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SERVICE DATE – JANUARY 8, 2025

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21127

TIP MINNESOTA COACHES ACQUISITION LLC, TIP MN INVESTMENTS LP,
AND TIGER INFRASTRUCTURE PARTNERS FUND IV AIV LP
—ACQUISITION OF CONTROL—
MARSHALL LINE, INC., MINNESOTA COACHES, INC., REHBEIN TRANSIT CO., INC.,
READY BUS COMPANY, INC., VOYAGEUR BUS COMPANY, INC., MINN-DAKOTA
COACHES, INC., AND FARIBAULT TRANSPORTATION SERVICE, INC.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: TIP Minnesota Coaches Acquisition LLC, TIP MN Investments LP, and Tiger Infrastructure Partners Fund IV AIV LP (Applicants) filed an application seeking authority to acquire control of seven interstate passenger motor carriers: Marshall Line, Inc. (Marshall Line), Minnesota Coaches, Inc. (Minnesota Coaches), Rehbein Transit Co., Inc. (Rehbein), Ready Bus Company Inc. (Ready Bus), Voyageur Bus Company, Inc. (Voyageur Bus), Minn-Dakota Coaches, Inc. (Minn-Dakota), and Faribault Transportation Service, Inc. (FTS) (collectively, the Subject Carriers). The Board is tentatively approving and authorizing the transaction. If no opposing comments are timely filed, this notice will be the final Board action.

DATES: Comments must be filed by February 24, 2025. If any comments are filed, Applicants may file a reply by March 10, 2025. If no opposing comments are filed by February 24, 2025, this notice shall be effective on February 25, 2025.

ADDRESSES: Comments, referring to Docket No. MCF 21127, may be filed with the Board either via e-filing on the Board's website or in writing addressed to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicants' representative: Richard G.S. Lee, Cooley LLP, 1299 Pennsylvania Avenue, N.W., Suite 700, Washington, DC 20004.

FOR FURTHER INFORMATION CONTACT: Brian O'Boyle at (202) 245-0364. If you require an accommodation under the Americans with Disabilities Act, please call (202) 245-0245.

SUPPLEMENTARY INFORMATION: According to the application, TIP Minnesota Coaches Acquisition LLC (TIP Minn. Coaches) is a Delaware limited liability company headquartered in New York, N.Y., and is not a federally regulated motor carrier, nor does it operate or have a

controlling interest in any federally regulated motor carriers. (Appl. 2.) TIP Minn. Coaches is wholly owned by TIP MN Investments LP (TIP MN Investments), a Delaware limited partnership headquartered in New York. (Id.) TIP MN Investments is in turn wholly owned by Tiger Infrastructure Partners Fund IV AIV LP, a fund and Delaware limited partnership, headquartered in New York.¹ (Id. at 3.) Applicants state that neither TIP MN Investments, Tiger Infrastructure Partners Fund IV AIV LP, Tiger Infrastructure Associates GP IV LP, nor Tiger Infrastructure Partners LP are federally regulated motor carriers, nor do they operate or have a controlling interest in any federally regulated motor carriers. (Id. at 3-4.)

Applicants state that, under the proposed transaction, TIP Minn. Coaches would acquire control of the Subject Carriers from Patrick O. Regan (Seller) and other minority shareholders² by purchasing a majority interest in a to-be-formed Delaware limited partnership called MNC Holdings, LP (Holdings).³ (Id. at 1-2.) According to Applicants, Holdings⁴ will ultimately hold 100% ownership of several entities, including the seven Subject Carriers, through 100% ownership of certain intermediate limited liability companies (Intermediate Companies).⁵ (Id.

¹ Applicants state that Tiger Infrastructure Partners Fund IV AIV LP is managed by Tiger Infrastructure Associates GP IV LP, a noncarrier Delaware limited partnership headquartered in New York. (Appl. 3.) More information about these entities and Tiger Infrastructure Fund LP, which is the private equity firm that established Tiger Investment Fund IV AIV LP, is included in the application. (Id.)

² Those minority shareholders are Garrett O. Regan, Casey O. Regan, Michael R. Clark, Michael J. Krois, Thomas J. Severson, Michael S. Karlen, Troy J. Nelson, Angela J. Mattingly, and Michael C. Mattingly. (Appl. 4 n.6.)

³ By decision served on November 14, 2024, the Board tentatively approved and authorized an application filed by Seller to control the Subject Carriers through a corporate reorganization in which Seller would become the majority shareholder in MNC Holding Company, a new entity created to serve as a holding company for the Subject Carriers and other noncarrier entities. Patrick O. Regan—Acquis. of Control—Faribault Transp. Serv., Inc. (Regan), MCF 21123, slip op. at 1 (STB served Nov. 14, 2024). Applicants state that they have filed the application in this proceeding based on the presumption that the approval and authority in Docket No. MCF 21123 would become effective and the transactions described there will be consummated. (Appl. 2 n.3.) The Board’s approval and authority in Docket No. MCF 21123 became effective on December 31, 2024. Regan, MCF 21123, slip op. at 1.

⁴ Applicants note that, in Docket No. MCF 21123, Holdings was referred to as “MNC Holding Company” and “Parent, LLC,” while in this proceeding they refer to Holdings as “MNC Holdings, LP.” (Appl. 5.) Applicants state that, due to discussions that have taken place since the application in Regan was filed, there have been minor changes to the proposed corporate structure described in Regan. The Board finds that these differences are immaterial to the approval and authority granted in Regan and, therefore, no supplement or additional authority for those transactions is required.

⁵ Specifically, Applicants state that Holdings will hold 100% ownership of a to-be-formed Delaware limited liability company expected to be named MNC Intermediate Holdings,

at 1-2, 4, 16.) Following the closing of the proposed transaction, Seller would continue to hold a significant stake in the Subject Carriers as well as retain an active role in senior management and as an investor in the underlying businesses. (Id. at 2.) Applicants state that neither Holdings nor the Intermediate Companies would be passenger motor carriers. (Id. at 4.)

The Applicants describe the seven Subject Carriers to be acquired as follows:⁶

Marschall Line, whose principal place of business is in Farmington, Minn., is a direct subsidiary of Family Bus Service Inc. (Family Bus), a noncarrier, which will be a direct subsidiary of MNC Borrower, LLC, and an indirect subsidiary of Holdings. (Id. at 5, 6.) Marschall Line exclusively provides school bus transportation services, including general and special education transportation to and from school on a regular schedule, and school bus charter service for extracurricular activities and special trips. (Id. at 6-7.) Applicants note that, on limited occasions, the school bus charter service involves trips from Minnesota into Wisconsin and other neighboring states (depending on the location of those activities involving the school bus customers served by Marschall Line). (Id. at 7.) Marschall Line (operating in its name and through the assumed name Mid-County Bus Company) operates approximately 110 power units and employs approximately 118 drivers. (Id.)

Minnesota Coaches, whose principal place of business is in Hastings, Minn., is also a subsidiary of Family Bus. (Id. at 6, 7.) Minnesota Coaches operates in its name and through the assumed names Hasting Bus Company, Big River Bus, and Big River Tours and provides both school bus service and motorcoach service on a charter basis. (Id. at 7.) Minnesota Coaches' school bus service includes general and special education transportation to and from school on a regular schedule, and school bus charter service for extracurricular activities and special trips, which, on limited occasions, involve transportation between Minnesota and neighboring states including Wisconsin. (Id. at 8.) Minnesota Coaches also offers motorcoach contract service for universities, sports teams, and other business, as well as event-specific charter services for weddings, conventions, and other events, concentrated primarily in the Minneapolis, Minn., St. Paul, Minn., and surrounding Twin Cities area, although it also has some interstate operations,

LLC, which in turn will hold 100% ownership of a to-be-formed Delaware limited liability company expected to be named MNC Group Parent, LLC, which in turn will hold 100% ownership of MNC Borrower, LLC, a Delaware limited liability company, which in turn will directly or indirectly hold 100% ownership of the Subject Carriers. (Appl. 4 n.7.) More information about the expected corporate structure of Holdings and its direct and indirect subsidiaries, including the seven Subject Carriers, is included in the application. (See id., Ex. 1.) Applicants note that the names and number of the Intermediate Companies differ from the description provided in Regan. (Id. at 5.) As explained above, supra note 4, the Board finds these differences to be immaterial to its approval and authorization in Regan.

⁶ Further information about these motor carriers, including U.S. Department of Transportation (USDOT) numbers, motor carrier numbers, and USDOT safety fitness ratings, can be found in the application. (See Appl., Ex. 2.) Applicants state that, prior to closing, they expect each of these passenger motor carriers to be converted into limited liability companies. (Id. at 1 n.1.)

primarily in Wisconsin, Iowa, Illinois, and Missouri. (Id. at 8-9.) Minnesota Coaches operates approximately 196 power units and employs approximately 174 drivers. (Id. at 8.)

Rehbein, whose principal place of business is in Circle Pines, Minn., is also a subsidiary of Family Bus. (Id. at 6, 9.) Rehbein exclusively provides school bus services, which includes general and special education transportation to and from school on a regular schedule. (Id. at 9.) Rehbein also provides school bus charter service for extracurricular activities and special trips, which, on limited occasions, involves trips from Minnesota into Wisconsin or other neighboring states (depending on the location of those activities involving the school bus customers served by Rehbein). (Id.) Rehbein operates approximately 97 power units and employs approximately 91 drivers. (Id. at 10.)

FTS, whose principal place of business is in Faribault, Minn., will be a direct subsidiary of MNC Borrower, LLC, and an indirect subsidiary to Holdings. (Id. at 5, 10.) FTS is exclusively a school bus operator, providing student transportation service including general and special education transportation to and from school on a regular schedule. (Id. at 10.) FTS also provides school bus charter service for extracurricular activities and other special trips, which on limited occasions, involves trips from Minnesota into Wisconsin and other neighboring states (depending on the location of those activities). (Id.) FTS operates approximately 66 total power units and employs approximately 88 drivers. (Id. at 11.)

Voyageur Bus, whose principal place of business is in Duluth, Minn., is a subsidiary of Metro Bus Service, Inc., a noncarrier, which will be a direct subsidiary to MNC Borrower, LLC, and an indirect subsidiary to Holdings. (Id. at 6, 11.) Voyageur Bus provides school bus transportation service that includes general and special education transportation to and from school on a regular schedule, and school charter service for extracurricular activities and special trips, with some trips on occasion involving transportation between Minnesota and neighboring states including Wisconsin. (Id. at 11.) Voyageur Bus also offers motorcoach contract services for universities, sports teams, and other business, as well as event-specific charter services for weddings, conventions and other events in the greater Duluth area. (Id. at 11-12.) Voyageur Bus's motorcoach services are conducted primarily in Minnesota, with some operations in Wisconsin, Iowa, Illinois, or other states across the U.S. based on customer demand for special event service. (Id. at 12.) Applicants state that Voyageur operates approximately 118 power units and employs approximately 125 drivers. (Id.) Applicants further note that Voyageur also operates a fleet of motorcoaches owned by Lake Superior Motorcoaches, Inc., a noncarrier subsidiary of Metro Bus Service, Inc., through a revenue-sharing arrangement. (Id. at 11 n.14.)

Minn-Dakota, whose principal place of business is in Fergus Falls, Minn., is a direct subsidiary of Ottertail Coaches, Inc., a noncarrier direct subsidiary of Ottertail Transportation, Inc., which will be a direct subsidiary of MNC Borrower, LLC, and an indirect subsidiary of Holdings. (Id. at 6, 12-13.) Minn-Dakota provides school bus transportation service that includes general and special education transportation to and from school on a regular schedule, and school charter service for extracurricular activities and special trips. (Id. at 13.) Applicants note that some of these trips involve transportation between Minnesota and neighboring states including North Dakota. (Id.) Applicants state that Minn-Dakota also offers motorcoach contract service for universities, sports teams, and other business, as well as event-specific

charter services for weddings, conventions, and other events in the Fergus Falls area. (Id.) Applicants state that some of Minn-Dakota's motorcoach services are conducted out of state, mostly within North Dakota and South Dakota, but a limited amount of activity also occurs in Iowa and Wisconsin, and the remainder is spread out nationally based on customer demand for special event service. (Id. at 13-14.) Applicants state that Minn-Dakota operates approximately 14 power units and employs approximately 34 drivers. (Id. at 13.)

Ready Bus, whose primary place of business is in Rochester, Minn., will be a direct subsidiary of MNC Borrower, LLC, and an indirect subsidiary to Holdings. (Id. at 6.) Ready Bus provides school transportation service that includes general and special education transportation to and from school on a regular schedule, and school charter service for extracurricular activities and special trips. (Id. at 14.) Applicants note that, on limited occasions, some of these trips involve transportation between Minnesota and neighboring states including Wisconsin, depending on the location of the customer activity. (Id.) Ready Bus also offers motorcoach contract service for universities, sports teams, and other business, as well as event-specific charter services for weddings, conventions and other events with service in Minnesota, Wisconsin, and neighboring states. (Id.) According to the application, approximately 70% of Ready Bus's motorcoach service is conducted within Minnesota or Wisconsin; most of the remaining service is regionally concentrated in Iowa, Illinois, Missouri, and Indiana, and the rest is spread out nationally based on customer demand for special event service. (Id. at 15.) Applicants state that Ready Bus operates approximately 59 power units and employs approximately 56 drivers. (Id.)

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 resulting from the proposed transaction, and (3) the interest of affected carrier employees. Applicants have submitted the information required by 49 CFR 1182.2, including information demonstrating that the proposed transaction is consistent with the public interest under 49 U.S.C. 14303(b), see 49 CFR 1182.2(a)(7), and a jurisdictional statement under 49 U.S.C. 14303(g) that the aggregate gross operating revenues of the involved carriers exceeded \$2 million during the 12-month period immediately preceding the filing of the application, see 49 CFR 1182.2(a)(5). (Appl. 16.)

Applicants state that their proposed acquisition of control of the Subject Carriers will be consistent with the public interest. (Id. at 17.) Applicants assert that the adequacy of the transportation currently provided by the Subject Carriers will remain intact, as they have no plans to change the nature of the transportation services currently provided by the Subject Carriers or to terminate any of the student or transit transportation contracts currently in place. (Id. at 18.) Applicants also assert that neither they nor Tiger Infrastructure Fund LP (including any funds it manages) directly or indirectly control any other federally regulated motor passenger carriers operating in the United States and therefore own no businesses that would compete with the Subject Carriers. (Id. at 17.) Applicants further state that the Subject Carriers face significant competition to the school bus services and motorcoach services that they provide in the geographic areas in which they operate. (Id.) According to Applicants, they also plan to expand and modernize the fleet in order to provide reliable service to its current and future

customers. (Id. at 18.) Applicants also state that they plan to retain the current management of each of the Subject Carriers, including their experienced safety managers at the corporate and local levels, and that the Seller will also retain a position in senior management and board representation, providing Applicants access to Seller's years of knowledge and experience with respect to the Subject Carriers and the industry more broadly. (Id.)

With respect to fixed charges, Applicants state that they are financing the cost of the proposed transaction with a combination of debt and equity capital. (Id. at 19.) According to Applicants, they do not expect that these fixed charges will impact the Subject Carriers' ability to provide transportation services to the public because the debt used to finance the transaction is a secured credit facility based on customary terms appropriate for the asset value of Holdings; each of the Subject Carriers has a stable revenue stream from contracts with school districts, universities, and other institutional entities, which should be more than adequate to service existing and anticipated future debt; and the proposed transaction will enable the Subject Carriers to maintain future financial stability through access to considerable funds from Tiger Infrastructure Partners LP and its affiliates. (Id.)

Applicants state that they do not expect the proposed transaction to adversely affect the interest of Subject Carrier employees, as they currently have no plans for employee layoffs or other staffing reductions, nor do they plan to adversely change any existing employee benefits. (Id.)

Based on Applicants' representations, the Board finds that the acquisition of control of the Subject Carriers 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 CFR 1182.6. 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 in this proceeding.

This action is categorically excluded from environmental review under 49 CFR 1105.6(c).

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

It is ordered:

1. The proposed acquisition of control of the Subject Carriers 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 vacated.
3. This notice will be effective February 25, 2025, unless opposing comments are filed by February 24, 2025. If any comments are filed, Applicants may file a reply by March 10, 2025.

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: January 2, 2025.

By the Board, Board Members Fuchs, Hedlund, Primus, and Schultz.