

Morgan Lewis

Andrew D. Lipman

Brett P. Ferenchak

andrew.lipman@morganlewis.com

brett.ferenchak@morganlewis.com

March 11, 2016

VIA ELECTRONIC FILING

Becky Beier, Executive Secretary
Oregon Public Utility Commission
201 High Street SE, Suite 100
Salem, OR 97301-3612

Re: Notice of Transfer of Indirect Control of Matrix Telecom, LLC to Garrison TNCI LLC and Related Transactions

Dear Ms. Beier:

Garrison TNCI LLC ("Transferee"), TNCI Operating Company LLC ("TNCI OpCo"), Impact Telecom, LLC (formerly known as Impact Telecom, Inc.) ("Impact") and Matrix Telecom, LLC (formerly known as Matrix Telecom, Inc.) ("Matrix") (collectively, the "Parties"), hereby notify the Commission of the transfer of indirect control of Matrix to Transferee (the "Impact Transaction") and related transactions that were completed as of December 31, 2015.

Description of the Parties

Transferee is a Delaware limited liability company and is owned by funds managed by the Garrison Investment Group,¹ a leading middle market credit and asset based investor. The principal office of Transferee and the Garrison Funds is located at 1290 Avenue of the Americas, Suite 914, New York, New York 10104.

TNCI OpCo is a Delaware limited liability and an indirect, wholly owned subsidiary of Transferee. TNCI OpCo has a principal office located at 114 E. Haley Street, Suite I, Santa Barbara, California 93101.

TNCI OpCo was formed in January 2013, to aggregate regional telephone companies and create a national facilities based telephone company. TNCI OpCo specializes in wholesale voice and enterprise voice, data and cloud solutions. TNCI OpCo's solutions include business VoIP, local phone services, long distance, TNCI Telastic Hosted Voice, MPLS, and Dedicated Internet Access. In Oregon, TNCI OpCo is authorized to offer intraexchange and interexchange services pursuant to authority granted to TNCI-DIP in Order No. 04-372 in Docket CP 1234. TNCI OpCo also holds

¹ The following Garrison Funds own greater than 10% of Transferee: Garrison Opportunity Fund III A LLC (approximately 64%) and GOF II A Series A-2 LLC (approximately 36%) (together, the "Garrison Funds").

Morgan, Lewis & Bockius LLP

2020 K Street, NW
Washington, DC 20006-1806
United States

T +1.202.373.6000
F +1.202.739.3001

authority from the Federal Communications Commission (“FCC”) to provide domestic interstate and international telecommunications services.

Prior to the Transaction, Matrix was a Texas corporation and wholly owned direct subsidiary of Impact. Prior to the Transaction, Impact was a Nevada corporation (Impact and its subsidiaries, including Matrix, collectively referred to herein as “Impact Telecom”). Impact Telecom has a principal office located at 9000 E. Nichols Avenue, Suite 230, Englewood, Colorado 80112.

Impact, through its subsidiaries Matrix and Matrix Telecom of Virginia, LLC (formerly known as Matrix Telecom of Virginia, Inc.) provides retail and wholesale telecommunications services.² Impact Telecom provides domestic and international long distance and facilities-based wholesale telecommunications solutions to carriers worldwide, as well as Hosted PBX, SIP Trunking and PRI, local phone service, toll free origination, domestic and international long distance and data services to commercial customers. In Oregon, Matrix is designated as a competitive telecommunications provider and is authorized to provide intraexchange and interexchange services pursuant to authority issued in Docket No. CP 1281 on May 16, 2005. Matrix also holds authority from the FCC to provide domestic interstate and international telecommunications services.

Description of the Transactions

Pursuant to the terms of a Securities Purchase Agreement (the “Agreement”) dated as of November 3, 2015, by and among Robert Beaty, Charles Griffin, William Beaty, Jason McKesson, Doug Funsch, Impact Telecom Holdings, Inc. (“Newco”), Impact Acquisition LLC (“Acquisition”) and TNCI Impact LLC (“TNCI Impact”), Acquisition acquired all the equity of Impact. As a result, indirect ownership of Matrix transferred to Acquisition and Transferee became the ultimate majority owner (90%) of Acquisition.

Before the Agreement was consummated, the following intermediate steps occurred:

- (1) TNCI OpCo’s direct owner changed from TNCI Holdings LLC to TNCI Impact, a Delaware limited liability company that is now directly majority owned by Transferee;³
- (2) TNCI Impact formed Acquisition, a Delaware limited liability company;
- (3) a new Delaware corporation formed, Newco, and became the direct owner of Impact, with the current shareholders and warrant holders of Impact owning Newco;⁴ and

² In 2015, Impact Telecom completed the consolidation of its operations into Matrix. This internal consolidation included (1) the transfer of Impact’s wholesale carrier and service provider customers to Matrix and (2) the transfer of Americatel Corp.’s (“Americatel”) long distance customers to Matrix. Americatel was formerly a direct subsidiary of Impact, but no longer exists as a separate corporate entity. As a result of the internal consolidation of operations, Matrix is the only Impact Telecom entity operating in Oregon.

³ At closing of the Impact Transaction, Newco was granted a 10% ownership interest in TNCI Impact.

- (4) Impact, a Nevada corporation, converted to a Nevada limited liability company, Matrix, a Texas corporation, converted to a Texas limited liability company;⁵ and Matrix Telecom Virginia, Inc. a Virginia corporation converted to a Virginia limited liability company.

For the Commission's reference, Exhibit A depicts the previous and post-closing entity ownership structure of the Parties.

The transactions were transparent to the customers of Matrix and TNCI OpCo. The transactions did not result in any immediate change of carrier for customers or any assignment of authorizations, and did not result in the discontinuance, reduction, loss, or impairment of service to customers. Matrix and TNCI OpCo continue to provide high-quality communications services to their customers without interruption and without change in rates, terms or conditions. The only changes immediately following the transactions were to the chain of ownership of Matrix and TNCI OpCo and the corporate form of Matrix.

* * * *

This letter is being electronically filed with the Commission. We would appreciate acknowledgement of receipt and acceptance of this filing. Should you have any questions, please do not hesitate to contact us.

Respectfully submitted,

/s/ *Brett P. Ferenchak*

Andrew D. Lipman
Brett P. Ferenchak

Counsel for the Parties

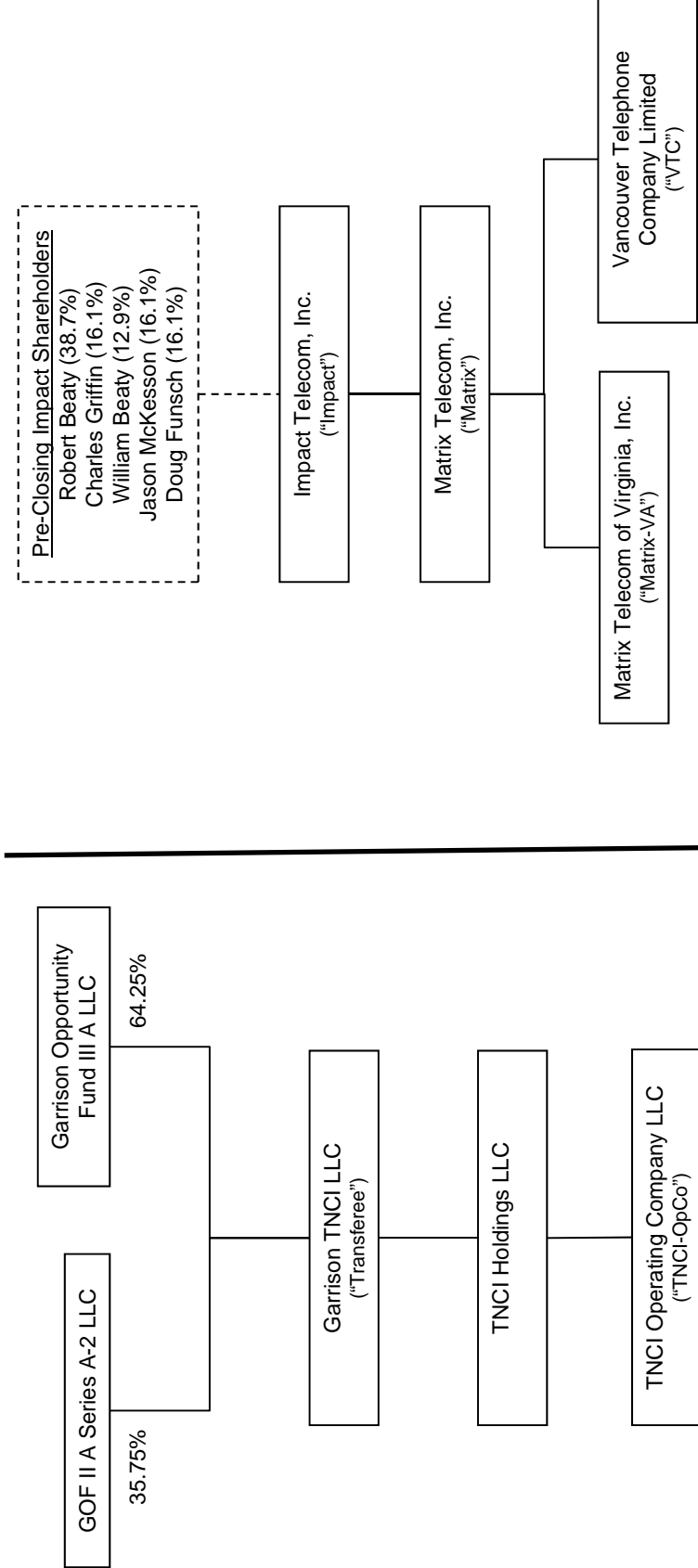
⁴ Acquisition acquired all of the equity of Impact from Newco, resulting in the transfer of direct control of Impact to Acquisition and ultimately Transferee.

⁵ Matrix will submit a separate filing with regard to its conversion and associated name change.

EXHIBIT A

Pre-Closing and Current Entity Ownership Structure

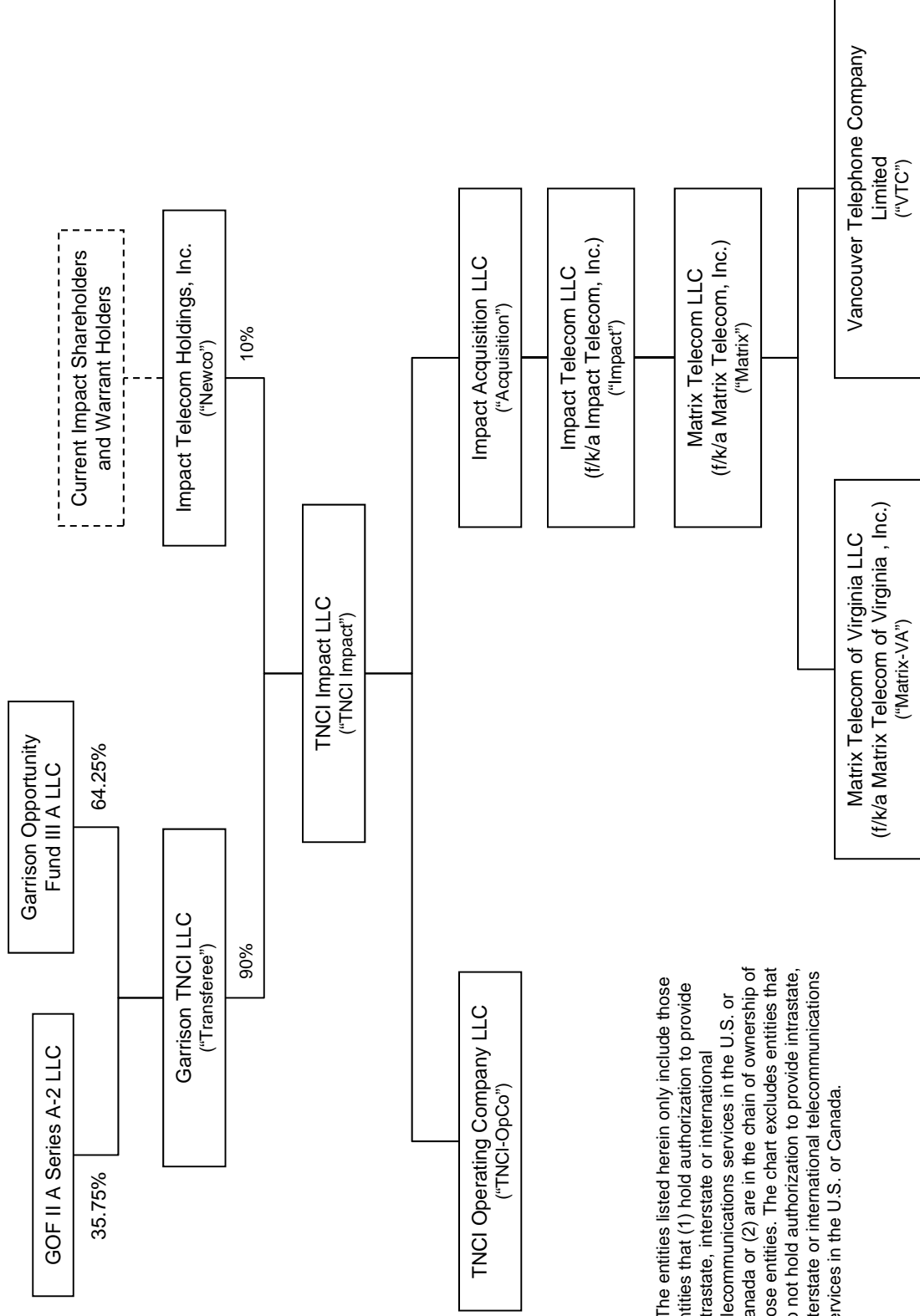
Pre-Closing Organizational Structure of Impact and TNCI OpCo*



* The entities listed herein only include those entities that (1) hold authorization to provide intrastate, interstate or international telecommunications services in the U.S. or Canada or (2) are in the chain of ownership of those entities. The chart excludes entities that do not hold authorization to provide intrastate, interstate or international telecommunications services in the U.S. or Canada.

Unless otherwise indicated all ownership percentages are 100%.

Current Organizational Structure of Impact and TNCI OpCo*



* The entities listed herein only include those entities that (1) hold authorization to provide intrastate, interstate or international telecommunications services in the U.S. or Canada or (2) are in the chain of ownership of those entities. The chart excludes entities that do not hold authorization to provide intrastate, interstate or international telecommunications services in the U.S. or Canada.

Unless otherwise indicated all ownership percentages are 100%.