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August 28, 2024
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**BEFORE THE
SURFACE TRANSPORTATION BOARD**

DOCKET NO. FD 36803

**HONDO RAILWAY, LLC
—ACQUISITION EXEMPTION—
RAIL LINE IN MEDINA COUNTY, TX**

**VERIFIED NOTICE OF EXEMPTION
PURSUANT TO 49 C.F.R. § 1150.41**

**Kelvin J. Dowd
Slover & Loftus LLP
1828 L Street N.W.
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*Attorney for Hondo Railway,
LLC*

Dated August 28, 2024

Filing Contains Color Images

**FILED
August 28, 2024
SURFACE
TRANSPORTATION BOARD**

**FEE RECEIVED
August 28, 2024
SURFACE
TRANSPORTATION BOARD**

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PURSUANT TO 49 C.F.R. § 1150.41**

Pursuant to 49 C.F.R. § 1150.41, Hondo Railway, LLC (“HRC”) submits this Verified Notice of Exemption (“Verified Notice”) to acquire 13,200 feet of track in the vicinity of Hondo, Texas in Medina County (the “Line”). The Line is currently owned by South Texas Liquid Terminal, Inc. (“STLT”) and has been leased and operated by HRC since 2006. Concurrently with this Notice of Exemption, another Notice of Exemption has been filed by Macquarie Infrastructure Partners V GP, LLC (“MIP GP”) for the benefit of the Macquarie Infrastructure Partners V fund vehicle (“MIP V”), MIP V Rail, LLC (“MIP Rail”), Pinsly Holdco, LLC, and Pinsly Railroad Company, LLC (“Pinsly”), for the acquisition of control of HRC.¹ The two transactions are contingent on one another.

¹ *Macquarie Infrastructure Partners V GP, LLC, et al.—Control Exemption—Hondo Ry., Docket No FD 36802 (Filed August 28, 2024).*

The information required by 49 C.F.R. § 1150.43 is set out below.

1150.43(a) *Name and Address of Applicant.*

Hondo Railway, LLC
915 Carter Avenue
Hondo, Texas 78861

1150.43(b) *Applicant's Representative.*

Kelvin J. Dowd
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1150.43(c) *Statement Concerning Agreement.*

HRC and STLT have reached an agreement pursuant to which HRC will convert its existing leasehold interest in the Line to fee ownership. Following consummation of the transaction that is the subject of this Verified Notice, HRC will continue to operate the Line as it has done since 2006.

1150.43(d) *The Operator of the Property.*

HRC will continue to operate the Line, which it has leased and operated since 2006.

1150.43(e) *Summary of the Transaction.*

As described further in Docket No. FD 36802, on August 28, 2024, Pinsly entered into a Purchase Agreement with Mark Holland and Donald Lee, pursuant to which Pinsly will acquire 100% of the equity interests of HRC. As the parties intend the transaction to include the Line which HRC has leased from STLT and operated since

2006,² this concurrent Notice of Exemption has also been filed to convert the lease into fee ownership.

Following the transaction in Docket No. FD 36802, HRC and the Line will be owned and controlled by Pinsly (directly) and MIP GP, MIP V, MIP Rail, and Pinsly Holdco, LLC (each indirectly). Pinsly currently controls six rail common carriers, Grenada Railroad, LLC (“GRYR”),³ Florida Gulf & Atlantic Railroad, LLC (“FG&A”),⁴ Camp Chase Rail, LLC (“Camp Chase”),⁵ Chesapeake and Indiana Railroad, LLC (“CKIN”),⁶ Vermilion Valley Railroad Company LLC (“VVRC”),⁷ and Pioneer Valley Railroad Company, LLC (“PVRR”).⁸

² See *Hondo Ry.—Lease and Operation Exemption—Rail Lines in Medina Cnty., Tex.*, Docket No. FD 34901 (STB served Aug. 16, 2006).

³ See *Macquarie Infrastructure Partners V GP, LLC—Acquisition of Control Exemption—Grenada R.R. and Fla., Gulf & Atl. R.R.*, Docket No. FD 36566 (STB served Dec. 10, 2021 and Apr. 7, 2022).

⁴ *Id.*

⁵ See *Macquarie Infrastructure Partners V GP, LLC—Acquisition of Control Exemption—Camp Chase Rail, LLC, Chesapeake & Ind. R.R., & Vermilion Valley R.R.*, Docket No. FD 36685 (STB served Apr. 7, 2023).

⁶ *Id.* CKIN was formerly known as Chesapeake and Indiana Railroad Company, Inc.

⁷ *Id.* VVRC was formerly known as Vermilion Valley Railroad Company.

⁸ See *Macquarie Infrastructure Partners V GP, LLC—Control Exemption—Pioneer Valley R.R.*, Docket No. FD 36720 (STB served Sept. 13, 2023). PVRR was formerly known as Pioneer Valley Railroad Company, Inc.

1150.43(e)(1) *The name and address of the railroad transferring the subject property to the Class III rail carrier applicant.*⁹

The transferor is:

South Texas Liquid Terminal, Inc.
915 Carter Avenue
Hondo, Texas 78861

1150.43(e)(2) *The proposed time schedule for consummation of the transaction.*

The parties intend to consummate the sale of the Line to HRC as soon as practicable after the effective date of this Verified Notice (subject also to the closing of the control transaction that is the subject of the Verified Notice of Exemption pending in Docket No. FD 36802).

1150.43(e)(3) *The mileposts of the subject property, including any branch lines.*

There are no designated mileposts on the Line.¹⁰

1150.43(e)(4) *The total route miles being acquired.*

HRC is acquiring 13,200 feet of track constituting the Line.

⁹ Although 49 C.F.R § 1150.43(e)(1) refers to a “railroad” transferring the subject property, parties have submitted—and the Board has accepted—Notices of Exemption involving non-railroad seller parties. *See, e.g., Portland Vancouver Junction R.R.—Operation Exemption—Rail Lines of Columbia Bus. Ctr., Clark Cnty., Wash.*, Docket No. FD 36134 (STB served July 19, 2017) (Notice of Exemption relies on Section 1150.43 and even revises Section 1150.43(e)(1) to read: “The name and address of the ***non-*** railroad transferring the subject property to the Class III rail carrier applicant.”) (emphasis added).

¹⁰ The Board has accepted Notices of Exemption without mileposts in prior decisions. *See, e.g., Pa. & S. Ry.—Acquisition and Operation Exemption—Letterkenny Indus. Dev. Auth.*, Docket No. FD 36647 (STB served July 6, 2023) (Section 1150.41 Notice of Exemption where “there are no mileposts”); *Youngstown & Se. R.R.—Acquisition and Operation Exemption—Mule Sidetracks, LLC*, Docket No. FD 36342 (STB served Aug. 30, 2019) (exemption filed for lines including track segments for which there are no mileposts). Here, the Line is only 13,200 feet in length.

1150.43(f) ***A map that clearly indicates the area to be served, including origins, termini, stations, cities, counties, and states.***

A map showing the Line and the surrounding area is attached as Exhibit 1 to this Notice.

1150.43(g) ***A certificate that applicant's projected revenues as a result of the transaction will not result in the creation of a Class II or Class I rail carrier so as to require processing under § 1150.45.***

HRC is a Class III carrier. HRC certifies that its projected annual revenues as a result of the transaction will not exceed \$5,000,000. Accordingly, no advance notice is required under 49 C.F.R. § 1150.42(e). A Certificate of Compliance with the provisions of 49 C.F.R. § 1150.43(g) is attached as Exhibit 2 to this Notice.

1150.43(h) ***Interchange Commitments.***

The proposed acquisition of the Line does not involve any provision or agreement that would limit future interchange with a third-party connecting carrier.

1105 ***Environment and Historical Preservation Data***

Under 49 C.F.R. § 1105.6(c)(2), HRC's proposed acquisition of the Line does not require preparation of environmental documentation. The proposed transaction will not result in significant changes in carrier operations, *i.e.*, changes that exceed the thresholds established in 49 C.F.R. § 1105.7(e)(4) or (5). Under 49 C.F.R. § 1105.8(b)(1), HRC's acquisition of the Line also is excepted from historic preservation reporting requirements. The proposed transaction is for the purpose of continued rail operations. Further, Board approval would be required to abandon or discontinue service over any

portion of the Line, and there are no plans to dispose of or alter properties subject to Board jurisdiction that are fifty years old or older.

1150.44 ***Caption Summary***

A caption summary in appropriate form is attached as Exhibit 3 to this Notice.

* * *

For the foregoing reasons, HRC respectfully requests that the Board publish the requisite Notice of Exemption.

Respectfully submitted,

By: /s/ Kelvin J. Dowd
Kelvin J. Dowd
Slover & Loftus LLP
1828 L Street N.W.
Suite 1000
Washington, DC 20036
(202) 347-7170
kjd@sloverandloftus.com

Attorney for Hondo Railway, LLC

Dated August 28, 2024

EXHIBIT 1: HRC SYSTEM MAP

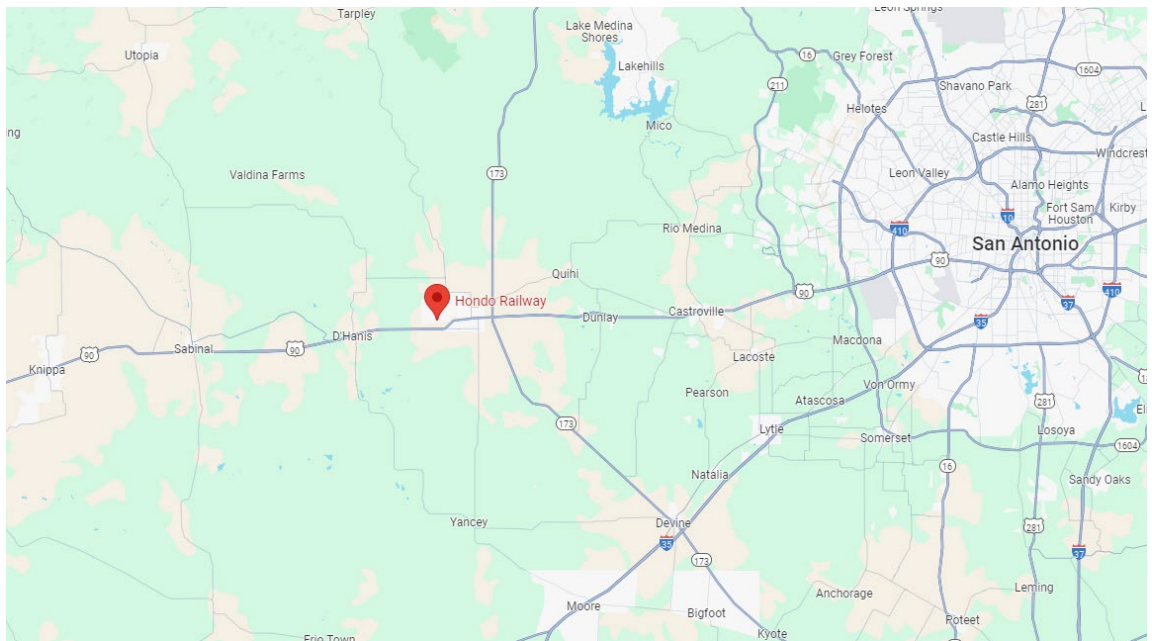
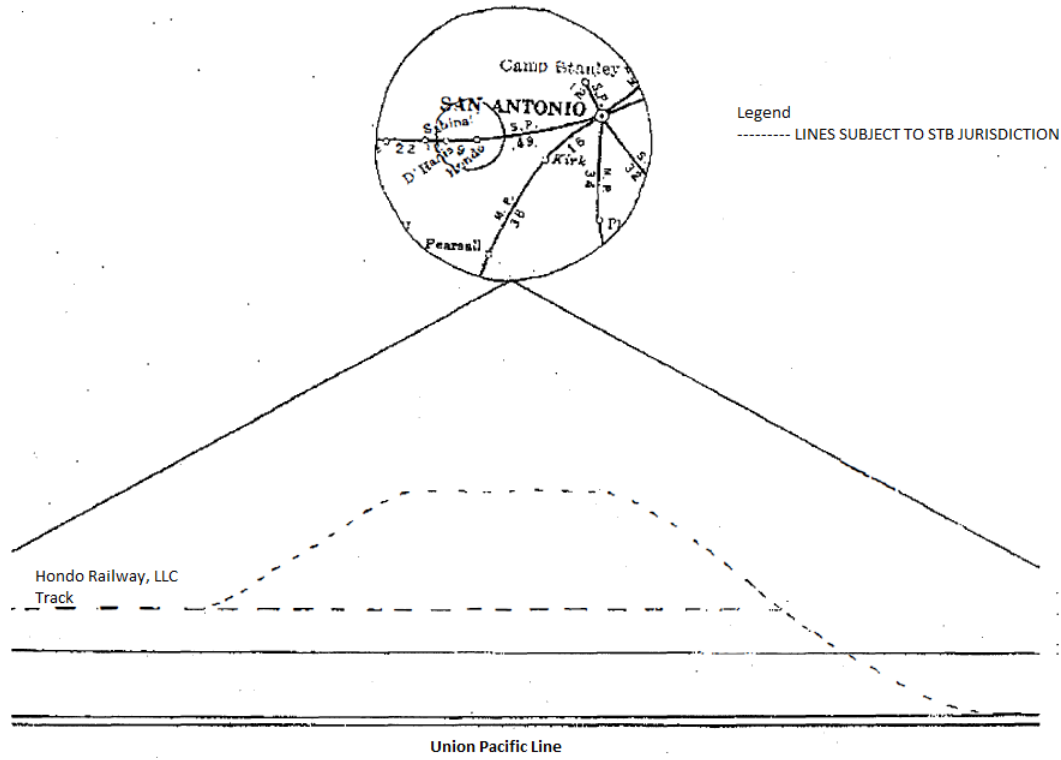



EXHIBIT 2
CERTIFICATE OF COMPLIANCE

I, Mark Holland, hereby certify that the projected annual rail revenues of Hondo Railway, LLC, as a result of the transaction proposed herein will not result in the creation of a Class II or Class I rail carrier under the provisions of 49 C.F.R. § 1201 (1-1). Following execution of the transaction, HRC will continue to be a Class III rail carrier and will have revenues that will not exceed \$5 million annually.


Mark Holland

**EXHIBIT 3
CAPTION SUMMARY**

SURFACE TRANSPORTATION BOARD

NOTICE OF EXEMPTION

DOCKET NO. FD 36803

**HONDO RAILWAY, LLC
—ACQUISITION EXEMPTION—
RAIL LINES IN MEDINA COUNTY, TX**

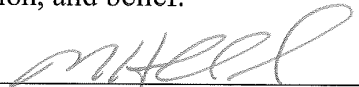
Hondo Railway, LLC (“HRC”), has filed a verified notice of exemption to acquire and continue to operate a rail line currently owned by South Texas Liquid Terminal, Inc. and operated pursuant to lease by HRC, specifically 13,200 feet of track in the vicinity of Hondo, Texas in Medina County (with no designated mileposts). The transaction is related to a control exemption filed in Docket No. FD 36802.

Comments must be filed with the Board and served on HRC’s representative, Kelvin J. Dowd, Slover & Loftus LLP, 1828 L Street N.W., Suite 1000, Washington, DC 20036; telephone: (202) 347-7170; email: kjd@sloverandloftus.com.

This notice is filed under 49 C.F.R. § 1150.41. If the notice contains false or misleading information, the exemption is void *ab initio*. The filing of a petition to revoke will not automatically stay the transaction.

VERIFICATION

I, Mark Holland, state that I am a Manager of Hondo Railway, LLC and that I am duly authorized to execute, verify, and file this Verified Notice of Exemption. I have knowledge of the matters contained herein, and the statements made herein are true and correct to the best of my knowledge, information, and belief.



Mark Holland