



FR-4915-01-P

## SURFACE TRANSPORTATION BOARD

[Docket No. MCF 21070]

SunTx Capital III Management Corp., et al.—Control—TBL Group, Inc.; GBJ, Inc.;  
Echo Tours and Charters L.P.

AGENCY: Surface Transportation Board.

ACTION: Notice Tentatively Approving and Authorizing Finance Transaction.

SUMMARY: On June 28, 2016, SunTx Capital III Management Corp. (SunTx III), SunTx Capital Partners III GP, LP (SunTx GP), SunTx TBL Logistics Management Holdings, LP (SunTx Holdings), and TBL Logistics Management, LLC (TBL Logistics), along with TBL Group, Inc. (TBL Group) and the motor carriers of passengers it controls, GBJ, Inc. (GBJ) and Echo Tours and Charters L.P. (Echo) (collectively, Applicants) filed an application under 49 U.S.C. 14303 to acquire control of TBL Group, GBJ, and Echo. Concurrently with their application, the parties also filed a request for interim approval under 49 U.S.C. 14303(i). In a decision served on July 28, 2016 in related Docket No. MCF 21070 TA, interim approval was granted, effective on the service date of that decision. 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 CFR 1182.5 and 1182.8.

DATES: Comments must be filed by September 12, 2016. Applicants may file a reply by September 26, 2016. If no comments are filed by September 12, 2016, this notice shall be effective on September 13, 2016.

ADDRESSES: Send an original and 10 copies of any comments referring to Docket No. MCF 21070 to: Surface Transportation Board, 395 E Street, S.W., Washington, DC 20423-0001. In addition, send one copy of comments to Applicants' representatives: Richard P. Schweitzer, Richard P. Schweitzer, P.L.L.C., 1717 K Street, N.W., Suite 900, Washington, DC 20006 (attorney for TBL Group, GBJ, and Echo) and Thomas J. Litwiler, Fletcher & Sippel LLC, 29 North Wacker Drive, Suite 920, Chicago, IL 60606-2832 (attorney for SunTx III, SunTx GP, SunTx Holdings, and TBL Logistics).

FOR FURTHER INFORMATION CONTACT: Allison Davis (202) 245-0378. Federal Information Relay Service (FIRS) for the hearing impaired: 1-800-877-8339.

SUPPLEMENTARY INFORMATION: Applicants assert the following facts. SunTx III, a noncarrier Texas corporation, is a general partner of SunTx GP, a noncarrier Texas limited partnership, which is, in turn, the general partner of SunTx Holdings, also a noncarrier Texas limited partnership. SunTx III, SunTx GP, and SunTx Holdings are components of SunTx Capital Partners, a private equity firm that invests in middle market manufacturing, distribution, and service companies. TBL Logistics is a newly formed noncarrier Delaware holding company. TBL Group is a noncarrier Texas

corporation that owns and controls two federally regulated motor carriers of passengers: Echo d/b/a Echo Transportation (MC-755212) and GBJ d/b/a AFC Transportation (MC-369531).<sup>1</sup> Echo and GBJ, both incorporated in Texas, each own equal shares of TBL Group stock. TBL Group holds 100% of the stock of Echo and GBJ. Echo has been operating since 2011 and provides interstate charter, tour, limousine, school bus, and local city shuttle transportation in the Dallas, Fort Worth, Tyler, San Angelo, and Waco markets. GBJ has been operating for 24 years and provides interstate charter transportation, local city shuttle service, and sedan service in the Houston metropolitan area. GBJ operates motorcoaches, minibuses, transit buses, sedans, and limousines.

Applicants seek Board authority for control of TBL Group, Echo, and GBJ through the creation of TBL Logistics. Specifically, Applicants state that, as a result of this transaction, TBL Logistics would own TBL Group through which TBL Logistics would control Echo and GBJ. TBL Logistics would be owned 80.1% by SunTx Holdings and 19.9% by TBL Group.

Applicants assert that, as a result of the proposed transaction, Echo and GBJ would benefit from financing that would enable them to purchase additional vehicles to upgrade the combined fleet. Applicants state that vehicles that average more than 12 years of age would be replaced with newer, safer, and more reliable vehicles that would

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<sup>1</sup> In 2014, the Board authorized Texas Bus and Limo Acquisition Corp. (now known as TBL Group) to acquire control of five motor carriers of passengers. Tex. Bus & Limo Acquis. Corp.—Control—GBJ, Inc., MCF 21058 (STB served July 9, 2014). Applicants state that, ultimately, only the acquisitions of GBJ and Echo were consummated.

offer better utilization factors, higher fuel economy, and lower emissions, and would provide the public with safer, more cost effective and environmentally responsible transportation. Applicants further state that the infusion of capital would allow Echo and GBJ to expand their service offerings in their existing markets and explore the possibility of offering service in new markets as well.

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 from the proposed transaction; and (3) the interest of affected carrier employees affected by the proposed transaction. Applicants submitted information, as required by 49 CFR 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 aggregate gross operating revenues of Echo and GBJ exceeded \$2 million for the preceding 12-month period under 49 U.S.C. 14303(g).<sup>2</sup>

With respect to adequacy of transportation to the public, Applicants submit that the proposed transaction would not result in significant changes to the operations of Echo and GBJ. Applicants state that the proposed transaction would allow the companies to take advantage of better financial terms, which would allow them to replace aging vehicles on favorable terms. Applicants anticipate more efficient and effective service in each of the markets and that the transaction would enable Echo and GBJ to leverage the

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

new investment to provide the same or greater level of transportation to the public. With respect to fixed charges, Applicants assert that the capital investment will lower interest payments on existing debt and allow them to secure attractive terms for additional financing of equipment acquisitions. Applicants also state that the proposed transaction would not have an overall negative impact on employees because, over time, the carriers would be able to grow by taking advantage of economies of scale, better financial terms, and increased buying power, which would result in increased service and additional personnel.

Applicants further claim that the proposed transaction would not have a material adverse effect on competition because Echo and GBJ do not plan on significantly altering their current operations, but would be taking advantage of efficiencies gained through improved capital financing. Applicants states that the areas served by Echo and GBJ have robust carrier competition. Specifically, in North Texas, Echo controls less than 10% of the charter, tour, shuttle, livery school, metro, and scheduled ground transportation market. Similarly, in South Texas, GBJ controls less than 10% of the charter, tour, shuttle, livery school, metro, and scheduled ground transportation market. Applicants note that areas served by the two motor carriers are largely separate and distinct, with a small amount of overlap in the larger markets. Applicants assert that the benefits associated with the transaction would only support increased competition. Applicants further reiterate the Board's findings in other cases regarding low barriers to entry into the interstate bus industry.

The Board finds that the proposed acquisition described in the application 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(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.

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

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

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 vacated.
3. This notice will be effective September 13, 2016, unless opposing comments are filed by September 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: July 25, 2016.

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

Brendetta S. Jones

Clearance Clerk

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