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FR-4915-01-P

SURFACE TRANSPORTATION BOARD

[Docket No. FD 36802]

Macquarie Infrastructure Partners V GP, LLC, et al.—Control Exemption—Hondo Railway, LLC

Macquarie Infrastructure Partners V GP, LLC (MIP GP), a noncarrier, filed on behalf of Macquarie Infrastructure Partners V fund vehicle (MIP V), MIP V Rail, LLC (MIP Rail), Pinsly Holdco, LLC, and Pinsly Railroad Company, LLC (Pinsly),¹ all noncarriers, a verified notice of exemption under 49 CFR 1180.2(d)(2) to acquire control of Hondo Railway, LLC (HRC), a Class III railroad currently owned by Mark Holland and Donald Lee.²

¹ The verified notice of exemption states that on May 1, 2024, Gulf & Atlantic Railways, LLC, was renamed Pinsly Railroad Company, LLC.

Pinsly is wholly owned by Pinsly Holdco, LLC, which is wholly owned by MIP Rail, which is wholly owned, indirectly, by MIP V, which is controlled by MIP GP. According to the verified notice of exemption, as part of the overall transaction in this docket, Pinsly Holdco, LLC, a new noncarrier holding company will be placed between Pinsly and MIP Rail in the chain of control. The verified notice states that, “[b]ecause the inclusion of such an intermediate subsidiary does not constitute a change of control, no Board approval is required.” (Verified Notice 2 n.1 (citing Hainesport Transp. Grp., LLC—Corp. Fam. Transaction Exemption, FD 36184, slip op. at 1 (STB served May 24, 2018).))

² HRC leases and operates approximately 13,200 feet of track in the vicinity of Hondo in Medina County, Tex. Hondo Ry.—Lease & Operation Exemption—Rail Line of S. Tex. Liquid Terminal, Inc., FD 34901 (STB served Aug. 16, 2006). In a concurrently filed notice of exemption in Hondo Railway—Acquisition Exemption—Rail Line of South Texas Liquid Terminal, Inc., Docket No. FD 36803, HRC seeks to convert its lease into fee ownership.

The verified notice states that, pursuant to an agreement dated August 27, 2024,³ Pinsly has agreed to acquire 100% of the equity interests of HRC. According to the verified notice, currently, Pinsly directly controls, and MIP GP, MIP V, MIP Rail, and Pinsley Holdco, LLC, indirectly control, six rail common carriers: Grenada Railroad, LLC; Florida Gulf & Atlantic Railroad, LLC; Camp Chase Rail, LLC; Chesapeake and Indiana Railroad, LLC; Vermilion Valley Railroad Company, LLC; and Pioneer Valley Railroad Company, LLC.

MIP GP states that: (1) the line over which HRC operates does not connect with any of the railroads that would be in the same corporate family following the transaction; (2) the proposed transaction is not part of a series of anticipated transactions that would connect HRC with any railroad in the corporate family; and (3) the transaction does not involve a Class I rail carrier. Therefore, the proposed transaction is exempt from the prior approval requirements of 49 U.S.C. 11323. See 49 CFR 1180.2(d)(2).

The effective date of the exemption will be established in a separate decision.⁴

Under 49 U.S.C. 10502(g), the Board may not use its exemption authority to relieve a rail carrier of its statutory obligation to protect the interests of its employees. However, 49 U.S.C. 11326(c) does not provide for labor protection for transactions under 49 U.S.C. 11324 and 11325 that involve only Class III rail carriers. Because this

³ Public and confidential versions of the agreement were filed with the verified notice. The confidential version was submitted under seal concurrently with a motion for protective order, which was granted on September 10, 2024.

⁴ The verified notice was initially submitted on August 28, 2024. MIP GP filed supplements on September 10 and September 11, 2024. September 11, 2024, therefore, is considered the filing date for the purpose of calculating the effective date of the exemption. MIP GP, however, has requested that the effective date be advanced to no later than September 30, 2024, to avoid complications with respect to the closing of the transaction. This request will be addressed in a separate decision.

transaction involves Class III rail carriers only, the Board, under the statute, may not impose labor protective conditions for this transaction.

If the verified notice contains false or misleading information, the exemption is void ab initio. Petitions to revoke the exemption under 49 U.S.C. 10502(d) may be filed at any time. The filing of a petition to revoke will not automatically stay the effectiveness of the exemption. Petitions to stay must be filed no later than September 23, 2024.

All pleadings, referring to Docket No. FD 36802, must be filed with the Surface Transportation Board either via e-filing on the Board's website or in writing addressed to 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on MIP GP's representative, Terence M. Hynes, Sidley Austin LLP, 1501 K Street, N.W., Washington, DC 20005.

According to MIP GP, this action is categorically excluded from environmental review under 49 CFR 1105.6(c) and from historic preservation reporting requirements under 49 CFR 1105.8(b).

Board decisions and notices are available at www.stb.gov.

Decided: September 16, 2024.

By the Board, Scott M. Zimmerman, Acting Director, Office of Proceedings.