

1330 Connecticut Avenue, NW
Washington, DC 20036-1795
202 429 3000 main
www.steptoe.com

301237

ENTERED
Office of Proceedings
November 2, 2020
Part of
Public Record

November 2, 2020

VIA E-FILING

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

Re: **STB Docket No. FD 36451, The Baupost Group, L.L.C. and US
Infravest Managers LP—Control Exemption—Pioneer Railcorp, Inc.,
et al.**

Dear Ms. Brown:

In response to a request by the Board's staff, this letter provides further detail regarding the Notice of Exemption filed in the above-referenced proceeding by the Applicants on October 22, 2020 (the "Notice").¹ This letter restates and augments the descriptions of the 2019 transactions and the proposed transaction set forth in the Notice, and provides further information about the parties involved.

The facts set forth in this letter regarding Related Infrastructure LLC and its affiliates have been verified by Richard O'Toole, Vice President of Related Fund Management, LLC. The facts set forth in this letter regarding The Baupost Group, L.L.C. and its affiliate have been verified by Thomas W. Blumenthal, Partner of The Baupost Group, L.L.C.

As described in the Notice, on June 7, 2019, Brookhaven, Related Infrastructure, BRX Transportation, and BRX Acquisition filed a notice of exemption authorizing those entities to acquire control of Pioneer and the Pioneer Railroads. That exemption took effect on July 7, 2019. *Brookhaven Rail Partners,*

¹ Unless otherwise defined, the acronyms and defined terms used in this letter are the same as those used in the Notice.

LLC, et al.—Control Exemption—Pioneer Railcorp, et al., FD 36306 (STB served June 21, 2019).

On August 21, 2020, Stephens Pioneer filed a notice of exemption authorizing Stephens Pioneer to acquire a minority membership interest in BRX Transportation, and indirectly to acquire control of Pioneer and the Pioneer Railroads. That exemption took effect on September 20, 2020. *Stephens Pioneer Rail LLC—Control Exemption—BRX Transp. Holdings, LLC*, FD 36343 (STB served Sept. 6, 2019).²

As of June 7, 2019, the date of the filing of the notice of exemption in FD 36306: (1) Related Infrastructure Acquisitions LLC (“Related Acquisitions”) held a majority direct ownership interest in BRX Transportation, and (2) Related Infrastructure – the entity authorized to control Pioneer and the Pioneer Railroads through that proceeding – directly owned and controlled Related Acquisitions. After that filing: (1) Related Acquisitions transferred its interest in BRX Transportation to Related Infrastructure BRX Holdings LLC (“Related BRX Holdings”), and (2) Related Infrastructure transferred its interest in Related BRX Holdings to Related Infrastructure Holdings LLC (“Related Infrastructure Holdings”). Related Acquisitions, Related BRX Holdings, Related Infrastructure, and Related Infrastructure Holdings are all affiliates of each other and subsidiaries of Related Fund Management, LLC.

As a result of the transactions authorized by the Board in 2019 and the transactions described in the prior paragraph:

1. BRX Acquisition merged with and into Pioneer, with Pioneer the surviving corporation.
2. Pioneer wholly owns and directly controls the Pioneer Railroads.
3. BRX Transportation wholly owns and directly controls Pioneer.
4. Related BRX Holdings, Stephens Pioneer, and Brookhaven wholly own BRX Transportation.
5. Related Infrastructure Holdings, directly owns and controls Related BRX Holdings.

² Stephens Pioneer indicated that it filed its notice “out of an abundance of caution,” despite believing that the transaction at issue “would not constitute control as defined by 49 U.S.C. § 10102(3). FD 36343, Verified Notice of Exemption at 2 (filed Aug. 21, 2019). The Board noted that its “exemption authority is permissive” and that the Board’s notice “does not constitute a ruling on whether Stephens Pioneer needs authority to control, or following the proposed transaction would control, BRX Transportation, Pioneer, or the Pioneer Railroads.” *Id.*, slip op. at 1-2 note 1.

As described in the Notice, Baupost Capital, L.L.C., an affiliate of Baupost that is owned and controlled by Baupost, has signed a letter of intent with Related Infrastructure Holdings, to allow a to-be-formed joint venture entity, US Infravest Holdings LLC, to indirectly acquire the majority equity and controlling interest in BRX Transportation currently held by Related Infrastructure Holdings through Related BRX Holdings.³ US Infravest Holdings LLC will ultimately be controlled by the Applicants here: Baupost and US Infravest Managers LP.

Please contact me with any further questions.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Peter W. Denton', with a long horizontal flourish extending to the right.

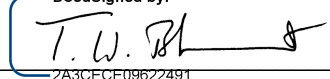
Peter W. Denton
Attorney for The Baupost Group, L.L.C.
and US Infravest Managers LP

Enclosures

³ The proposed transaction will not change the interests of Stephens Pioneer and Brookhaven in BRX Transportation, or of BRX Transportation in Pioneer.

VERIFICATION

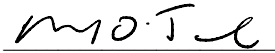
I, Thomas W. Blumenthal, verify under penalty of perjury that the facts in the foregoing letter regarding The Baupost Group, L.L.C. and its affiliate Baupost Capital, L.L.C. are true and correct. Further, I certify that I am qualified and authorized to file this letter. Executed on November 2, 2020.

DocuSigned by:

2A3CECE09622491...

Thomas W. Blumenthal
Partner
The Baupost Group, L.L.C.

VERIFICATION

I, Richard O'Toole, verify under penalty of perjury that the facts in the foregoing letter regarding Related Infrastructure LLC and its affiliates is true and correct. Further, I certify that I am qualified and authorized to file this letter. Executed on November 2, 2020.

A handwritten signature in black ink, appearing to read "R. O'Toole", is written over a horizontal line.

Richard O'Toole

Vice President

Related Fund Management, LLC