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FR-4915-01-P

DEPARTMENT OF TRANSPORTATION

Surface Transportation Board

[Docket No. FD 35967]

SteelRiver Infrastructure Fund North America LP, SteelRiver Devco Holdings LLC and SR Transportation Holdings LLC—Control Exemption—Georgia Northeastern Railroad Company, Inc. and Blue Ridge Scenic Excursions, Inc.

SteelRiver Infrastructure Fund North America LP (SteelRiver), SteelRiver Devco Holdings LLC (Devco), and SR Transportation Holdings LLC (SRTTH) (collectively, Applicants), all noncarriers, have jointly filed a verified notice of exemption under 49 C.F.R. § 1180.2(d)(2) to acquire control of Georgia Northeastern Railroad Company, Inc. (GNRR) and its subsidiary, Blue Ridge Scenic Excursions, Inc. (BRSE).¹

Applicants state that SRTTH intends to acquire the shares of GNRR on or after November 15, 2015, the effective date of the exemption (30 days after the verified notice of exemption was filed).

SRTTH is owned by Devco, which in turn is owned by SteelRiver. Devco and SRTTH do not control any carriers. SteelRiver is owned by a diverse group of U.S. and

¹ Applicants seek to acquire control of GNRR, a Class III carrier, and BRSE, which, according to Applicants, “operates a scenic excursion train service over track leased from GNRR during March through December between Blue Ridge and Copperhill, Ga.” BRSE does not appear to be a Class III carrier, and, if it is not, the exemption will apply only to GNRR.

foreign pension funds, insurance companies, and other investors. SteelRiver controls PRC Funding LLC, a noncarrier, which controls Patriot Funding LLC, a noncarrier, which controls PRC Holdings LLC, a noncarrier, which controls PRC Midco LLC, a noncarrier, which controls Patriot Rail Company LLC, (Patriot), a noncarrier. Patriot controls 13 Class III railroads (collectively, the Subsidiary Railroads). For a complete list of these rail carriers, and the states in which they operate, see the notice of exemption filed on October 16, 2015, in this proceeding. The notice is available on the Board's web at WWW.STB.DOT.GOV.

GNRR operates approximately 105.92 miles of railroad between Marietta and Mineral Bluff, Ga. GNRR owns about 48 miles, leases about 32.74 miles from the CSX Transportation, Inc., and leases about 25.18 miles from the Georgia Department of Transportation, including industrial, spur and other track.

According to Applicants, SRTH entered into a Stock Purchase Agreement (the Agreement)² dated October 16, 2015, with GNRR; BRSE; Wilds L. Pierce; Kevin F. O'Gara, Sr.; Carolyn T. McAfee; Estate of Charles C. Schoen, III; Michael L. Pierce; Stephen K. Slayden; Kevin S. Slayden; The John Randolph Seckman Residuary Trust; Donnie L. Plumley; James A. Day; B. Thomas Lockett; and Joy F. Hardin. Under the Agreement, SRTH will acquire all of the common stock of GNRR. The notice therefore

² A redacted version of the Agreement was filed with the notice of exemption. Applicants simultaneously filed a motion for protective order to protect the confidential and commercially sensitive information contained in the unredacted version of the Agreement, which Applicants submitted under seal. That motion will be addressed in a separate decision.

seeks exemption for SRTN to acquire control, and for Devco and SteelRiver to indirectly acquire control, of GNRR and BRSE.

Applicants state that: (1) the Subsidiary Railroads will not connect with GNRR and BRSE; (2) the proposed transaction is not part of a series of anticipated transactions that would connect the railroads with each other or with any railroads in the corporate family; and (3) the proposed transaction does not involve a Class I rail carrier. The proposed transaction is therefore exempt from the prior approval requirements of 49 U.S.C. § 11323 pursuant to 49 C.F.R. § 1180.2(d)(2).

Applicants state that the proposed transaction is intended to promote the investment objectives of SteelRiver, Devco, and SRTN and to improve the efficiency, financial strength, and ability of GNRR and BRSE to meet the needs of shippers. There are no current plans to make substantial changes in the day-to-day operations of GNRR or BRSE, to sell GNRR or BRSE, or to abandon rail lines in connection with the proposed transaction. Applicants state that they do not contemplate making significant changes in the current workforces at GNRR or BRSE.

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. Section 11326(c), however, does not provide for labor protection for transactions under §§ 11324 and 11325 that involve only Class III rail carriers. Accordingly, the Board may not impose labor protective conditions here, because all of the carriers involved are Class III carriers.

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 by November 6, 2015 (at least seven days before the exemption becomes effective).

An original and 10 copies of all pleadings, referring to Docket No. FD 35967 must be filed with the Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, a copy of each pleading must be served on: Louis E. Gitomer, Esq., Law Offices of Louis E. Gitomer, LLC, 600 Baltimore Avenue, Suite 301, Towson, MD 21204.

Board decisions and notices are available on our website at:
“WWW.STB.DOT.GOV”.

Decided: October 27, 2015.

By the Board, Rachel D. Campbell, Director, Office of Proceedings.