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SERVICE DATE – NOVEMBER 2, 2017

SURFACE TRANSPORTATION BOARD

DECISION

Docket No. MCF 21077

SURERIDE CHARTER INC.—ACQUISITION OF CONTROL—MCCLINTOCK
ENTERPRISES, INC. D/B/A GOLDFIELD STAGE & COMPANY

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On October 3, 2017, Sureride Charter Inc. d/b/a Sundiego Charter Co. d/b/a SunExpress Charter Co. (SCI), an interstate passenger motor carrier, filed an application under 49 U.S.C. § 14303 for SCI to acquire McClintock Enterprises, Inc. d/b/a Goldfield Stage & Company (the Acquisition Carrier), an interstate passenger motor carrier. 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 18, 2017. The applicant may file a reply by January 2, 2018. If no opposing comments are filed by December 18, 2017, this notice shall be effective December 19, 2017.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21077 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to SCI's representative: Andrew K. Light, Scopelitis, Garvin, Light, Hanson, & Feary, P.C., 10 W. Market Street, Suite 1400, Indianapolis, IN 46204.

FOR FURTHER INFORMATION CONTACT: Sarah Fancher (202) 245-0355. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: SCI states that it is a California corporation and an interstate passenger motor carrier. It states that it is wholly owned by All Aboard America! Holdings, Inc. (AAAH), which is wholly owned by AAAHI Acquisition Corporation, which 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 SCI, the majority owner of AAAHI Holdings LLC is Tensile Capital Partners Master Fund LP, 89.6% of which is owned by Tensile Capital Partners LP. SCI further states that none of the entities that have a direct or indirect ownership interest in SCI (Ownership Entities) possess motor carrier authority or have USDOT Numbers or Safety Ratings.

SCI states that, in addition to SCI, AAAHI wholly owns the following passenger motor carriers (the Affiliated Carriers): Hotard Coaches, Inc. (Hotard); Industrial Bus Lines, Inc. d/b/a All Aboard America (Industrial); Ace Express Coaches, LLC (Ace Express); All Aboard Transit Services, LLC (AATS); and All Aboard America! School Transportation, LLC (AAAST). According to SCI, the Affiliated Carriers exercise substantial independence in running their diverse operations, and none of the Ownership Entities hold any controlling interest in any regulated bus transportation provider other than the Affiliated Carriers.

SCI provides a description of each of the Affiliated 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 273 vehicles, of which 80 are full-sized motor coaches and the remainder are 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 81 full-sized motor coaches and 13 minibuses.
- 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 60 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. AATS operates 82 paratransit vehicles that are provided by Denver Rapid Transit District, with whom it has a contract to provide paratransit services. 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 states that it does not possess Colorado intrastate passenger carrier authority, as its operations are exempt from the need for such authority under Colo. Rev. Stat. § 40-10.1-105(e) (2011).
- AAASST 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 AAASST provides the drivers, maintenance of vehicles, and supervisions of employees. AAASST

currently operates 67 buses for five school districts. AAST does not conduct interstate passenger operations and thus does not hold passenger carrier operating authority from FMCSA. AAST operates pursuant to intrastate authority issued by the Texas Department of Motor Vehicles under Certificate No. 007050629C.

SCI states that the Acquisition Carrier is a California corporation that holds common carrier operating authority from FMCSA as a motor carrier of passengers (MC-191442). The Acquisition Carrier provides local and regional charter service in California using 23 full-size coaches, five mini-coaches, two vans, and three cars. SCI states that the Acquisition Carrier is wholly owned by individuals Kevin and Dalyce McClintock (Sellers). According to SCI, the Sellers do not currently hold interests in any regulated bus transportation provider other than the Acquisition Carrier.

SCI explains that under the proposed transaction, SCI would assume 100% control of the Acquisition Carrier.

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. SCI 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 SCI, the Acquisition Carrier, and the Affiliated Carriers (which as described above are under common control with SCI) exceeded \$2 million in both interstate and intrastate services for the preceding 12-month period ending June 30, 2017. See 49 U.S.C. § 14303(g).¹

SCI asserts that the transaction would not have a material, detrimental impact on the adequacy of transportation services available for the public. SCI further explains that it anticipates that services to the public would be improved because the Acquisition Carrier would continue to operate, but going forward, it would operate as part of the AAAHI corporate family. Under this new ownership, SCI states that the AAAHI corporate family 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 Carrier, thereby ensuring the continued availability of adequate passenger transportation service for the public. SCI also states that services currently provided by the Acquisition Carrier would continue to be provided under the same name currently used to provide such services.

According to SCI, fixed charges of the Acquisition Carrier are not expected to change materially. SCI states that its fixed charges, in the form of interest expense, will increase as a result of the borrowing of funds used to complete the contemplated transaction. SCI states, however, that such an increase is not expected to impact the provision of transportation services.

¹ Applicants with gross operating revenues exceeding \$2 million are required to meet the requirements of 49 C.F.R. § 1182.2(a)(5).

Regarding the interests of employees, SCI asserts that its current intent is “to continue the existing operations of the Acquisition Carrier,” but that it “is evaluating its employment needs with a view to employing qualified personnel that are currently employed by the Acquisition Carrier to operate the relevant services.” (App. 8.)

Finally, SCI asserts 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, as the proposed transaction involves merely the addition of a single interstate passenger motor carrier to a previously approved portfolio of carriers. See AAAHI Acquis. Corp.—Acquis. of Control—All Aboard America! Holdings, Inc., MCF 21071 (STB served Oct. 28, 2016). SCI states that the Acquisition Carrier is a relatively small carrier in the overall markets in which it competes (providers of charter, mini-coach, sedan, and van services), and that neither SCI nor any of the Affiliated Carriers offer sedan and van services. SCI further asserts that there is limited overlap in service areas or in customer bases among the Affiliated Carriers and the Acquisition Carrier, and “limited overlap in charter services and/or in customer bases of the Acquisition Carrier and SCI in [] San Diego,” which has a variety of competitors and service offerings for ground transportation. (App. 10.)

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.”

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. Notice of this decision will be published in the Federal Register.
4. This notice will be effective December 19, 2017, unless opposing comments are filed by December 18, 2017.
5. 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 30, 2017.

By the Board, Board Members Begeman and Miller.