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ENTERED
Office of Proceedings
June 15, 2020
Part of
Public Record

14 June 2020

For E-Filing 15 June 2020

(some colorized exhibits)

Ms. Cynthia T. Brown
Chief, Section of Administration
Surface Transportation Board
395 E Street, SW
Washington, DC 20423

Re: MB Rail IB, LLC – Acquisition of Control Exemption,
F.D. 36413; and related proceedings:
Camp Chase Rail, LLC – Acq. and Op. Exemption,
F.D. 36414, and
Youngstown & Southeastern Railroad, LLC –
Acq. and Op. Exemption, F.D. 36415

Note: Motion for Protective Order in F.D. 36413

EXPEDITED TREATMENT OF MOTION FOR
PROTECTIVE ORDER in FD 36413 REQUESTED

Note: Part of filing in F.D. 36413 is submitted under seal,
Highly confidential treatment requested

Dear Ms. Brown:

This is a cover letter on behalf of MB Rail IB, LLC (“MB Rail”) for filings in the above three related dockets. In F.D. 36413, MB Rail (a privately held non-carrier holding company) seeks a continuation in control exemption for acquisition

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(a) of two subsidiaries of Indiana Boxcar Corporation ("IBC") by equity acquisition and (b) of two additional subsidiaries of IBC by asset acquisition by two newly-established subsidiaries of MB Rail. In F.D. 36414, MB Rail's newly established non-carrier subsidiary Camp Chase Rail, LLC seeks authority to acquire and operate the assets of IBC's subsidiary Camp Chase Railway Company. In F.D. 36414, MB Rail's newly established non-carrier subsidiary Youngstown & Southeastern Railroad, LLC seeks authority to acquire and to operate the assets of IBC subsidiary Youngstown & Southeastern Railroad Company. All railroads involved are Class III.

Filings in F.D. 36413 include the following:

- (1) a Notice of Exemption (public version) ("NOE") for an exemption under 49 C.F.R. 1180.2(d);
- (2) Motion for a protective order (form of order attached) EXPEDITED TREATMENT REQUESTED;
- (3) Highly confidential version of Exhibit B to the F.D. 36413 NOE, submitted under seal.

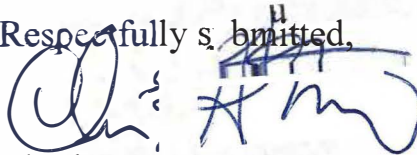
The filing in F.D. 36414 is a NOE for an exemption under 49 C.F.R. 1150.31.

The filing in F.D. 36415 is a NOE for another exemption under 49 C.F.R. 1150.31.

By my signature below, I certify service by email attachment upon Eric Hocky, Esq., Clark Hill PLC, Two Commerce Square, 2001 Market St, Suite 2620, Philadelphia, PA 19103, counsel for IBC and the acquired railroads.

Thank you for your assistance in this matter.

Respectfully submitted,



Charles Montange
Counsel for MB Rail IB, LLC,
Camp Chase Rail, LLC, and
Youngstown & Southeastern
Railroad, LLC

Attachments:

FD 36413 – NOE, motion for protective order (Expedited Treatment Requested),
Document under Seal

FD 36414 – NOE

FD 36415 – NOE

cc. Eric Hocky, Esq. (for Indiana Boxcar Corporation), attachments by email
as indicated

BEFORE THE SURFACE TRANSPORTATION BOARD

MB RAIL IB, LLC. –)
Acquisition of Control Exemption –)
Chesapeake & Indiana Railroad,) F.D. 36413
Vermilion Valley Railroad,)
Camp Chase Rail, LLC,)
and Youngstown & Southeastern Railroad, LLC.)

NOTICE OF EXEMPTION
ACQUISITION OF CONTROL

Charles H. Montange
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c.montange@frontier.com
Attorney for MB Rail IB, LLC

June 14, 2020

NOTICE OF EXEMPTION

MB Rail IB, LLC (“MB Rail”), a privately held non-carrier holding company, files this Notice of Exemption pursuant to 49 C.F.R. 1180.2(d)(2) to exempt from the provisions of 49 U.S.C. 11323 its acquisition of control of four class III railroads: Chesapeake & Indiana Railroad (“CIR”), Vermilion Valley Railroad (“VVR”), Camp Chase Rail, LLC, and Youngstown & Southeastern Railroad, LLC (the “Controlled Railroads”). MB Rail has established Camp Chase Rail, LLC, and Youngstown & Southeastern Railroad, LLC as new noncarriers for the purpose of acquiring and operating the railroad assets currently owned and controlled by Camp Chase Railway, LLC (“CCRY”) and Youngstown & Southeastern Railroad Company (“Y&S”) respectively. Indiana Boxcar Corporation (“IBC”) currently owns and controls CIR, VVR, CCRY and Y&S (collectively, “the Acquired Railroads”). MB Rail is filing this Notice to enable it to acquire all of the equity in CIR and VVR from IBC, and to continue in control of Camp Chase Rail, LLC., and Youngstown & Southeastern Railroad, LLC, when they become railroads through the purchase of all of the assets of CCRY and Y&S from IBC.

The lines of the Controlled Railroads do not connect with each other, nor is control of the Controlled Railroads part of a series of anticipated transactions that

would connect the Controlled Railroads. The proposed transaction does not involve a Class I railroad. Accordingly, this transaction qualifies for the class exemption described in 49 C.F.R. 1180.2(d)(2).¹

This notice of exemption is related to two concurrently filed verified notices of exemption: Camp Chase Rail, LLC – Acquisition and Operation Exemption – Camp Chase Railway Company, LLC, F.D. 36414; and Youngstown & Southeastern Railroad, LLC – Acquisition and Operation Exemption—Youngstown & Southeastern Railroad Company, F.D. 36415. In these two proceedings, MB Rail seeks authority to acquire from IBC all the assets of CCRY through MB Rail’s newly formed subsidiary Camp Chase Rail, LLC (F.S. 36414)., and all the assets of Y&S through MB Rail’s newly formed subsidiary Youngstown & Southeastern Railroad, LLC (F.D. 36415).

¹ IBC originally owned Vermillion Valley Railroad. IBC was granted a control exemption for acquisition of CIR in Indiana Boxcar Corp. – Continuance of Control Exemption – Chesapeake & Indiana Railroad Company, F.D. 34528, served Aug. 20, 2004 [related operation exemption is F.D. 34529, served Aug.20, 2004]. IBC was granted a control exemption for acquisition of Y&S at Indiana Boxcar Corporation – Continuance of Control Exemption – Youngstown & Southeastern Railway Company, F.D. 34961, served Dec. 21, 2006 [related lease and operation exemption is F.D. 34962, served Dec. 21, 2006]. IBC was granted a control exemption for CCRY in Indiana Boxcar Corporation – Continuance of Control Exemption – Camp Chase Railway Company, LLC, FD 35955, served Sept. 11, 2015 [related acquisition and operation exemption at F.D. 35954, served Sept. 11, 2015]. Although some Board dockets refer to IBC subsidiary Y&S as “Youngstown & Southeastern Railway Company, IBC advises MB Rail that the official name is “Youngstown & Southeastern Railroad Company.”

Section 1180.4(g) Information

In accordance with the provisions of 49 C.F.R. 1180.4(g), MB Rail provides the following information required by 49 C.F.R. 1180.6(a)(1)(i)-(iii), (a)(5), (a)(6), and (a)(7)(ii):

1180.6(a)(1)

(i) The proposed transaction as described above involves the acquisition of control of the Controlled Railroads through MB Rail's purchase of all the issued and outstanding stock of CIR and VVRR from IBC, and by the purchase by MB Rail's subsidiaries Camp Chase Rail, LLC, and Youngstown & Southeastern Railroad, LLC, of all the assets of CCRY and Y&S from IBC. Because this involves the acquisition of two or more railroads, MB Rail's acquisition of ownership control of the Controlled Railroads requires authorization under 49 U.S.C. 11323(a)(5), or an exemption therefrom under 49 C.F.R. 1180.2(d)(2).

The full name and address of the applicant for exemption is MB Rail IB, LLC,
Att: Avory Beggs, 10100 N Ambassador Drive, Suite 105, Kansas City MO
64153.

The name, address, and telephone number of MB Rail's counsel who should receive correspondence is: Charles H. Montange, Law Offices of Charles H. Montange, 426 NW 162nd St., Seattle, WA 98177; (206)546-1936.

(ii) MB Rail expects to close the acquisition of the Controlled Railroads after the later of the effective date of this notice, the effective date of the notice in F.D. 36414, and the effective date of the notice in F.D. 36415, and after satisfaction of all other closing conditions. MB Rail currently anticipates closing will take place on or about July 20, 2020.

(iii) The purpose of this transaction is to allow MB Rail, a non-carrier that does not own directly or indirectly any other railroad, to acquire ownership control of the Controlled Railroads. MB Rail seeks to preserve rail service for existing and future customers. MB Rail is fully prepared and equipped to accomplish this purpose and is working closely with IBC toward a smooth transition.

1180.6(a)(5)

States in which the property of each MB Rail-owned carrier will be situated:

<u>Carrier</u>	<u>States Served</u>
Vermilion Valley Railroad Company, Inc.	Illinois, Indiana
Chesapeake & Indiana Railroad Company, Inc.	Indiana
Camp Chase Rail, LLC (formerly CCRY)	Ohio
Youngstown & Southeastern Railroad, LLC (formerly Y&S)	Ohio, Pennsylvania

1180.6(a)(6)

Maps showing line location for each railroad, and location of all four railroads (lines) are set forth in Exhibit A, attached hereto.

1180.6(a)(7)(ii)

There is no agreement to attach between MB Rail and Camp Chase Rail, LLC, or between MB Rail and Youngstown & Southeastern Railroad, LLC.

MB Rail and IBC have signed a term sheet embodying the material terms under which MB Rail would acquire the shares of VVR and CIR, and the assets of CCRY and Y&S from IBC. A redacted (public) version of that term sheet is attached hereto as Exhibit B. The final contract will embody the material terms of the term sheet, so the term sheet is sufficient under 49 C.F.R. 1180.6(a)(7)(ii) footnote 3. MB Rail is separately filing a motion for a protective order along with a highly confidential copy of the term sheet, which highly confidential copy is being submitted under seal in accordance with the proposed form of protective order.

1180.4(g)(4)

This transaction will not impose any new interchange commitments.

Labor Protection

Per 49 U.S.C. 11326(c), no labor protection applies on transactions involving only Class III railroads. All railroads in this proceeding are or will be Class III railroads.

Environmental and Historic Preservation Considerations

_ This acquisition of control proceeding is exempt from environmental review under 49 CFR 1105.6(c)(2)(i) because the proposed action will not cause any operating changes that exceed the thresholds established in 49 CFR 1105.7(e)(4) or (5). This acquisition of control proceeding is exempt from historic review under 49 CFR 1105.8(b)(1) because there are no plans to dispose of or alter properties subject to Board jurisdiction that are at least 50 years old. Accordingly, no historic report is required.

Conclusion

For the foregoing reasons, MB Rail requests that the Board issue a notice of exemption pursuant to 49 CFR 1180.2(d)(2).

Respectfully submitted,

/s/ Charles H. Montange

Charles H. Montange
Law Offices of Charles H. Montange
426 NW 162nd St.
Seattle, WA 98177
(206) 546-1936
c.montange@frontier.com
Attorney for MB Rail IB, LLC

June 14, 2020

Attachments:

Verification

Exhibit A – maps

Exhibit B – term sheet (redacted version for public)

Note: highly confidential version of term sheet is submitted separately under seal, subject to terms of proposed protective order

Verification

I, Ivory Beggs, Principal of MB Rail IB, LLC, verify under penalty of perjury that the foregoing Notice of Exemption in F.D. 36413 is true and correct. Further, I certify that I am qualified and authorized to file or cause to be filed the foregoing document.



Ivory Beggs

Executed on June 12, 2020

Exhibit A – MAPS

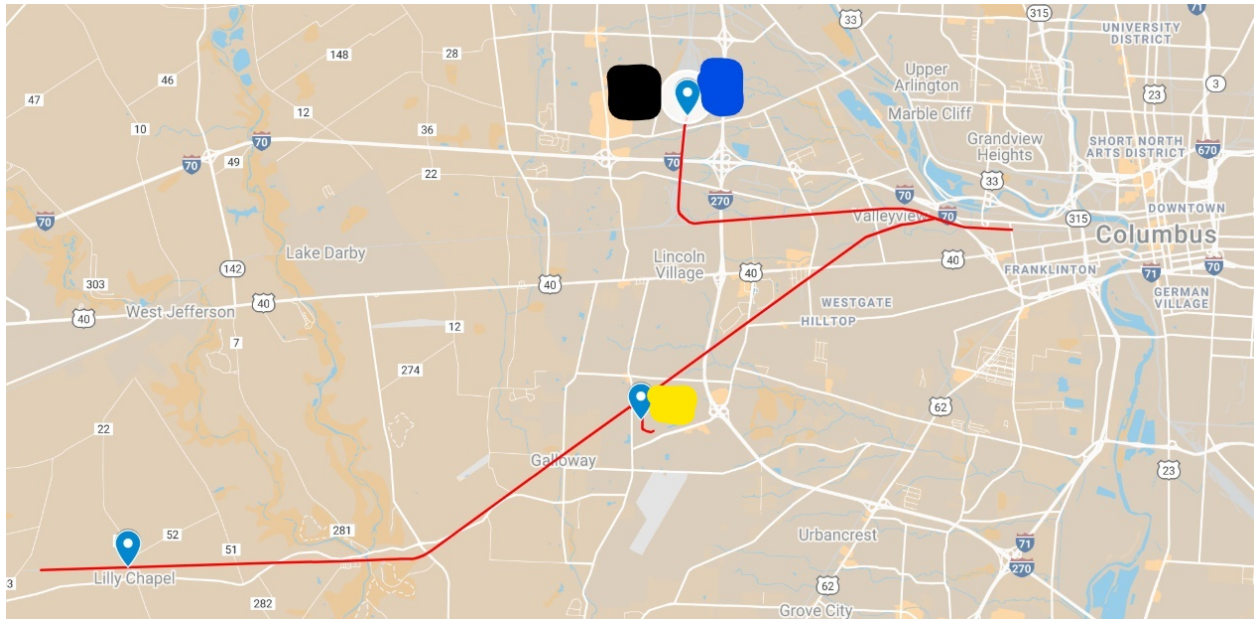
1. Camp Chase, Vermilion Valley, Chesapeake and Indiana, Youngstown & Southeastern (three pages total)
2. All IBC Railroads to be acquired plotted on map of relevant states

Camp Chase Railway

Interchanges: black – Norfolk Southern, Buckeye Yard (COMPC) Milepost 141.4

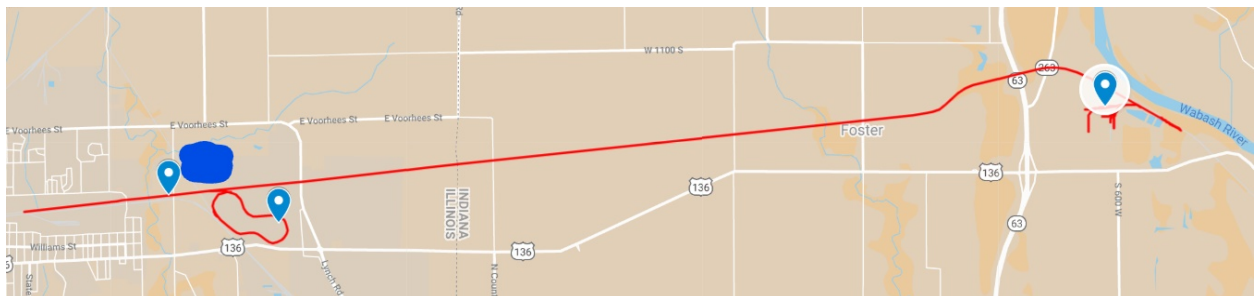
Blue – CSX Trans., Buckeye Yard via NS intermediate switch (COMPC) Milepost

141.4 Yellow – Rail to Truck Transfer



Vermilion Valley Railroad Company, Inc.

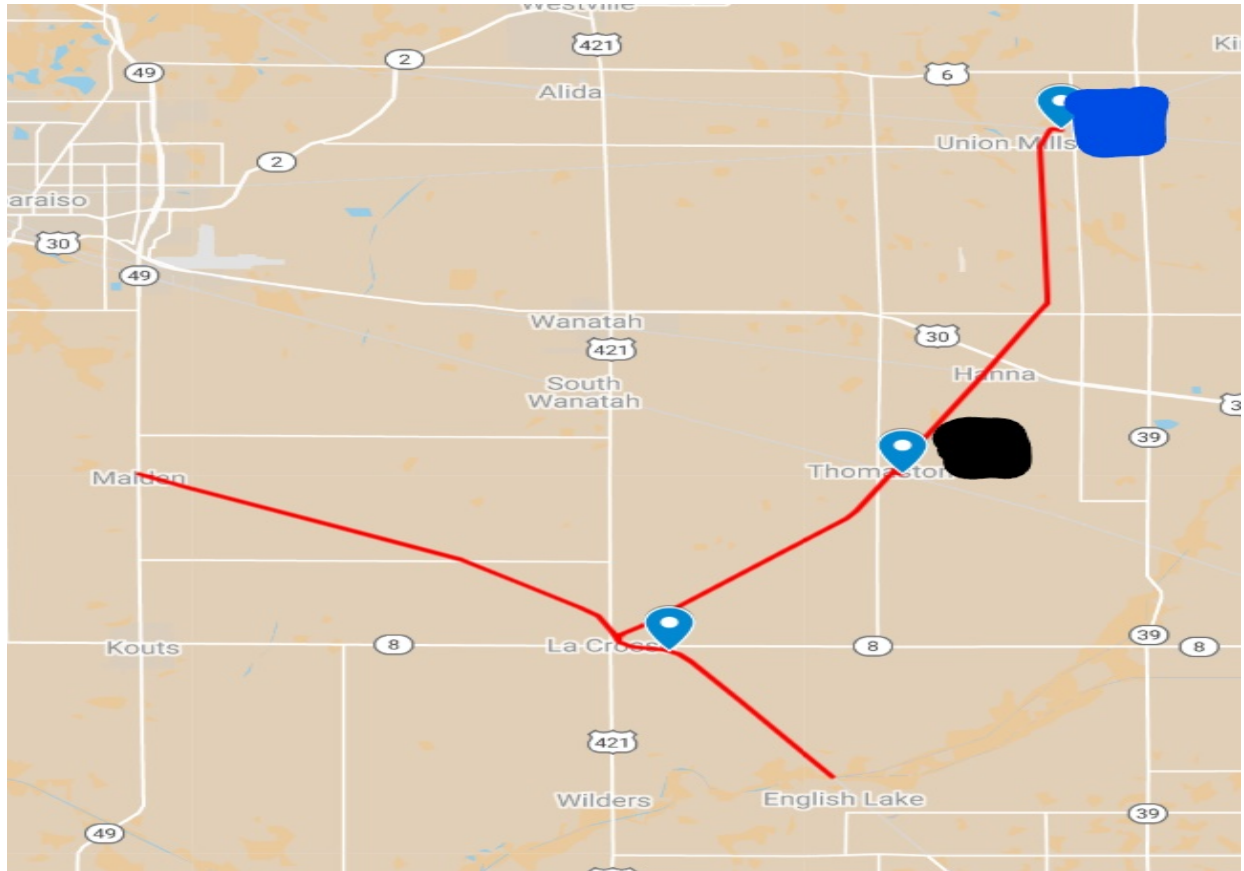
Interchange with CSX Transp. indicated in blue, MP 3.3



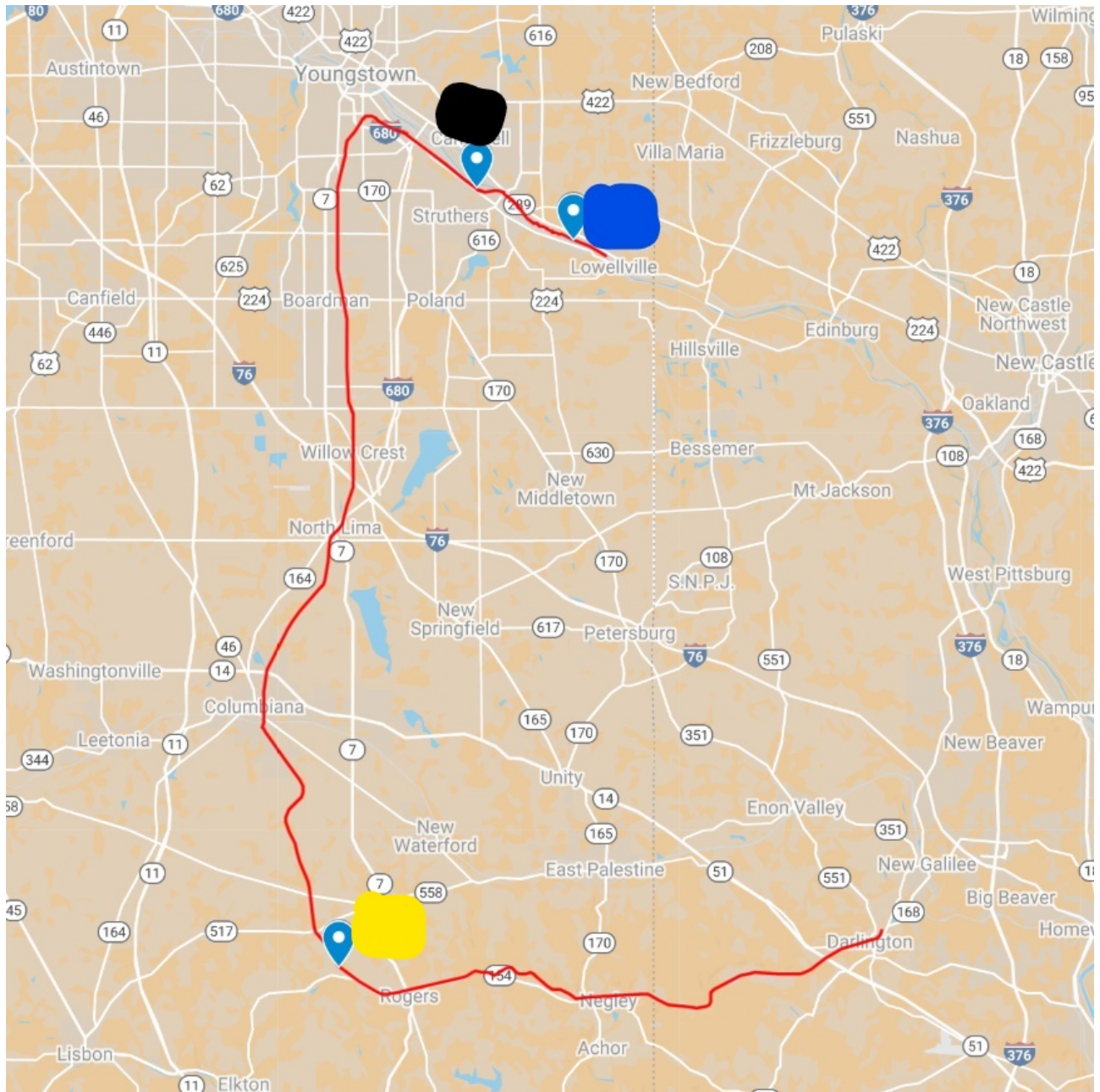
Chesapeake & Indiana Railroad Company, Inc.

Interchanges: Black – Norfolk Southern, Thomaston, IN (THOMS) MP 6.4

Blue – CSX Trans., Wellsboro/Union Mills, IN (WLSBO) Milepost 15.3



Yellow – Rail to Truck Transfer



Indiana Boxcar Railroads

Orange – VVRR

Green – CKIN

Yellow – CAMY

Red – YSRR

Vermilion Valley RR

Chesapeake & Indiana RR

Camp Chase Railway

Youngstown & Southeastern RR Co.

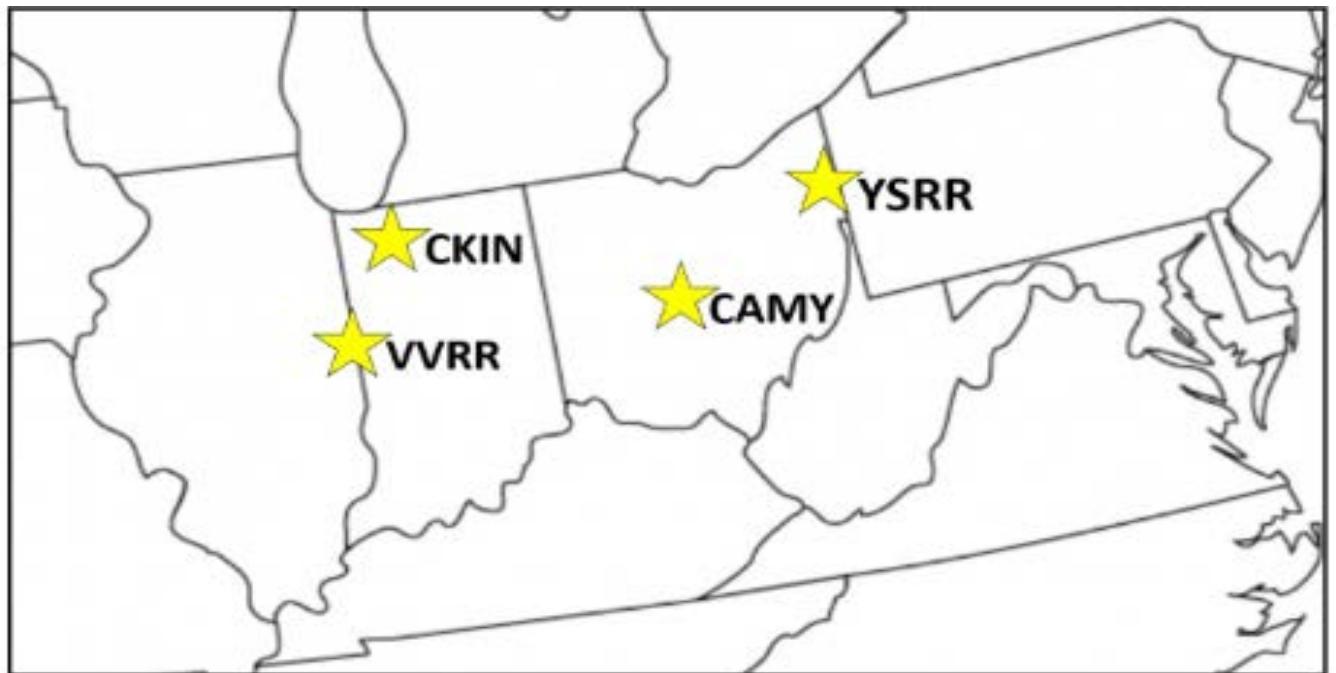
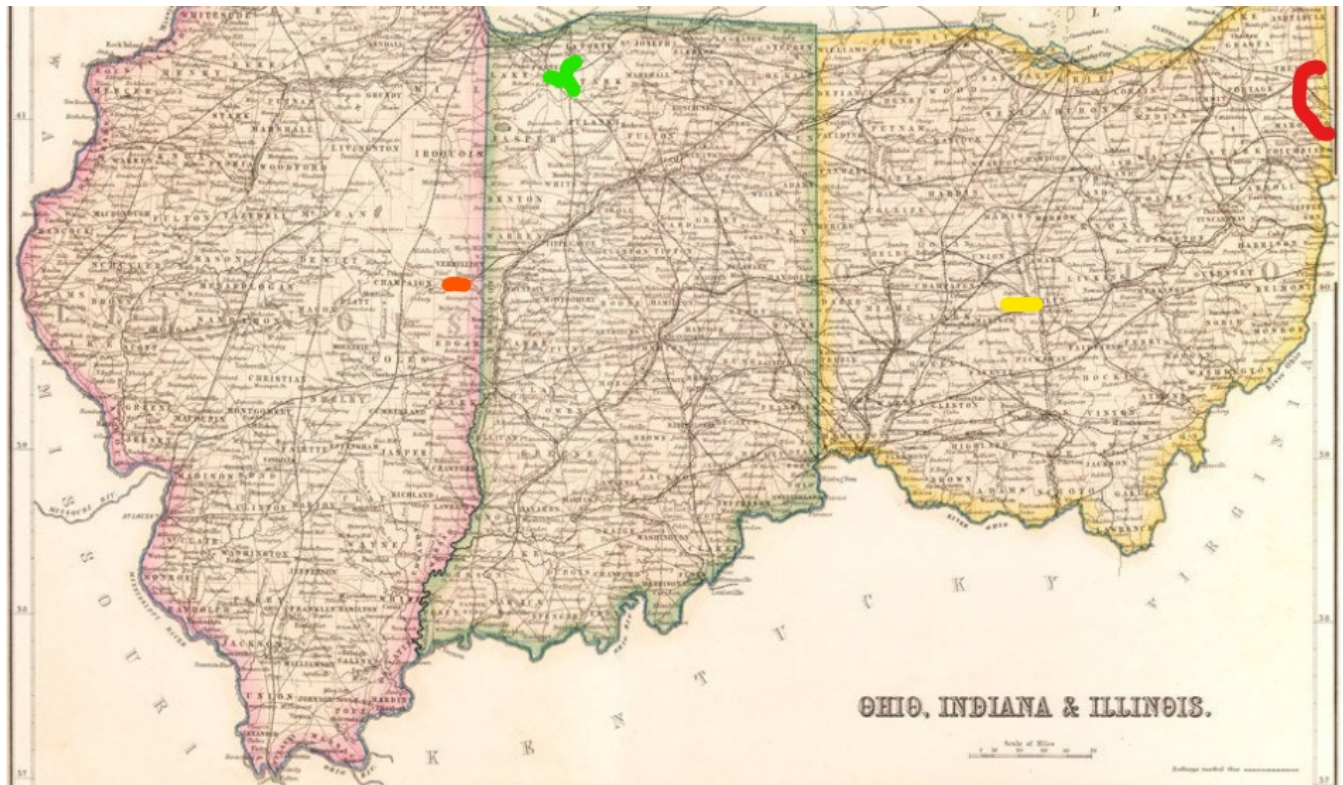


Exhibit B

Term Sheet

(public redacted version)

Highly confidential version submitted under seal and in conjunction with a proposed protective order (expedited treatment requested)

SUMMARY TERM SHEET / CONFIDENTIAL

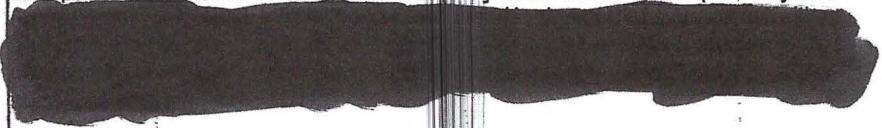
This term sheet summarizes the principal terms with respect to the potential transaction relative to the Chesapeake and Indiana Railroad, Youngstown and Southeastern Railroad, Camp Chase Railway and Vermillion Valley Railroad (collectively "Railroad") [Specifically, [REDACTED] are excluded from the transaction] owned by Powell Felix ("Seller"), by MB Rail IB, LLC, Camp Chase Rail, LLC and Youngstown and Southeastern Railroad, LLC (collectively "MBR"). This term sheet is intended solely as a basis for further discussion and is not intended to be and does not constitute a legally binding obligation of the parties. No legally binding obligations on the parties shall be created, implied, or inferred until appropriate documents in final form are executed regarding the subject matter of this term sheet and containing all other essential terms of an agreed upon transaction and delivered by all parties. In the event of a conflict between this term sheet and terms in the final, executed transaction documents, the terms in the final, executed transaction documents shall prevail.

The parties are discussing a transaction on the following terms:

Valuation	[REDACTED] [break down of proposed price allocation is attached as schedule A] [REDACTED]
Transaction Structure	It is proposed that MBR will acquire the assets of camp Chase Railway and Youngstown and Southeastern Railroad, and the stock of Chesapeake and Indiana Railroad and Vermillion Valley Railroad. Locomotives and equipment as part of the transaction will be acquired as an asset purchase if [REDACTED] [REDACTED] [equipment assets Excluded from the sale are further defined in Schedule B] [REDACTED] [REDACTED] [REDACTED]
Financing and requirements to close	[REDACTED]

Operations and Employees of Railroad	MBR will oversee operations [REDACTED] immediately upon closing. [REDACTED] [REDACTED]
Anticipated Documentation	<u>Definitive Agreement</u> (providing for MBR's purchase of Railroad with appropriate representations and warranties by each of the parties). <u>Lease or contract assignments</u> (Any assignments or new agreements required with third parties evidencing the transaction, or required to consummate the transaction) <u>STB Filings</u> (setting forth the Exemption and/or Control filings required to finalize the transaction) [REDACTED]
Expenses	All expenses incurred in connection with the negotiation and execution of the Transaction would be borne by the party that incurred them.
Non-compete/ Non-solicit	[REDACTED]
Exclusivity	[REDACTED]
Due Diligence and Closing	[REDACTED] expedite closing of transaction [REDACTED], subject to final decision by Surface Transportation Board.

Strictly Confidential and Not For Distribution

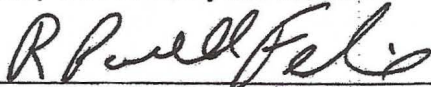
Confidentiality	Neither this Term Sheet nor its substance, nor any information disclosed by Railroad to MBR or MBR to Railroad shall be disclosed publicly or privately by MBR or Railroad, except with the written consent of either party or as otherwise required by law. 
Publicity	The Transaction documents will provide each MBR and Railroad/Seller the right to be notified and consulted prior to public announcements or releases of information by MBR or Railroad/ Seller or its agents, subject to customary exceptions for disclosure required by law.

Signed for and on the behalf of Seller:

Chesapeake and Indiana Railroad

Youngstown and Southeastern Railroad

Camp Chase Railway and Vermilion



Powell Felix, President

3-18-20

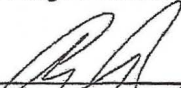
Date

Signed for and on the behalf of Buyer:

MB Rail IB, LLC

Camp Chase Rail, LLC

Youngstown and Southeastern Railroad, LLC



Avory Beggs, Principal

3-18-20

Date

SCHEDULE A

Asset Description	Total Purchase Price (2020)
YSRR	[REDACTED]
CAMY	[REDACTED]
equipment and locomotives	[REDACTED]
CKIN	[REDACTED]
WRR	[REDACTED]
TOTAL purchase price	[REDACTED]

SCHEDULE B

<u>Unit #</u>	<u>Builder</u>	<u>Type</u>
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[REDACTED]	[REDACTED]	[REDACTED]
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<u>Type</u>	<u>ID / VIN</u>	<u>Description</u>
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[REDACTED]	[REDACTED]	[REDACTED]
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