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SERVICE DATE – OCTOBER 28, 2016

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21071

AAAHI ACQUISITION CORPORATION—ACQUISITION OF CONTROL—ALL ABOARD AMERICA! HOLDINGS, INC., ACE EXPRESS COACHES, LLC, ALL ABOARD AMERICA! SCHOOL TRANSPORTATION, LLC, ALL ABOARD TRANSIT SERVICES, LLC, HOTARD COACHES, INC., INDUSTRIAL BUS LINES, INC. D/B/A ALL ABOARD AMERICA, AND SURERIDE CHARTER INC. D/B/A SUNDIEGO CHARTER CO.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On September 29, 2016, AAAHI Acquisition Corporation (AAC), a noncarrier, filed an application under 49 U.S.C. § 14303 for AAC to acquire All Aboard America! Holdings, Inc. (AAAHI), a noncarrier holding company that wholly owns passenger motor carriers Hotard Coaches, Inc. (Hotard), Industrial Bus Lines, Inc. d/b/a All Aboard America (Industrial), Sureride Charter Inc. d/b/a Sundiego Charter Co. (Sundiego), Ace Express Coaches, LLC (Ace Express), All Aboard Transit Services, LLC (AATS), and All Aboard America! School Transportation, LLC (AAAST) (collectively Acquisition Carriers). The Board is tentatively approving and authorizing the transaction, and, if no opposing comments are timely filed, this notice will be the final Board action. Persons wishing to oppose the application must follow the rules at 49 C.F.R. §§ 1182.5 and 1182.8.

DATES: Comments must be filed by December 12, 2016. The applicant may file a reply by December 27, 2016. If no opposing comments are filed by December 12, 2016, this notice shall be effective December 13, 2016.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21071 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to AAC's representative: Andrew K. Light, Scopelitis, Garvin, Light, Hanson, & Feary, P.C., 10 W. Market Street, Suite 1500, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Amy Ziehm (202) 245-0391. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: AAC states that it is a noncarrier Delaware corporation that is wholly owned by AAAHI Intermediate Holdings LLC, which is wholly owned by AAAHI Topco Corporation, which is in turn wholly owned by AAAHI Holdings LLC. According to

AAC, the majority owner of AAAHI Holdings LLC is Tensile-AAAHI Holdings LLC, and the majority holder of Tensile-AAAHI Holdings LLC is Tensile Capital Partners Master Fund LP. AAC states that Tensile Capital Partners LP owns 89.6% of Tensile Capital Partners Master Fund LP. AAC further states that AAC and the above-named entities in its ownership chain (Ownership Entities) do not possess motor carrier authority, do not have USDOT Numbers or Safety Ratings, and do not have any direct or indirect ownership interest in any interstate or intrastate passenger motor carriers.

AAC states that each of the Acquisition Carriers is a direct wholly owned subsidiary of AAAHI, and AAAHI's plurality shareholder is Celerity AHI Holdings SPV, LLC (Celerity Holdings). According to AAC, Celerity Holdings is a consortium of corporate and institutional investors along with Celerity Partners IV, LLC, a private equity firm that also acts as the managing member of Celerity Holdings. AAC states that other capital providers (including Gemini Investors V, L.P., a private equity firm) do not participate in Celerity Holdings but do hold minority interests in AAAHI directly. None of AAAHI's investors currently hold a controlling interest in any regulated bus transportation provider other than the Acquisition Carriers. According to AAC, the Acquisition Carriers exercise substantial independence in running their diverse operations.

AAC provides a description of each of the Acquisition Carriers, as summarized below:

- Hotard is a Louisiana corporation that provides local and regional charter services within Louisiana and Mississippi, and to and from various points in the continental United States. It holds common carrier operating authority from the Federal Motor Carrier Safety Administration (FMCSA) as a motor carrier of passengers (MC-143881). Hotard operates a fleet of 240 vehicles, of which 79 are full-sized motor coaches and the remainder are mid-sized buses, minibuses, and school buses. The school buses are mainly used for employee shuttle services under contract with large employers, operating interstate between Texas and Louisiana and intrastate within Louisiana.
- Industrial is a New Mexico corporation that provides local and regional charter services in Arizona, New Mexico, and Texas. Industrial holds common carrier operating authority from FMCSA as a motor carrier of passengers (MC-133171). Its fleet consists of 80 full-sized motor coaches and 10 minibuses.
- Sundiego is a California corporation that operates a fleet of 72 full-sized motor coaches and 8 minibuses. It holds common carrier operating authority from FMCSA as a motor carrier of passengers (MC-324772). Sundiego provides local and regional charter, tour, and contract shuttles services from its base in National City, Cal., and from satellite locations in San Marcos and Anaheim, Cal.
- Ace Express is a Delaware limited liability company with its principal place of business in Golden, Colo. Ace Express operates charter, contract, and casino services. It holds common carrier operating authority from FMCSA as a motor carrier of passengers (MC-908184). Ace Express provides charter services with

its fleet of 57 motor coaches and 17 minibuses. Other services are provided on a contract basis for corporate and municipal clients.

- AATS is a Delaware limited liability company with its principal place of business in Commerce City, Colo. It provides paratransit services under a contract with Denver Rapid Transit District (RTD). AATS operates 80 paratransit vehicles that are provided by RTD. AATS provides the drivers, maintenance of vehicles, and supervision of employees involved in the paratransit service. AATS does not conduct interstate passenger operations and thus does not hold passenger carrier operating authority from FMCSA. AATS does not possess Colorado intrastate passenger carrier authority, as its operations are exempt from the need for such authority. See Colo. Rev. Stat. § 40-10.1-105(e) (2011).
- AAST is a Texas limited liability company that provides transportation for school children under contract with a number of school districts in Texas. The school districts typically provide the school buses and AAST provides the drivers, maintenance of vehicles, and supervisions of employees. AAST currently operates 72 buses for five school districts. AAST does not conduct interstate passenger operations and thus does not hold passenger carrier operating authority from FMCSA. AAST does not possess Texas intrastate passenger carrier authority, as all of the school bus operations in which AAST participates are exempt from state regulation. See Tex. Transp. Code Ann. § 643.002(4), (6) (West 2007).

AAC explains that under the proposed transaction, AAC would acquire the ownership interest of AAAHI, the effect of which would be to place the Acquisition Carriers under the control of AAC. AAC states that it will assume indirect 100% control of the Acquisition Carriers.

Under 49 U.S.C. § 14303(b), the Board must approve and authorize a transaction that it finds consistent with the public interest, taking into consideration at least: (1) the effect of the proposed transaction on the adequacy of transportation to the public; (2) the total fixed charges that result; and (3) the interest of affected carrier employees. AAC has submitted the information required by 49 C.F.R. § 1182.2, including information to demonstrate that the proposed transaction is consistent with the public interest under 49 U.S.C. § 14303(b) and a statement that the gross operating revenues of AAC and its motor carrier affiliated companies exceeded \$2 million for the preceding 12-month period. See 49 U.S.C. § 14303(g).<sup>1</sup>

AAC asserts that this acquisition is in the public interest. AAC states that services currently provided by the Acquisition Carriers would continue to be provided under the same names currently used to provide such services. AAC further explains that it anticipates that

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<sup>1</sup> Applicants with gross operating revenues exceeding \$2 million are required to meet the requirements of 49 C.F.R. § 1182.

services to the public would be improved, because the Acquisition Carriers would continue to operate, but in the future they would operate as part of the AAC corporate family. Under this new ownership, AAC states that it intends to use its business and financial management skills, as well as its capital, to increase the efficiencies and enhance the viability of the Acquisition Carriers, thereby ensuring the continued availability of adequate passenger transportation service for the public.

AAC states that there are no fixed charges associated with the proposed transaction or the proposed acquisition of control. In addition, according to AAC, the proposed transaction would have no material impact on employees or labor conditions, as AAC intends to continue the existing operations of the Acquisition Carriers and does not anticipate a measurable reduction in force or changes in compensation levels or benefits.

AAC also claims that neither competition nor the public interest would be adversely affected, as the proposed transaction involves merely a transfer of one holding company to another holding company. AAC states that, because it does not currently have any ownership interest in any passenger motor carrier, there would be no net gain in market power with respect to the Acquisition Carriers under the proposed transaction. Furthermore, AAC states that the bus operations of the Acquisition Carriers are geographically dispersed and there is little or no overlap in service areas or in customer base. Thus, AAC states that the impact of the proposed transaction on the regulated motor carrier industry would be minimal and that neither competition nor the public interest would be adversely affected.

On the basis of the application, the Board finds that the proposed acquisition is consistent with the public interest and should be tentatively approved and authorized. If any opposing comments are timely filed, these findings will be deemed vacated, and, unless a final decision can be made on the record as developed, a procedural schedule will be adopted to reconsider the application. See 49 C.F.R. § 1182.6(c). If no opposing comments are filed by the expiration of the comment period, this notice will take effect automatically and will be the final Board action.

This action is categorically excluded from environmental review under 49 C.F.R. § 1105.6(c).

Board decisions and notices are available on our website at “[WWW.STB.GOV](http://WWW.STB.GOV).”

It is ordered:

1. The proposed transaction is approved and authorized, subject to the filing of opposing comments.
2. If opposing comments are timely filed, the findings made in this notice will be deemed as having been vacated.
3. This notice will be effective December 13, 2016, unless opposing comments are filed by December 12, 2016.

4. A copy of this notice will be served on: (1) the U.S. Department of Transportation, Federal Motor Carrier Safety Administration, 1200 New Jersey Avenue, S.E., Washington, DC 20590; (2) the U.S. Department of Justice, Antitrust Division, 10th Street & Pennsylvania Avenue, N.W., Washington, DC 20530; and (3) the U.S. Department of Transportation, Office of the General Counsel, 1200 New Jersey Avenue, S.E., Washington, DC 20590.

Decided: October 25, 2016.

By the Board, Chairman Elliott, Vice Chairman Miller, and Commissioner Begeman.