that control foreign

¹ Mrs. Laura E. Ray's 12% voting interest is exercised by Mr. Harvey B. Wallace, through the 15% indirect voting interest Mr. Wallace controls (disclosed above) as an independent trustee and attorney for Mrs. Ray and her children.

carriers) own, in the aggregate more than 25 percent of an applicant and are parties to, or the beneficiaries of, a contractual relation affecting the provision or marking of international basic telecommunications service in the United States.

Certifications required per 47 C.F.R. 63.18(k), (l), and (m): Not applicable.

No special concessions (per 47 C.F.R. 63.18(i)): Applicants certify that they have not agreed to accept special concessions directly or indirectly from any foreign carrier with respect to any U.S. international route where the foreign carrier possesses market power on the foreign end of the route and will not enter into such agreements in the future.

Not subject to denial of federal benefits (per 47 C.F.R. 63.18(o)): Applicants certify that no applicant is subject to denial of federal benefits pursuant to Section 5301 of the Anti-Drug Abuse Act of 1998. *See* 21 U.S.C. § 853a; *see also* 47 C.F.R. §§ 1.2001-1.2003.

(g) Request for Streamlined Treatment

Applicants respectfully submit that this application is eligible for streamlined processing pursuant to Section 63.03(b)(2)(i) and 63.18(p) of the Commission's Rules, because subsequent to consummation of the proposed transaction, Transferee (and its affiliates) will have a market share in the interstate, interexchange market of less than 10 percent, and the Transferee (and its affiliates) will provide competitive telephone exchange services or exchange access services (if at all) exclusively in geographic areas served by a dominant local exchange carrier that is not a party to the transaction, and none of the Applicants (or their affiliates) are dominant with respect to any service. Moreover, Section 63.12(c)(1) is inapplicable because none of the Applicants is or is affiliated with any foreign carriers and none of the scenarios outlined in Section 63.12(c) applies.

(h) Other Applications Before the Commission Related to This Application

There are no other applications pending before the Commission related to this application.

(i) No Request for Special Consideration or Waiver

No party is requesting special consideration because it is facing imminent business failure; nor are there any separately-filed waiver requests associated with this application.

IV. PUBLIC INTEREST STATEMENT

Applicants submit that the transaction described herein will serve the public interest. Under new ownership, BT will continue to provide high-quality telecommunications services, while gaining access to the additional capital, resources and operational expertise of Transferee. The transfer of control, therefore, will give BT the ability to become a stronger competitor, to the ultimate benefit of consumers. As a result, the transaction will strengthen the companies' ability to compete with other, much larger telecommunications providers in the region to the benefit of consumers and the telecommunications marketplace. In addition, applicants affirm that the Transaction presents no competitive harms because the Transferee and Transferor's respective service areas do not overlap. As a result, this transaction will not result in the loss of a competitive provider in the marketplace.

Further, the rates, terms and conditions of services currently provided by BT to its customers will not change as a result of the transaction. The transaction will be seamless for customers and BT will continue to provide high-quality communications services to its customers without interruption. Future changes in those rates, terms and conditions, if any, will be undertaken pursuant to the applicable federal and state notice and tariff requirements.

V. **CONCLUSION**

For the reasons stated above, Applicants respectfully submit that the public interest, convenience, and necessity would be furthered by a grant of this Application, and request that the Commission grant the relief requested herein.

Respectfully submitted,

Brian Lynch /s/

Eileen M. Blackwood

*Transferor,
City of Burlington d/b/a Burlington
Telecom*

Brian Lynch

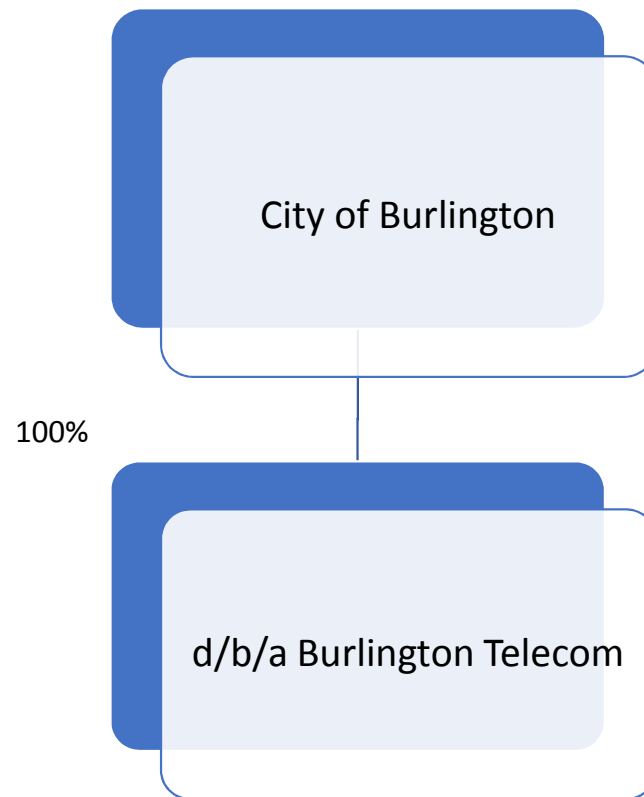
*Transferee,
Schurz Communications, Inc., and
Champlain Broadband, LLC*

Dated: April 18, 2018

Attachment A

Pre-Transaction Corporate Organizational Chart

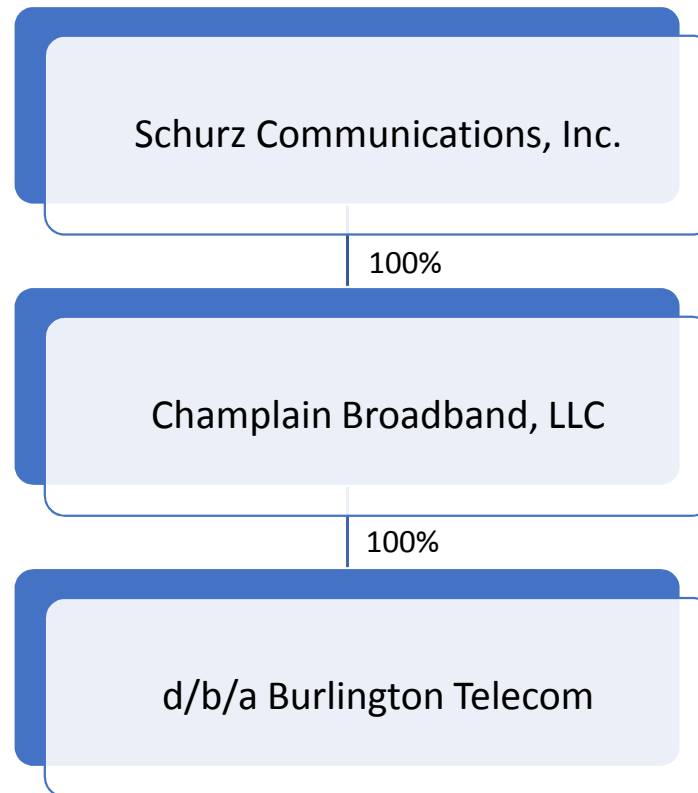
Attachment A: Transferor Pre-Transaction Ownership Structure



Attachment B

Post-Transaction Corporate Organizational Charts

Attachment B: Transferee Post-Transaction Ownership Structure



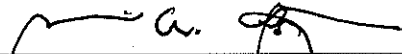
VERIFICATION
(Transferee)

I, Brian Lynch, hereby declare that:

- (a) I am Senior Vice President of Schurz Communications, Inc. ("Schurz")
- (b) I am authorized to make this declaration on behalf of Schurz.
- (c) The statements in the foregoing application relating to Schurz are true and correct to the best of my knowledge.

I declare under penalty of perjury that the foregoing is true and correct.

Executed this 18th day of April, 2018.



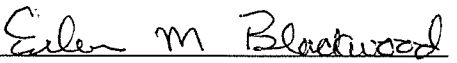
Brian Lynch
Sr. Vice President of Schurz Communications, Inc.

VERIFICATION
(Transferor)

I, Eileen Blackwood, hereby declare that:

- (a) I am the City Attorney and Corporation Counsel of the City of Burlington;
- (b) I am authorized to make this declaration on behalf of Burlington Telecom (“BT”);
- (c) The statements in the foregoing application relating to BT, are true and correct to the best of my knowledge.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 17th day of April, 2018.



Eileen M. Blackwood
City Attorney & Corporation Counsel