

EXPEDITED ACTION REQUESTED

BEFORE THE SURFACE TRANSPORTATION BOARD

AVALON MOTOR COACHES, LLC
AVALON TRANSPORTATION, LLC

308543

-- ACQUISITION OF CONTROL --

KERRVILLE BUS COMPANY, INC.
ALL WEST COACHLINES, INC.
AMERICAN COACH LINES OF ATLANTA, INC.
COACH LEASING, INC.
CAM LEASING, LLC
COACH USA, INC.
COACH USA ADMINISTRATION, INC.

ENTERED
Office of Proceedings
August 12, 2024
Part of
Public Record

Docket No. MCF 21120 TA

August 12, 2024

REQUEST FOR INTERIM APPROVAL

Pursuant to 49 U.S.C. § 14303(i) and 49 C.F.R. § 1182.7, Avalon Motor Coaches, LLC and Avalon Transportation, LLC (collectively, “Avalon”) submit this request (this “Request”) to seek expeditious interim approval from the Surface Transportation Board (“Board”) to temporarily manage and operate certain of the assets (including the good will, property, trade names, contracts, and vehicles) (collectively, the “Assets to be Purchased”) of certain interstate motor common carrier of passenger subsidiaries (collectively, the “Coach USA Subsidiaries”) currently controlled by Coach USA, Inc. (“Coach USA”). The Coach USA Subsidiaries are as follows: Kerrville Bus Company, Inc., All West Coachlines, Inc., American Coach Lines of Atlanta, Inc., Coach Leasing, Inc., CAM Leasing, LLC, and Coach USA Administration, Inc.

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Interim approval is appropriate here, as failure to grant the approval may result in injury to the Assets to be Purchased and could substantially interfere with their future usefulness in providing adequate and continuous service to the public within the meaning of 49 C.F.R. § 1182.7. Coach USA, including each of the Coach USA Subsidiaries, are currently in Chapter 11 bankruptcy proceedings before the United States Bankruptcy Court for the District of Delaware. *See In re Coach USA, Inc.*, Case No. 24-11258-MFW. As reported in the bankruptcy filings, Coach USA, including each of the Coach USA Subsidiaries, are insolvent. Accordingly, management of the Coach USA Subsidiaries has determined that the Coach USA Subsidiaries can no longer continue to operate as going concerns and that the sale of the Assets to be Purchased is in the best interest of Coach USA and the Coach USA Subsidiaries, and their creditors, employees, customers and other stakeholders.

The Bankruptcy Court has approved Avalon as the “Stalking Horse Bidder” for the Assets to be Purchased under the Asset Purchase Agreement by and among Avalon Transportation, its designees¹, Coach USA, and the Coach USA Subsidiaries, and the following additional subsidiaries of Coach USA: Lenzner Tours, Inc., Lenzner Transportation Group, Inc., Lenzner Tours, LTD, Lenzner Transit, Inc., and Transportation Management Services, Inc. (collectively, the “Coach Lenzner Subsidiaries”). The Bankruptcy Court has approved the specific sales procedures, including setting certain deadlines to bid on the assets, subject to this Request. Specifically, the Bankruptcy Court set August 1, 2024 at 4:00 p.m. (EST) as the deadline for parties to file objections to the proposed asset sale to Avalon and scheduled a sales hearing to approve the

¹ Avalon Motor Coaches will be a designee of Avalon Transportation. The real estate assets from the Kerrville business segment of Coach USA will be purchased by a non-operating subsidiary of Livery Station LLC, Found Things, LLC, an affiliate of Avalon, which will be another designee of Avalon. A separate discussion concerning the proposed Transaction with respect to the assets of the Coach Lenzner Subsidiaries is set forth in Section 4 of the accompanying Verified Application.

Transaction on August 13, 2024. On August 6, 2024, Coach USA, the Coach USA Subsidiaries, and the Coach Lenzner Subsidiaries (collectively, the “Coach Debtors”) conducted an auction of the Assets to Be Purchased in order to determine the highest and best bidder. On August 7, 2024, the Coach Debtors filed with the Bankruptcy Court a Notice of Successful Bidders declaring Avalon to be the Successful Bidder for the Assets to Be Purchased (Dkt. # 503). If the transaction underlying this Request (the “Transaction”) is not granted interim approval by the Board prior to this scheduled sales hearing, the Coach USA Entities may no longer be able to operate and continuous service to the public would be threatened.

Without interim approval, the Coach USA Subsidiaries’ 237 employees, whose jobs could otherwise be saved, could promptly lose their jobs, without the benefit of severance pay, or time to locate new employment. These employees earn annual aggregate salaries and wages of approximately \$11.8 million. Through the Transaction, Avalon has committed to offer employment to not less than 95% of the employees at each acquired location operated by the Coach USA Subsidiaries, provided that such employees meet certain minimum hiring eligibility standards described therein. Although the Agreement sets forth the minimum percentage of employees that the Acquisition Companies are contractually obligated to extend comparable job offers to, it is the Acquisition Companies’ present intent to extend employment offers to all eligible employees of the Coach USA Subsidiaries working at these locations at substantially equivalent salary, benefits, and seniority.² While the majority of employees whose jobs will be preserved as a result of this transaction are the men and women who work as bus drivers for Coach USA, Avalon will also be extending employment offers to maintenance, operations, safety, management, and human resource employees.

² Excluded from the Transaction are the assets utilized at these location as part of Coach USA’s Megabus operations and the employees who work in the Megabus division.

The Coach USA Subsidiaries' passengers could also suffer from the loss of dedicated local bus services and unfilled contracts. A shut down would lead to cancelled orders, potentially lost deposits, and further financial losses as customers may need to cancel reservations at destination hotels or other commitments. Local church groups, sports teams, local school field trips, the military, and corporations are some of the diverse clientele that would be impacted with a possible closure. Without interim approval, this community will face significant impacts to the local economy and availability of transportation. Interruptions to the Coach USA Subsidiaries' services would negatively impact the public's options for transportation.

Avalon is a qualified, proven company that has been in business for over 33 years and currently has operations in regions where the Coach USA Subsidiaries operate, among other locations. Following approval by the Board (and approval of the Transaction by the Bankruptcy Court), Avalon will immediately step in to save as many employee jobs as possible. Avalon will preserve the value of the Assets to be Purchased, immediately deploying additional resources to these markets as necessary by hiring additional staff, purchasing new vehicles, and taking on current Seller Entity contracts. Avalon will provide services to clients that have already pre-paid for their trips, totaling approximately \$300,000 in prepaid customer deposits for the Coach Subsidiaries. Should a going-concern business not emerge from bankruptcy, the passengers would not be able to access these services. Those deposit dollars would likely be lost to the greater mix of bankruptcy, and the customers would likely become unsecured creditors, who are projected to realize little to no recovery on their claims in the bankruptcy proceeding. Beyond addressing the immediate needs of customers, Avalon will look to build the acquired business by using efficiencies of its existing consolidated back offices and broadening the scope of services it provides in these regions. It intends to assume and expand the market that the Coach USA

Subsidiaries are expected to vacate. Consummation of the Transaction will ensure that the many clients depending on the Coach USA Subsidiaries' services both now and in the future receive continuous transportation that they expect and that the public depends upon.

The Board has granted interim approval under similar circumstances in the past. *See, e.g. El Expreso Group, LLC – Asset Acquisition – CUSA EE, LLC d/b/a El Expreso*, STB Docket No. MC-F-21048 TA (served August 13, 2012) (interim approval granted within three weeks where seller entity was subject to Chapter 11 Bankruptcy proceedings and there was a risk that the assets would be devalued absent interim approval). The Board has also granted interim approval to Avalon in a prior acquisition of certain assets of Wynne Transportation. *See Avalon Motor Coaches, LLC-Acquisition of Control-Wynne Transportation, LLC*, STB Docket No. MC-F-21105 TA (served January 30, 2023) (interim approval granted within one week).

Interim approval to operate is needed to ensure a smooth purchase and transition following the scheduled August 13, 2024 sales hearing and Board approval of the purchase. Given this deadline, the applicants respectfully request a ruling of interim approval as soon as possible. With interim operating approval, Avalon can seamlessly maintain the employee jobs and needed services to the traveling public, and can prevent the Coach USA Subsidiaries from diminishing or terminating their business.

CONCLUSION

A grant of interim approval will allow the Coach USA Subsidiaries' services to the public to continue uninterrupted and avoid injury to those properties. For the reasons stated herein, the applicants respectfully request that the Board grant this request for interim approval in these affected areas.

Respectfully submitted,

/s/ Barry M. Weisz

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