

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

COACH USA, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11258 (____)

(Joint Administration Requested)

**DEBTORS' MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS
(I) AUTHORIZING PAYMENT OF CERTAIN PREPETITION WAGES, SALARIES,
AND OTHER COMPENSATION; (II) AUTHORIZING CERTAIN EMPLOYEE
BENEFITS AND OTHER ASSOCIATED OBLIGATIONS; (III) AUTHORIZING
BANKS TO HONOR AND PROCESS CHECK AND ELECTRONIC
TRANSFER REQUESTS RELATED THERETO; (IV) SCHEDULING
A FINAL HEARING; AND (V) GRANTING RELATED RELIEF**

Coach USA, Inc. and its affiliated debtors and debtors in possession in the above-captioned chapter 11 cases (collectively, the “Debtors”) hereby move the Court (this “Motion”), pursuant to sections 105(a), 363, 507, 541, 1107(a), and 1108 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 6003 and 6004 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Rule 9013-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), for entry of an interim order (the “Interim Order”) and a final order (the “Final Order,” and together with the Interim Order, the “Proposed Orders”), substantially in the forms annexed hereto as Exhibit A and Exhibit B, respectively: (i) authorizing, but not directing, the Debtors to pay accrued prepetition wages, salaries, and other compensation to their workforce, (ii) authorizing certain employee benefits and other associated obligations, as described below, (iii) authorizing banks and other financial institutions (collectively, the “Banks”) to honor and

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors’ claims and noticing agent at <https://cases.ra.kroll.com/CoachUSA>. The Debtors’ mailing address is 160 S Route 17 North, Paramus, NJ 07652.

process check and electronic transfer requests related to the foregoing, (iv) scheduling a final hearing with respect to the foregoing, and (v) granting related relief. In support of this Motion, the Debtors rely upon and incorporate by reference the *Declaration of Spencer Ware in Support of the Debtors' Chapter 11 Petitions and Requests for First Day Relief* (the "First Day Declaration"), which was filed concurrently herewith.² In further support of this Motion, the Debtors respectfully represent as follows:

JURISDICTION AND VENUE

1. The United States Bankruptcy Court for the District of Delaware (the "Court") has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334(b) and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b), and, pursuant to Local Rule 9013-1(f), the Debtors consent to the entry of a final order by the Court in connection with this Motion to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution. Venue is proper before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory and legal predicates for the relief requested herein are sections 105(a), 363, 507, 541, 1107(a), and 1108 of the Bankruptcy Code, Bankruptcy Rules 6003 and 6004, and Local Rule 9013-1.

BACKGROUND

3. On the date hereof (the "Petition Date"), each of the Debtors commenced a voluntary case under chapter 11 of the Bankruptcy Code. Pursuant to sections 1107(a) and 1108

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the First Day Declaration.

of the Bankruptcy Code, the Debtors are continuing to manage their financial affairs as debtors in possession.

4. Contemporaneously herewith, the Debtors filed a motion seeking joint administration of their chapter 11 cases (collectively, the “Chapter 11 Cases”) pursuant to Bankruptcy Rule 1015(b) and Local Rule 1015-1. No trustee, examiner, or official committee of unsecured creditors has been appointed in these Chapter 11 Cases.

5. Information regarding the Debtors’ history, business operations, capital structure and secured indebtedness, and the events leading up to the commencement of these Chapter 11 Cases can be found in the First Day Declaration.

THE WORKFORCE AND RELATED OBLIGATIONS

6. The Debtors’ workforce consists of approximately 497 part-time and seasonal employees (the “Part-Time Employees”) and approximately 2,210 full-time employees (the “Full-Time Employees,” and together with the Part-Time Employees, the “Employees”). Approximately 1,582 of the Debtors’ Employees are members of various collective bargaining units (the “Union Employees”).³ In addition, the Debtors supplement their business needs and workforce with approximately 100 independent contractors (the “Independent Contractors”).

7. In the ordinary course of business, the Debtors incur payroll and other compensation obligations for their workforce. The Debtors also provide other benefits to Employees for the performance of services. These benefits and obligations are described in more detail below.

8. The Employees and Independent Contractors perform critical functions for the Debtors, including, among many other things, driving the buses and other vehicles at the core of

³ A summary of the collective bargaining units and collective bargaining agreements is attached hereto as Exhibit C.

the Debtors' business, providing maintenance for such vehicles, sales, accounting, legal, finance, management, supervisory, administrative functions, and customer service. The Debtors' failure to pay Wage Obligations (defined below), and to continue to honor, as applicable, employee benefits, as detailed below, would have a material adverse impact on the Debtors' business and the Debtors' ability to maximize value through the prosecution of these Chapter 11 Cases.

A. Compensation Obligations

i) Wage Obligations

9. The Debtors incur payroll obligations for base wages and overtime compensation owed to their Employees and Independent Contractors (the "Employee Wage Obligations"). Employees are paid on a weekly, bi-weekly, or bi-monthly basis. The average weekly payroll for the Debtors' Employees in a typical month ranges from approximately \$2.6–4.6 million, including payroll taxes.⁴ Employees are paid either by check or direct deposit.

10. The Debtors also maintain several incentive programs for non-insider Employees, including, among other things, a discretionary bonus program for certain eligible personnel, driver safety, customer service, project completion, compliance and training (the "Incentive Program"). The purpose of the Incentive Program is to encourage Employees to complete additional training, such as safe driving education, and reward and motivate Employees to provide high-level services. As of the Petition Date, the Debtors estimate that rewards currently owed in the ordinary course of business pursuant to the Incentive Program do not exceed approximately \$50,000 (the "Incentive Program Obligations").

⁴ The average weekly payroll varies significantly for Independent Contractors and, therefore, a weekly average is difficult to calculate. As of the Petition Date, the Debtors estimate that Employee Wage Obligations owed to Independent Contractors do not exceed approximately \$300,000.

11. Automatic Data Processing, Inc. (“ADP”) administers and processes the Debtors’ payrolls, which includes processing wage payments and third-party tax payments. The services of ADP are imperative to the smooth functioning of the Debtors’ payroll system. The Debtors pay ADP approximately \$55,000 per month for its services (the “Payroll Administrator Obligations,” and together with the Employee Wage Obligations and the Incentive Program Obligations, the “Wage Obligations”).

12. As of the Petition Date, the Debtors estimate that Wage Obligations currently owed in the ordinary course of business do not exceed approximately \$6.7 million (collectively, the “Unpaid Wage Obligations”). To the best of the Debtors’ understanding, a limited number of Employees and/or Independent Contractors may be owed more than \$15,150 in accrued and unpaid general prepetition wages or salaries.

13. However, pursuant to the Interim Order, the Debtors seek authorization, but not direction, to pay the Unpaid Wage Obligations in an amount not to exceed \$15,150 per eligible Employee or Independent Contractor, and to continue to honor the Wage Obligations on a postpetition basis in the ordinary course during the administration of these Chapter 11 Cases. The Debtors request authority to pay Employees or Independent Contractors who are owed more than \$15,150 in Unpaid Wage Obligations pursuant to the Final Order.

ii) Withholding Obligations

14. In connection with the salaries and wages paid to Employees, for each applicable pay period, the Debtors are required by law to withhold from Employees’ wages amounts related to federal, state, provincial, and local income taxes, as well as social security and Medicare taxes (collectively, the “Employee Withholding Taxes”)⁵ and to remit the same to the applicable taxing

⁵ The Employee Withholding Taxes includes amounts withheld and remitted to both United States and Canadian taxing authorities.

authorities. The Debtors are also required to make matching payments from their own funds for, among other things, social security and Medicare taxes and to pay, based on a percentage of gross payroll, state and federal unemployment insurance, and state disability insurance contributions (the “Employer Payroll Tax Obligations,” and together with Employee Withholding Taxes, the “Payroll Tax Obligations”). ADP is responsible for the withholding and remitting of the Payroll Tax Obligations.

15. Additionally, for each applicable pay period, the Debtors routinely deduct certain amounts directly from Employees’ paychecks, including, without limitation, garnishments, child support and service charges, and similar deductions (collectively, the “Deductions”).

16. The Debtors estimate that ADP withholds, on average, \$3.1 million per month in Employee Withholding Taxes and Deductions (collectively, the “Withholding Obligations”). As of the Petition Date, the Debtors estimate that approximately \$10,000 in Deductions has been collected but not yet remitted to either ADP or the ultimate payee (“Unremitted Withholdings Obligations”).⁶

17. The Debtors seek authorization, but not direction, to remit Unremitted Withholdings Obligations postpetition in the ordinary course of business and to continue collecting the Withholding Obligations. The Debtors believe that Unremitted Withholdings Obligations that remain in the Debtors’ possession constitute moneys held in trust and, therefore, are not property of the Debtors’ estates. Out of an abundance of caution, however, the Debtors seek authority to remit Unremitted Withholdings Obligations and continue collecting the

⁶ The Unremitted Withholdings Obligations consist entirely of Canadian Employee Deductions that are withheld from Canadian Employee paychecks and paid directly by the Debtors to the appropriate payees. All United States Employee Withholding Taxes and Deductions are remitted to ADP as a component of the payroll funding and ADP then remits payment to the appropriate payee.

Withholding Obligations in the ordinary course of business during the administration of these Chapter 11 Cases.

iii) Union Dues

18. In the ordinary course of business, the Debtors withhold from the paychecks of Union Employees amounts for the payment of dues to unions of which those Employees are members (the “Union Dues”). These withheld amounts are remitted to the respective unions. The Union Dues are paid as part of the Debtors’ payroll and amount to approximately \$90,000 per month. As of the Petition Date, the Debtors estimate that approximately \$280,000 in Union Dues remains outstanding (the “Unpaid Union Dues”).

B. Paid Time Off

19. The Debtors offer certain Employees various paid time off programs in the form of compensation for vacation, personal days, and sick time. Specifically, the Debtors offer certain full-time Employees vacation days which vary for each Employee depending on, among other things, the Employee’s length of employment (“Vacation”). In general, Employees can carry over one week of Vacation into a new calendar year, though managers have discretion, on a case-by-case basis, to permit an Employee to carry over more than one week of Vacation. Additionally, the Debtors offer Employees six days of paid time off per calendar year (“PTO,” and together with Vacation, the “Personal Time Program”).⁷ The Personal Time Program also varies between Union Employees and non-union Employees. In accordance with certain state laws, Employees who are terminated from their employment (for any reason) are entitled to

⁷ Certain Employees not eligible for the Personal Time Program may be eligible for sick time based on applicable law. To the extent an Employee is eligible for sick time based on applicable law, the Debtors are requesting authority, but not direction, to pay accrued sick time as of the Petition Date and to continue to pay sick time, as part of the Personal Time Program, in accordance with applicable law, throughout the administration of these Chapter 11 Cases.

payment for all accrued but unused Vacation as of the date of termination of employment. The Personal Time Program is typical and customary, and continuing to offer it is necessary for the Debtors to retain Employees during the reorganization process.

20. Because Vacation is accrued and used by Employees on a continuous basis, it is difficult to precisely quantify the cost of accrued Vacation as of the Petition Date. However, the Debtors estimate that as of the Petition Date the value of accrued and unpaid Vacation does not exceed approximately \$6.0 million (“Unpaid Vacation Obligations”). This amount, however, is not a current cash payment obligation as Employees are only entitled to be paid for accrued but unused Vacation upon termination. To the best of their knowledge, the Debtors do not believe that any Unpaid Vacation Obligations are currently due and owing as of the Petition Date. Out of an abundance of caution, however, the Debtors request authority, but not direction, to pay any Unpaid Vacation Obligations as of the Petition Date solely in accordance with applicable law.

21. The Debtors request that they be authorized, but not directed, to pay any Unpaid Vacation Obligations currently due and owing and to continue to honor the Personal Time Program (including with regard to any Vacation that accrued prepetition, even if Employees use such prepetition Vacation throughout the administration of these Chapter 11 Cases in accordance with the Debtors’ prepetition policy) in the ordinary course during the administration of these Chapter 11 Cases.

C. Reimbursable Expense Obligations

22. Prior to the Petition Date, in the ordinary course of business, the Debtors reimbursed Employees (the “Reimbursement Program”) for approved, legitimate expenses incurred on behalf of the Debtors in the scope of the Employee’s employment (“Reimbursable Expense Obligations”). Reimbursable Expense Obligations typically include expenses for, among other things, travel, personal car use, and certain other business-related, out-of-pocket

expenses. All such expenses are incurred with the applicable Employee's understanding that he or she will be reimbursed by the Debtors in accordance with the Debtors' reimbursement policy, as described in more detail below. In all cases, reimbursement is contingent on the Debtors' determination that the charges are for legitimate, reimbursable business expenses.

23. The Reimbursable Expense Obligations also include charges that certain Employees incur through the use of corporate credit cards (the "Corporate Cards")⁸ issued by Wells Fargo Bank, National Association ("Wells Fargo"). The Debtors maintain a \$2.5 million reserve against the Prepetition ABL Facility borrowing base which backstops the Corporate Cards balance. Although the Debtors pay the invoice for the Corporate Cards, the cards are held in the names of individual Employees. The Debtors have policies whereby the Employees seek reimbursement, or file expense reports for the Debtors' payment, of the Reimbursable Expense Obligations. These expenses are ordinary course expenses that the Employees incur in performing their job functions, including all of the Reimbursable Expense Obligations incurred on the Corporate Cards. It is essential to the continued operation of the Debtors' businesses that the Debtors be permitted to continue reimbursing or making direct payments on behalf of Employees for the Reimbursable Expense Obligations.

24. It is difficult for the Debtors to determine the exact amount of Reimbursable Expense Obligations outstanding as of the Petition Date because, among other things, Employees may have expenses that they have yet to submit to the Debtors for reimbursement. During 2023, the Debtors have paid, on average, approximately \$274,000 per week on account of Reimbursable Expense Obligations. The Debtors process payment of these Reimbursable Expense Obligations on a rolling basis. As of the Petition Date, the Debtors estimate that the

⁸ The Debtors maintain a total of 370 Corporate Cards.

total amount of unpaid prepetition Reimbursable Expense Obligations does not exceed approximately \$1.9 million (“Unpaid Reimbursable Expense Obligations”).

25. Accordingly, to avoid harming Employees who incurred Reimbursable Expense Obligations, the Debtors request authority, but not direction, to pay all Unpaid Reimbursable Expense Obligations and authority to continue the Reimbursement Program in the ordinary course during the administration of these Chapter 11 Cases.

D. Employee Benefit Programs

26. In the ordinary course of business, the Debtors offer certain Employees medical benefits, including medical, dental, and vision benefits (collectively, the “Health Plans”). All obligations with respect to the Health Plans are hereinafter referred to as the “Employee Benefits Obligations.”

27. The Debtors’ medical plans are a combination of self-funded, fully insured, Union administered funds, and administered by various insurance companies.⁹ As of June 2024, approximately 1,600 Employees, in addition to Employee dependents, are covered under the Debtors’ medical plans. The Debtors’ dental and vision plans are each fully insured. As of June 2024, approximately 1,325 Employees, in addition to Employee dependents, are covered under the Debtors’ dental plan and approximately 1,050 Employees, in addition to Employee dependents, are covered under the Debtors’ vision plan.

28. The medical and dental plans are funded through contributions by the participating Employee and by the Debtors, and the vision plan is funded through contributions

⁹ The Debtors also provide a fully insured medical plan through Industrial Alliance for covered Employees in Canada (the “Industrial Alliance Plan”). For the avoidance of doubt, the Debtors are also requesting authority to pay any amounts under the Industrial Alliance Plan and to continue to honor their obligations thereunder, as part of the Health Plans, in the ordinary course during the administration of these Chapter 11 Cases.

by the Employee. The Debtors believe that it is necessary and appropriate to continue to honor their obligations under the Health Plans. The cost of the Health Plans is generally shared between the Debtors and the eligible Employees, with the Debtors primarily responsible, but with Employees contributing approximately 20% through payroll deductions for the medical plans, approximately 53% through payroll deductions for the dental plan, and fully funding the vision plan. The Health Plans cost the Debtors approximately \$1.0 million per month for administrative and self-insurance costs (collectively, the “Administrative Costs”). As of the Petition Date, the Debtors estimate that their liability for Administrative Costs does not exceed \$1.1 million. Pursuant to the self-insured medical plan, the Debtors additionally pay claims of approximately \$1.0 million per month. Given the variable nature of claims related to the Debtors’ self-insured medical plan, it is difficult to estimate the amount outstanding under the plan on a week-to-week basis. However, as of the Petition Date, the Debtors estimate that their liability under the Health Plans does not exceed approximately \$2.4 million (the “Self-Insured Claims Costs,” and together with the Administrative Costs, the “Unpaid Employee Benefit Obligations”).¹⁰

29. The Debtors request authority, but not direction, to pay all Unpaid Employee Benefit Obligations and to continue to offer the Health Plans and honor their obligations thereunder in the ordinary course during the administration of these Chapter 11 Cases.

E. Life Insurance and Disability Insurance

30. The Debtors provide (a) basic term life, short-term disability, and long-term disability insurance coverage to eligible full-time Employees and (b) access to, among other things, variable life, employee accident insurance, a health savings account, a flexible spending

¹⁰ The Debtors’ Self-Insured Claims Costs are back-stopped by a stop-loss insurance policy that reimburses the Debtors for Self-Insured Claims Costs paid out over a \$300,000 deductible.

account, and identification theft insurance (collectively, the “Employee Insurance Program”). The Debtors incur estimated costs in the amount of \$40,000 per month with respect to the Employee Insurance Program. As of the Petition Date, the Debtors estimate that their liability under the Employee Insurance Program does not exceed approximately \$70,000 (the “Unpaid Employee Insurance Coverage”).

31. The Debtors seek authority, but not direction, to pay the Unpaid Employee Insurance Coverage and to continue to provide the Employee Insurance Program in the ordinary course of business during the administration of these Chapter 11 Cases.

F. Workers’ Compensation Claims

32. The Debtors maintain workers’ compensation policies through XL Insurance America, Inc. (the “Workers’ Compensation Insurance Policies”) that provides the required level of coverage in each state in which the Debtors operate (the “Workers’ Compensation Program”). The Debtors also pay certain amounts to purchase state and provincial mandated policies, as required by applicable law, including, without limitation, plans in the states of Ohio and Wyoming and provinces of Ontario and Quebec, that the Debtors pay based on a quarterly headcount and number of hours worked.

33. Additionally, the Debtors are registered with the Workplace Safety and Insurance Board for Ontario (the “WSIB”) and the Commission des normes de l’équité de la santé et de la sécurité du travail for Quebec (the “CNESST”) and, in connection therewith, have paid premiums for claims paid by the WSIB and CNESST.

34. The Debtors’ deductible under the Workers’ Compensation Insurance Policies in the self-administered United States plan is \$1 million per incident. Accordingly, the Debtors retain risk with respect to workers’ compensation claims up to \$1 million per claim (the “Workers’ Compensation Claims”). As of the Petition Date, the Debtors estimate that

approximately \$8.0 million is owed in Workers' Compensation Claims and premiums (the "Unpaid Workers' Compensation Claims").

35. The Debtors also pay a premium on account of the United States Workers' Compensation Insurance Policies (the "Workers' Compensation Insurance Premium"). For the period August 1, 2023, through August 1, 2024, the Debtors paid approximately \$1.6 million in Workers' Compensation Insurance Premium.

36. The Debtors seek authority, but not direction, to pay any Unpaid Workers' Compensation Claims (regardless of when such obligations arose) and to continue to honor the Workers' Compensation Program, including paying the Workers' Compensation Insurance Premium required to renew these policies, in the ordinary course of business during the administration of these Chapter 11 Cases.

G. Savings and Retirement Plans

37. The Debtors maintain a 401(k) plan for certain eligible Employees (the "401(k) Plan"),¹¹ which is administered by Fidelity Management Trust Company. Generally, the 401(k) Plan provides pre-tax salary deductions on eligible compensation, which amounts are deducted automatically from each participating Employee's paycheck and deposited in such Employee's 401(k) Plan account. The Debtors have historically matched these Employee contributions to the 401(k) Plan, though in 2024 the Debtors discontinued this match. However, the Debtors continue to match Union Employee contributions to the 401(k) plan accounts governed by

¹¹ The Debtors' 401(k) Plan includes a registered retirement savings plan (the "RRSP") for eligible Canadian Employees. The Debtors' match contributions arising under the RRSP are included in the Unremitted 401(k) Contributions.

certain collective bargaining agreements (the “Union 401(k) Plans”). Notably, the terms between the 401(k) Plan and the Union 401(k) Plans may vary.

38. Approximately 1,700 Employees currently actively participate in the 401(k) Plan, with an approximate weekly withholding amount from Employee paychecks of \$140,000 (exclusive of the Debtors’ match amount), plus a small administrative fee of \$15,000 per quarter. As of the Petition Date, the Debtors hold in trust approximately \$80,000 in Employee 401(k) Plan contributions, which includes the Debtors’ contribution match (the “Unremitted 401(k) Contributions”).

39. The Debtors request that they be authorized, but not directed, to remit the Unremitted 401(k) Contributions, and to continue to operate and maintain, as applicable, the 401(k) Plan and the Union 401(k) Plans in the ordinary course of business.

H. Other Employee Programs

40. In addition to the foregoing, the Debtors have various other practices, programs, and policies for their Employees, including, but not limited to, a number of incentive plans designed to provide compensation and other benefits to Employees in order to encourage exceptional Employee performance for the benefit of the Debtors’ businesses and Employee training and compliance programs (collectively, the “Other Employee Programs”). The Other Employee Programs also include certain union pension plans, specifically the Hudson Transit Lines Union Employees Pension Plan (the “Hudson Plan”) and the Teamsters Local No. 35 Pension Plan (the “Teamsters Plan”). The Hudson Plan may be underfunded and, depending on varying calculations, the Debtors’ liability thereunder ranges from approximately \$0 to \$400,000. The Teamsters Plan may be underfunded and, depending on varying calculations, the Debtors’ liability thereunder ranges from approximately \$0 to \$300,000. Eligibility for the Other Employee Programs depends on, among other things, the Employee’s classification or level, and

the amount of the incentive compensation depends on whether the Debtors and the eligible Employee meet certain performance objectives. Subject to the requirements of section 503 of the Bankruptcy Code, the Debtors intend to continue and to honor such practices, programs, and policies after the Petition Date, as such practices, programs, and policies may be modified, amended, or supplemented from time to time in the ordinary course of the Debtors' operations. As of the Petition Date, the Debtors estimate that approximately \$1.0 million is outstanding on account of the Other Employee Programs (the "Unpaid Other Employee Programs Obligations").

RELIEF REQUESTED

41. By this Motion, the Debtors seek entry of the Proposed Orders authorizing, but not directing, the Debtors, in their discretion, to (a) pay and/or remit, as applicable, (i) the Unpaid Wage Obligations, (ii) the Unremitted Withholdings Obligations, (iii) the Unpaid Union Dues, (iv) the Unpaid Vacation Obligations, (v) the Unpaid Reimbursable Expense Obligations, (vi) the Unpaid Employee Benefits Obligations, (vii) the Unpaid Employee Insurance Coverage, (viii) the Unpaid Workers' Compensation Claims, (ix) the Unremitted 401(k) Contributions, and (x) the Unpaid Other Employee Programs Obligations (together with all costs and fees incident to the foregoing, collectively, the "Employee Obligations") and (b) continue to honor and/or collect, as applicable, (i) the Wage Obligations, (ii) the Withholding Obligations, (iii) the Union Dues, (iv) the Personal Time Program, (v) the Reimbursement Program, (vi) the Health Plans, (vii) the Employee Insurance Program, (viii) the Workers' Compensation Program, (ix) the Unpaid Workers' Compensation Claims, (x) the 401(k) Plan, (xi) the Union 401(k) Plans, and (xii) the Other Employee Programs (collectively, the "Employee Plans and Programs").

42. The Debtors seek authority to make the following payments related to prepetition amounts owed on account of the Employee Obligations:

Employee Obligation	Amount Requested
Wage Obligations	\$6,700,000
Withholdings Obligations	\$10,000
Union Dues	\$280,000
Reimbursable Expense Obligations	\$1,900,000
Employee Benefits Obligations	\$2,400,000
Employee Insurance Coverage	\$69,000
Workers' Compensation Claims	\$8,000,000
401(k) Contributions	\$80,000
Other Employee Programs Obligations	\$1,000,000
TOTAL	\$20,439,000.00

43. To enable the Debtors to carry out the relief requested, the Debtors also request that the Court authorize all applicable banks and financial institutions (collectively, the “Banks”) to receive, process, honor, and pay all checks presented for payment and all electronic payment requests made by the Debtors relating to the Employee Obligations and the Employee Plans and Programs, whether such checks were presented or electronic-payment requests were submitted prior to or after the Petition Date.

BASIS FOR RELIEF

44. Pursuant to sections 105(a), 363, 507, 541, 1107(a), and 1108 of the Bankruptcy Code, the Debtors seek authority to pay the Employee Obligations, in their discretion, and to maintain and continue the Employee Plans and Programs, in their discretion, and in the ordinary course of business, in the exercise of their business judgment. This relief is necessary to retain the workforce, the loss of which would disable the Debtors' business operations.

A. A Portion of the Employee Obligations Is Entitled to Priority Treatment

45. Section 507(a)(4)(A) of the Bankruptcy Code grants priority status to up to \$15,150 for each employee's claims for “wages, salaries, or commission, including vacation,

severance, and sick leave pay” earned within 180 days before the Petition Date. 11 U.S.C. § 507(a)(4)(A). Similarly, section 507(a)(5) of the Bankruptcy Code grants priority to contributions to employee benefit plans, up to an aggregate amount of \$15,150 multiplied by the number of employees covered, less any amounts paid to such employees under section 507(a)(4) of the Bankruptcy Code. 11 U.S.C. § 507(a)(5).

46. Indeed, “[w]age priority has been a feature of the bankruptcy law since 1898.” *In re Garden Ridge Corp.*, No. 04-10324 (KJC), 2006 WL 521914, at *2 (Bankr. D. Del. Mar. 2, 2006) (citing 4 Alan N. Resnick & Henry J. Sommer, *Collier on Bankruptcy* ¶ 507.05[1] (15th ed. 2005)). Its purpose is to “alleviate hardship on workers . . . who may have no other source of income” and “to encourage employees to stand by an employer in financial difficulty.” *Id.* (citing 4 Alan N. Resnick & Henry J. Sommer, *Collier on Bankruptcy* ¶ 507.05[1] (15th ed. 2005)). This priority extends to certain other “benefits that are considered akin to compensation, such as vacation, severance and sick leave pay.” *Id.*

47. A portion of the Employee Obligations relating to the period prior to the Petition Date constitutes priority claims under sections 507(a)(4) and (5) of the Bankruptcy Code. The Debtors believe that the amount of Employee Obligations owing to or on account of the majority of their Employees will not exceed the sum of \$15,150 allowable as a priority claim under section 507(a)(4) of the Bankruptcy Code. Therefore, the Debtors’ unsecured creditors will not be prejudiced by permitting priority obligations to be satisfied in the ordinary course of business during these Chapter 11 Cases rather than at the conclusion of these Chapter 11 Cases.

B. The Debtors Should Be Authorized to Pay the Employee Obligations Under Sections 1107(a) and 1108 of the Bankruptcy Code

48. The Debtors, operating their businesses as debtors in possession under sections 1107(a) and 1108 of the Bankruptcy Code, are fiduciaries “holding the bankruptcy

estate[s] and operating the business[es] for the benefit of [their] creditors and (if the value justifies) equity owners.” *In re CoServ, LLC*, 273 B.R. 487, 497 (Bankr. N.D. Tex. 2002).

“Implicit in the duties” of a chapter 11 debtor in possession is the duty “to protect and preserve the estate, including an operating business’s going-concern value.” *Id.*

49. Courts have noted that there are instances in which a debtor in possession can fulfill its fiduciary duty “only . . . by the preplan satisfaction of a prepetition claim.” *Id.* The *CoServ* court specifically noted that preplan satisfaction of prepetition claims is a valid exercise of a debtor’s fiduciary duty when the payment “is the only means to effect a substantial enhancement of the estate.” *Id.* The court provided a three-pronged test for determining whether a preplan payment on account of a prepetition claim is a valid exercise of a debtor’s fiduciary duty:

First, it must be critical that the debtor deal with the claimant. Second, unless it deals with the claimant, the debtor risks the probability of harm, or, alternatively, loss of economic advantage to the estate or the debtor’s going concern value, which is disproportionate to the amount of the claimant’s prepetition claim. Third, there is no practical or legal alternative by which the debtor can deal with the claimant other than by payment of the claim.

Id. at 498.

50. Payment of the Employee Obligations as set forth herein meets each element of the standard set forth in *CoServ*. The Debtors’ operations are complex, and rely on the skill and expertise of their Employees. Many Employees possess unique knowledge regarding specific aspects of the Debtors’ operations, which would be virtually irreplaceable should such Employees be lost through a failure to pay the Employee Obligations. In addition, any failure by the Debtors to pay the Employee Obligations as set forth herein would negatively impact the morale of the workforce at a critical time for the Debtors and their businesses. The workforce is also critical to the Debtors’ continuing operations, which would be impossible without the

continued efforts of the workforce. The damage to the value of the Debtors' business and, hence, the costs to creditors as a whole, would be immediate and irreparable if the Employee Obligations were not met. In short, the potential harm and economic disadvantage that would stem from the failure to pay the Employee Obligations greatly outweigh the amount of any prepetition claims that the Debtors are seeking authorization to pay.

51. After careful consideration in consultation with their advisors, the Debtors have determined in their business judgment that to avoid significant disruption to their business operations there exists no practical or legal alternative to the payment of the Employee Obligations.

C. Payment of the Employee Obligations Is Warranted Pursuant to Section 363 of the Bankruptcy Code

52. Section 363(b)(1) of the Bankruptcy Code provides that a debtor may “after notice and a hearing, use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). A debtor’s decision to use, sell, or lease assets outside the ordinary course of business must be based upon the sound business judgment of that debtor. *See Official Comm. of Unsecured Creditors of LTV Aerospace & Def. Co. v. LTV Co. (In re Chateaugay Corp.)*, 973 F.2d 141, 143 (2d Cir. 1992) (holding that a court determining an application pursuant to section 363(b) of the Bankruptcy Code must find from the evidence a good business reason to grant such application); *see also In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989) (standard for determining a section 363(b) motion is whether the debtor has a “good business reason” for the requested relief). “Where the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” *Comm. of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re*

Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). Consistent with a debtor's fiduciary duties, where there is a sound business purpose for the payment of prepetition obligations, and where the debtor is able to "articulate some business justification, other than the mere appeasement of major creditors," courts have authorized debtors to make such payments under section 363(b) of the Bankruptcy Code. *See, e.g., In re Ionosphere Clubs*, 98 B.R. at 175 (accepting debtor's argument that payment of employee wage claims was "critical . . . in order to preserve and protect its business and ultimately reorganize, retain its currently working employees and maintain positive employee morale," and finding that the debtor had "clearly demonstrated sound business reasons to justify such payments").

53. The Debtors pay the Employee Obligations in the ordinary course of business, as permitted by section 363(c) of the Bankruptcy Code. However, to the extent that the Court finds that approval is necessary and in an abundance of caution, the Debtors request that the Court grant the relief requested herein and enter an order authorizing them to pay the Employee Obligations, consistent with their compensation, Vacation and PTO, and other benefit policies and plans, and to permit, but not require, the Debtors, in their discretion, to maintain and continue the Employee Plans and Programs for their Employees as those practices, programs, policies, and plans were in effect as of the Petition Date, as such may be modified, terminated, amended, or supplemented from time to time.

D. Payment of Certain Withholding Obligations Is Appropriate Under Section 541 of the Bankruptcy Code

54. The Debtors also seek authority to pay the Withholding Obligations. These amounts principally represent the Employees' earnings that governments, the Employees, and the judicial authorities have designated for deduction from the Employees' paychecks. Indeed, certain Withholding Obligations are not property of the Debtors' estates because the Debtors

have withheld such amounts from Employees' paychecks on another party's behalf. *See* 11 U.S.C. § 541; *see also City of Farrell v. Sharon Steel Corp.*, 41 F.3d 92, 95 (3d Cir. 1994) (observing the "well-settled principle that debtors do 'not own an equitable interest in property . . . [they] hold[] in trust for another,' and that therefore funds held in trust are not 'property of the estate.'" (quoting *Begier v. IRS*, 496 U.S. 53, 59 (1990))).

55. Further, federal and state laws require the Debtors to withhold certain tax payments from Employees' paychecks and to pay such amounts to the appropriate taxing authority. *See* 26 U.S.C. §§ 6672 and 7501(a); *see also Sharon Steel Corp.*, 41 F.3d at 95-97 (finding that state law requiring a corporate debtor to withhold city income tax from its employees' wages created a trust relationship between debtor and the city for payment of withheld income taxes); *In re DuCharmes & Co.*, 852 F.2d 194, 196 (6th Cir. 1988) (noting that individual officers of a company may be held personally liable for failure to pay trust fund taxes). A failure to pay these amounts could subject the Debtors and their officers and directors to liability. *See, e.g., John F. Olson, et al., Director & Officer Liability: Indemnification and Insurance* § 3:21 (2003). To avoid the potential of such liability, and because the Withholding Obligations are not property of the Debtors' estates, the Debtors request that the Court authorize them to remit these amounts to the appropriate parties in the ordinary course of business.

E. Payment of the Employee Obligations Is Warranted Pursuant to Section 105(a) of the Bankruptcy Code and Under the Doctrine of Necessity

56. Courts have also authorized payment of prepetition claims in appropriate circumstances pursuant to section 105(a) of the Bankruptcy Code. Section 105(a) of the Bankruptcy Code, which codifies the inherent equitable powers of the bankruptcy court, empowers the bankruptcy court to "issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title." 11 U.S.C. § 105(a). Under section 105(a) of

the Bankruptcy Code, courts may permit pre-plan payments of prepetition obligations when such payments are essential to the continued operation of the debtor's business and, in particular, where nonpayment of a prepetition obligation would trigger a withholding of goods or services essential to the debtors' business reorganization plan. *See, e.g., In re Ionosphere Clubs*, 98 B.R. at 177 (finding that section 105 empowers bankruptcy courts to authorize payment of prepetition debt when such payment is needed to facilitate the rehabilitation of the debtor).

57. Numerous courts have used their section 105(a) powers under the "doctrine of necessity" to authorize payment of prepetition obligations where, as here, such payment is an essential element of the preservation of the debtor in possession's potential for rehabilitation. *See In re CoServ, L.L.C.*, 273 B.R. at 497 (reasoning that because the debtor in possession has fiduciary duties it must meet, it is logical that the bankruptcy court may "use Section 105(a) of the [Bankruptcy] Code to authorize satisfaction of the prepetition claim in aid of preservation or enhancement of the estate"); *In re Synteen Techs., Inc.*, No. 00-02203-W, 2000 WL 33709667, at *2 (Bankr. D.S.C. Apr. 14, 2000) (noting that courts have permission to "allow payment of a prepetition claim when essential to the continued operation of the debtor" (citation omitted)); *In re Just For Feet, Inc.*, 242 B.R. 821, 824 (D. Del. 1999) ("courts have used their equitable power under section 105(a) . . . to authorize the payment of pre-petition claims when such payment is deemed necessary to the survival of a debtor in a chapter 11 reorganization"); *In re NVR L.P.*, 147 B.R. 126, 127 (Bankr. E.D. Va. 1992) ("Under [section 105] the court can permit pre-plan payment of a prepetition obligation when essential to the continued operation of the debtor"); *In re Eagle-Picher Indus., Inc.*, 124 B.R. 1021, 1023 (Bankr. S.D. Ohio 1991) (approving payment of prepetition unsecured claims of tool makers as "necessary to avert a serious threat to the Chapter 11 process"); *In re Quality Interiors, Inc.*, 127 B.R. 391, 396 (Bankr. N.D. Ohio 1991)

("[P]ayment by a debtor-in-possession of pre-petition claims outside of a confirmed plan of reorganization is generally prohibited by the Bankruptcy Code," but "[a] general practice has developed . . . where bankruptcy courts permit the payment of certain pre-petition claims, pursuant to 11 U.S.C. § 105, where the debtor will be unable to reorganize without such payment.").

58. The "doctrine of necessity" is frequently invoked early in reorganization cases, during the so-called "breathing spell," when preservation of the estate is most critical and often extremely difficult. See 2 Alan N. Resnick & Henry J. Sommer, *Collier on Bankruptcy* ¶ 105.02[4][a] (16th ed. 2018) (discussing cases in which courts have relied upon the "doctrine of necessity" or the "necessity of payment" rule to pay prepetition claims immediately). For example, in *In re Structurlite Plastics Corp.*, the court embraced "the principle that a bankruptcy court may exercise its equity powers under section 105(a) to authorize payment of prepetition claims where such payment is necessary to 'permit the greatest likelihood of survival of the debtor . . .'" 86 B.R. 922, 931 (Bankr. S.D. Ohio 1988) (quoting *In re Chateaugay Corp.*, 80 B.R. 279, 287 (S.D.N.Y. 1987)). The court explained that "a *per se* rule proscribing the payment of prepetition indebtedness may well be too inflexible to permit the effectuation of the rehabilitative purposes of the Code." *Id.* at 932. Flexibility of payment is particularly critical when the prepetition creditor provides vital goods or services to the debtor.

59. Here, the majority of the Employees rely on their compensation, benefits, and reimbursement of expenses to satisfy their daily living expenses and maintain their health and well-being. Consequently, these Employees will be exposed to significant financial hardships if the Debtors are not permitted to honor the Employee Obligations. If the Debtors are unable to satisfy such obligations, Employee morale and loyalty will suffer at a time when Employee

support is critical. Further, if the Court does not authorize the Debtors to honor their various obligations under the Employee Benefits Plans, the Employees' health coverage could be threatened, potentially burdening individual Employees with the costs of health care. At a minimum, the loss of health care coverage, or uncertainty regarding coverage, would result in considerable anxiety for the Employees at a time when the Debtors need their Employees to perform their jobs at peak efficiency. For all of the foregoing reasons, a sound business purpose exists to pay the Employee Obligations.

60. Taken together, the nature of the Employee Obligations, the substantial harm to the Debtors' businesses that would be caused if those obligations were not honored, the related potential for loss of value in the Debtors' estates, and the fact that a significant portion of the obligations in question relates to priority wage claims, lead to the conclusion that the Employee Obligations fall well within the scope of obligations whose payments may be authorized pursuant to the doctrine of necessity.

61. Accordingly, for all of the foregoing reasons, the relief requested herein will benefit the Debtors' estates and creditors by allowing the Debtors' business operations to continue without interruption and should therefore be approved.

F. The Court Should Authorize Applicable Banks to Honor Checks and Electronic Fund Transfers in Accordance With the Motion

62. In connection with the foregoing, the Debtors respectfully request that the Court authorize all applicable Banks to receive, process, honor, and pay all checks presented for payment and all electronic payment requests made by the Debtors relating to the Employee Obligations and the Employee Plans and Programs, whether such checks were presented or electronic-payment requests were submitted prior to or after the Petition Date.

SATISFACTION OF BANKRUPTCY RULE 6003

63. Pursuant to Bankruptcy Rule 6003, the Court may grant relief within twenty-one (21) days after the filing of the petition regarding a motion to “use, sell, lease, or otherwise incur an obligation regarding property of the estate” only if such relief is necessary to avoid immediate and irreparable harm. Fed. R. Bankr. P. 6003(b). Immediate and irreparable harm exists where the absence of relief would impair a debtor’s ability to reorganize or threaten the debtor’s future as a going concern. *See In re Ames Dep’t Stores, Inc.*, 115 B.R. 34, 36 n.2 (Bankr. S.D.N.Y. 1990) (discussing the elements of “immediate and irreparable harm” in relation to Bankruptcy Rule 4001).

64. Moreover, Bankruptcy Rule 6003 authorizes the Court to grant the relief requested herein to avoid harm to the Debtors’ customers and other third parties. Unlike Bankruptcy Rule 4001, Bankruptcy Rule 6003 does not condition relief on imminent or threatened harm to the estate alone. Rather, Bankruptcy Rule 6003 speaks of “immediate and irreparable harm” generally. *Cf.* Fed. R. Bankr. P. 4001(b)(2), (c)(2) (referring to “irreparable harm to the estate”). Indeed, the “irreparable harm” standard is analogous to the traditional standards governing the issuance of preliminary injunctions. *See* 9 Alan N. Resnick & Henry J. Sommer, *Collier on Bankruptcy* ¶ 4001.07[b][3] (16th ed. 2018) (discussing source of “irreparable harm” standard under Rule 4001(c)(2)). Courts will routinely consider third-party interests when granting such relief. *See, e.g., Capital Ventures Int’l v. Argentina*, 443 F.3d 214, 223 n.7 (2d Cir. 2006); *see also Linnemeir v. Bd. of Trs. of Purdue Univ.*, 260 F.3d 757, 761 (7th Cir. 2001).

65. As described herein and in the First Day Declaration, the Debtors will suffer immediate and irreparable harm without Court authorization for the relief requested herein.

Accordingly, Bankruptcy Rule 6003 has been satisfied and the relief requested herein should be granted.

REQUEST FOR WAIVER OF STAY

66. The Debtors also request that, to the extent applicable to the relief requested in this Motion, the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that “[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their business without interruption and to preserve value for their estates. Accordingly, the Debtors respectfully request that the Court waive the fourteen (14)-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

DEBTORS’ RESERVATION OF RIGHTS

67. Nothing contained herein is intended or should be construed as: an admission of the validity of, or a promise to pay with respect to, any claim against the Debtors; a waiver of the Debtors’ rights to dispute any claim; or an approval, assumption, or rejection of any agreement, contract, or lease under section 365 of the Bankruptcy Code.

NOTICE

68. The Debtors have provided notice of this Motion to: (a) the Office of the United States Trustee for the District of Delaware; (b) holders of the 30 largest unsecured claims on a consolidated basis against the Debtors; (c) counsel to Wells Fargo Bank, National Association, (i) Goldberg Kohn, 55 E. Monroe St., Chicago, Illinois 60603 (Attn: William A. Starshak (William.Starshak@goldbergkohn.com), Dimitri G. Karcazes (Dimitri.Karcazes@goldbergkohn.com), Prisca M. Kim (prisca.kim@goldbergkohn.com), and

Nicole P. Bruno (Nicole.Bruno@goldbergkohn.com)) and (ii) Richards, Layton & Finger, P.A., 920 North King Street, Wilmington, Delaware (Attn: John H. Knight (knight@rlf.com) and Paul N. Heath (heath@rlf.com)); (d) the Banks; and (e) all parties that have filed a notice of appearance and request for service of papers pursuant to Bankruptcy Rule 2002. Notice of this Motion and any order entered hereon will be served in accordance with Local Rule 9013-1(m). In light of the nature of the relief requested herein, the Debtors submit that no other or further notice is necessary.

[Remainder of page intentionally left blank]

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court grant the relief requested herein and such other and further relief as the Court may deem just and proper.

Dated: June 11, 2024
Wilmington, Delaware

YOUNG CONAWAY STARGATT & TAYLOR, LLP

/s/ Joseph M. Mulvihill

Sean M. Beach (No. 4070)
Joseph M. Mulvihill (No. 6061)
Timothy R. Powell (No. 6894)
Rebecca L. Lamb (No. 7223)
Rodney Square
1000 N. King Street
Wilmington, Delaware 19801
Tel: (302) 571-6600
Fax: (302) 571-1253
Email: sbeach@ycst.com
jmulvihill@ycst.com
tpowell@ycst.com
rlamb@ycst.com

- and -

ALSTON & BIRD LLP

J. Eric Wise (*pro hac vice* admission pending)
Matthew K. Kelsey (*pro hac vice* admission pending)
William Hao (*pro hac vice* admission pending)
90 Park Avenue
New York, New York 10016
Tel: (212) 210-9400
Fax: (212) 210-9444
Email: eric.wise@alston.com
matthew.kelsey@alston.com
william.hao@alston.com

Proposed Counsel to the Debtors and Debtors in Possession

EXHIBIT A

Proposed Interim Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

COACH USA, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11258 (____)

(Jointly Administered)

Ref. Docket No. ____

**INTERIM ORDER (I) AUTHORIZING PAYMENT OF CERTAIN PREPETITION
WAGES, SALARIES, AND OTHER COMPENSATION; (II) AUTHORIZING
CERTAIN EMPLOYEE BENEFITS AND OTHER ASSOCIATED OBLIGATIONS;
(III) AUTHORIZING BANKS TO HONOR AND PROCESS CHECK AND
ELECTRONIC TRANSFER REQUESTS RELATED THERETO;
(IV) SCHEDULING A FINAL HEARING; AND
(V) GRANTING RELATED RELIEF**

Upon the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Payment of Certain Prepetition Wages, Salaries, and Other Compensation; (II) Authorizing Certain Employee Benefits and Other Associated Obligations; (III) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the "Motion")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and this Court having reviewed the Motion; and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having found that venue of these cases and the Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://cases.ra.kroll.com/CoachUSA>. The Debtors' mailing address is 160 S Route 17 North, Paramus, NJ 07652.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and this Court having considered the First Day Declaration; and a hearing having been held to consider the relief requested in the Motion; and upon the record of the hearing on the Motion and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors, and all other parties in interest; and this Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on an interim basis as set forth herein.
2. The Debtors, are authorized, but not directed, to pay the Employee Obligations in an amount not to exceed \$20,439,000, consistent with the below chart; *provided, however*, that, subject to the requirements of section 507(a)(4) of the Bankruptcy Code, without prejudice to the Debtors' right to seek additional payments, the Debtors shall not make any payments in excess of \$15,150 on account of prepetition Employee Obligations to any one Employee, absent further order of this Court, unless required by applicable state law.

[Remainder of page intentionally left blank]

Employee Obligation	Amount Requested
Wage Obligations	\$6,700,000
Withholdings Obligations	\$10,000
Union Dues	\$280,000
Reimbursable Expense Obligations	\$1,900,000
Employee Benefits Obligations	\$2,400,000
Employee Insurance Coverage	\$69,000
Workers' Compensation Claims	\$8,000,000
401(k) Contributions	\$80,000
Other Employee Programs Obligations	\$1,000,000
TOTAL	\$20,439,000.00

3. The Debtors are authorized, but not directed, to continue to collect, pay, honor, satisfy, process, and administer, as applicable, the Employee Plans and Programs, in accordance with the Debtors' stated policies and prepetition practices, in the ordinary course during the administration of these Chapter 11 Cases.

4. Nothing in this Interim Order authorizes any payments in excess of the limitations set forth in 11 U.S.C. § 507(a)(4)(A) and 11 U.S.C. § 507(a)(5).

5. Subject to paragraphs 2 and 3 of this Interim Order, the Debtors are authorized, but not directed, to continue to honor the Corporate Cards program in the ordinary course of business and consistent with prepetition practices, including by paying prepetition and postpetition obligations outstanding with respect thereto.

6. The Debtors are authorized, but not directed, to continue using the Corporate Cards and the Corporate Card program in the ordinary course of business and consistent with prepetition practices, including by paying prepetition and postpetition obligations outstanding with respect thereto, subject to the limitations of this Interim Order and any other applicable interim and/or final orders of this Court. The Debtors are further authorized to continue to use the Corporate Cards and the Corporate Card program subject to the terms of any applicable debtor-in-possession financing orders and related loan documents pursuant to which the

obligations in respect of the Corporate Cards and the Corporate Card program are included as obligations thereunder. Any bank may rely on the representations of the Debtors with respect to its use of the Corporate Cards and the Corporate Card program, and such bank shall not have any liability to any party for relying on such representations by a Debtor as provided for herein.

7. Wells Fargo is authorized to make advances from time to time to Debtors with a maximum exposure at any time up to \$2,500,000. All prepetition charges and fees related to the Corporate Cards are authorized and required to be paid.

8. Any existing agreements between or among the Debtors and any bank in respect of the Corporate Cards and the Corporate Card program shall continue to govern the postpetition relationship between the Debtors and such bank, and all of the provisions of such agreements, including, without limitation, the termination and fee provisions, rights, benefits, offset rights and remedies afforded under such agreements, shall remain in full force and effect unless otherwise ordered by the Court, and the Debtors and such bank may, without further order of this Court, agree to and implement changes related to the Corporate Cards or the Corporate Card program in the ordinary course of business, pursuant to the terms of those existing agreements.

9. The final hearing shall take place on _____, 2024 at __: __ .m. (prevailing Eastern Time). Any objections or responses to the Motion shall be filed on or before 4:00 p.m. (prevailing Eastern Time), _____, 2024 and served on (a) the Office of the United States Trustee for the District of Delaware (Attn: Richard Schepacarter (Richard.Schepacarter@usdoj.gov)), (b) Alston & Bird LLP, 90 Park Avenue, New York, New York 10016 (Attn: J. Eric Wise (eric.wise@alston.com), Matthew K. Kelsey (matthew.kelsey@alston.com), and William Hao (william.hao@alston.com)), (c) Young Conaway Stargatt & Taylor, LLP, 1000 N. King Street, Rodney Square, Wilmington, Delaware

19801 (Attn: Joseph M. Mulvihill (jmulvihill@ycst.com) and Rebecca L. Lamb (rlamb@ycst.com)), (d) counsel to any statutory committee appointed in these Chapter 11 Cases, and (e) counsel to Wells Fargo Bank, National Association, (i) Goldberg Kohn, 55 E. Monroe St., Chicago, Illinois 60603 (Attn: William A. Starshak (William.Starshak@goldbergkohn.com), Dimitri G. Karcazes (Dimitri.Karcazes@goldbergkohn.com), Prisca M. Kim (prisca.kim@goldbergkohn.com), and Nicole P. Bruno (Nicole.Bruno@goldbergkohn.com)) and (ii) Richards, Layton & Finger, P.A., 920 North King Street, Wilmington, Delaware 19801 (Attn: John H. Knight (knight@rlf.com) and Paul N. Heath (heath@rlf.com)). If no objections are timely filed, the Court may enter the Final Order without further notice or hearing.

10. Nothing in the Motion or this Interim Order, or the Debtors' payment of any claims pursuant to this Interim Order, shall be deemed or construed as: (a) an admission as to the validity of, or a promise to pay with respect to, any claim or lien against the Debtors or their estates, (b) a waiver of the Debtors' right to dispute any claim or lien, (c) an admission of the priority status of any claim, whether under section 503(b)(9) of the Bankruptcy Code or otherwise, or (d) a waiver of the right of the Debtors, or shall impair the ability of the Debtors, or any other party in interest, to the extent applicable, to contest the validity and amount of any payment made pursuant to this Interim Order.

11. Nothing herein shall be deemed to constitute the postpetition assumption of any executory contract under section 365 of the Bankruptcy Code or authority to lift or modify the automatic stay set forth in section 362 of the Bankruptcy Code.

12. Each of the Banks is authorized to receive, process, honor, and pay all checks and transfers issued or requested by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Interim Order and any other order of this Court.

13. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in connection with any of the Employee Obligations described herein that are dishonored or rejected.

14. Nothing in the Motion or this Interim Order shall be construed to authorize any payments or plans governed by section 503(c)(3) of the Bankruptcy Code (including any payments or plans governed by section 503(c)(1) of the Bankruptcy Code) or any severance plans or payments to insiders in excess of the limits set forth in section 503(c)(2) of the Bankruptcy Code.

15. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief requested in the Motion, as granted hereby, is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

16. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Interim Order shall be immediately effective and enforceable upon its entry.

17. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Interim Order in accordance with the Motion.

18. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Interim Order.

EXHIBIT B

Proposed Final Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

COACH USA, INC., *et al.*,¹

Debtors.

Chapter 11

Case No. 24-11258 (____)

(Jointly Administered)

Ref. Docket Nos. ____ & ____

**FINAL ORDER (I) AUTHORIZING PAYMENT OF CERTAIN PREPETITION
WAGES, SALARIES, AND OTHER COMPENSATION; (II) AUTHORIZING
CERTAIN EMPLOYEE BENEFITS AND OTHER ASSOCIATED OBLIGATIONS;
(III) AUTHORIZING BANKS TO HONOR AND PROCESS CHECK AND
ELECTRONIC TRANSFER REQUESTS RELATED THERETO;
(IV) SCHEDULING A FINAL HEARING; AND
(V) GRANTING RELATED RELIEF**

Upon the *Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing Payment of Certain Prepetition Wages, Salaries, and Other Compensation; (II) Authorizing Certain Employee Benefits and Other Associated Obligations; (III) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* (the "Motion")² filed by the above-captioned debtors and debtors in possession (collectively, the "Debtors"); and this Court having reviewed the Motion; and this Court having found that it has jurisdiction over this matter pursuant to 28 U.S.C. §§ 1334(b) and 157, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012; and this Court having found that venue of these cases and the Motion in this district is proper pursuant to

¹ A complete list of the Debtors in these chapter 11 cases may be obtained on the website of the Debtors' claims and noticing agent at <https://cases.ra.kroll.com/CoachUSA>. The Debtors' mailing address is 160 S Route 17 North, Paramus, NJ 07652.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

28 U.S.C. §§ 1408 and 1409; and this Court having found that this matter is a core proceeding pursuant to 28 U.S.C. § 157(b); and this Court having determined that it may enter a final order consistent with Article III of the United States Constitution; and this Court having found that notice of the Motion has been given as set forth in the Motion and that such notice is adequate and no other or further notice need be given; and this Court having considered the First Day Declaration; and a hearing having been held to consider the relief requested in the Motion; and this Court having previously entered the *Interim Order (I) Authorizing Payment of Certain Prepetition Wages, Salaries, and Other Compensation; (II) Authorizing Certain Employee Benefits and Other Associated Obligations; (III) Authorizing Banks to Honor and Process Check and Electronic Transfer Requests Related Thereto; (IV) Scheduling a Final Hearing; and (V) Granting Related Relief* [Docket No. ____]; and upon the record of the hearing on the Motion and all of the proceedings had before this Court; and this Court having found and determined that the relief sought in the Motion is in the best interests of the Debtors, their estates, their creditors, and all other parties in interest; and this Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED on a final basis as set forth herein.
2. The Debtors are authorized, but not directed, to pay the Employee Obligations in an amount not to exceed \$20,439,000.
3. The Debtors are authorized, but not directed, to continue to collect, pay, honor, satisfy, process, and administer, as applicable, the Employee Plans and Programs, in accordance

with the Debtors' stated policies and prepetition practices, in the ordinary course during the administration of these Chapter 11 Cases.

4. Subject to paragraphs 2 and 3 of this Final Order, the Debtors are authorized, but not directed, to continue to honor the Corporate Cards program in the ordinary course of business and consistent with prepetition practices, including by paying prepetition and postpetition obligations outstanding with respect thereto.

5. The Debtors are authorized, but not directed, to continue using the Corporate Cards and the Corporate Card program in the ordinary course of business and consistent with prepetition practices, including by paying prepetition and postpetition obligations outstanding with respect thereto, subject to the limitations of this Final Order. The Debtors are further authorized to continue to use the Corporate Cards and the Corporate Card program subject to the terms of any applicable debtor-in-possession financing orders and related loan documents pursuant to which the obligations in respect of the Corporate Cards and the Corporate Card program are included as obligations thereunder. Any bank may rely on the representations of the Debtors with respect to its use of the Corporate Cards and the Corporate Card program, and such bank shall not have any liability to any party for relying on such representations by a Debtor as provided for herein.

6. Wells Fargo is authorized to make advances from time to time to Debtors with a maximum exposure at any time up to \$2,500,000. All prepetition charges and fees related to the Corporate Cards are authorized and required to be paid.

7. Any existing agreements between or among the Debtors and any bank in respect of the Corporate Cards and the Corporate Card program shall continue to govern the postpetition relationship between the Debtors and such bank, and all of the provisions of such agreements,

including, without limitation, the termination and fee provisions, rights, benefits, offset rights and remedies afforded under such agreements, shall remain in full force and effect unless otherwise ordered by the Court, and the Debtors and such bank may, without further order of this Court, agree to and implement changes related to the Corporate Cards or the Corporate Card program in the ordinary course of business, pursuant to the terms of those existing agreements.

8. Nothing in the Motion or this Final Order, or the Debtors' payment of any claims pursuant to this Final Order, shall be deemed or construed as: (a) an admission as to the validity of, or a promise to pay with respect to, any claim or lien against the Debtors or their estates, (b) a waiver of the Debtors' right to dispute any claim or lien, (c) an admission of the priority status of any claim, whether under section 503(b)(9) of the Bankruptcy Code or otherwise, or (d) a waiver of the right of the Debtors, or shall impair the ability of the Debtors, or any other party in interest, to the extent applicable, to contest the validity and amount of any payment made pursuant to this Final Order.

9. Nothing herein shall be deemed to constitute the postpetition assumption of any executory contract under section 365 of the Bankruptcy Code or authority to lift or modify the automatic stay set forth in section 362 of the Bankruptcy Code.

10. Each of the Banks is authorized to receive, process, honor, and pay all checks and transfers issued or requested by the Debtors, to the extent that sufficient funds are on deposit in the applicable accounts, in accordance with this Final Order and any other order of this Court.

11. The Debtors are authorized, but not directed, to issue postpetition checks, or to effect postpetition fund transfer requests, in replacement of any checks or fund transfer requests in connection with any of the Employee Obligations described herein that are dishonored or rejected.

12. Nothing in the Motion or this Final Order shall be construed to authorize any payments governed by section 503(c)(3) of the Bankruptcy Code (including section 503(c)(1) of the Bankruptcy Code) or any severance payments to insiders in excess of the limits set forth in section 503(c)(2) of the Bankruptcy Code.

13. The requirements set forth in Bankruptcy Rule 6003(b) are satisfied because the relief requested in the Motion, as granted hereby, is necessary to avoid immediate and irreparable harm to the Debtors and their estates.

14. Notwithstanding Bankruptcy Rule 6004(h), the terms and conditions of this Final Order shall be immediately effective and enforceable upon its entry.

15. The Debtors are authorized to take all actions necessary to effectuate the relief granted pursuant to this Final Order in accordance with the Motion.

16. This Court shall retain exclusive jurisdiction with respect to all matters arising from or related to the implementation of this Final Order.

EXHIBIT C

Collective Bargaining Agreements

Union Workforce¹

Employer Coach Entity	Collective Bargaining Unit	Contract	Expiration Date
Blue Bird Coach Lines, Inc. dba Coach USA-Erie	Amalgamated Transit Union Local 1342 [motor coach operators and maintenance employees]	Collective Bargaining Agreement & Memorandum of Agreement	1/12/2024
Butler Motor Transit, Inc.	AFL-CIO Eastern States Joint Board Local 298 (formerly 1931) [mechanics]	Memorandum of Agreement	4/30/2025
Chenango Valley Bus Lines, Inc.	ATU Local 1592 [motor coach operators and maintenance employees]	Collective Bargaining Agreement	1/31/2025
Community Coach, Inc.	International Brotherhood of Teamsters Local 35 [mechanics, cleaners, and washers]	Collective Bargaining Agreement	2/28/2025
Community Coach, Inc. Community Transit, Inc.	SMART Transportation Division Local 759 [bus operators]	Collective Bargaining Agreement	4/21/2026
Community Transportation, Inc.	SMART Transportation Division Local 759 [bus operators]	Collective Bargaining Agreement	12/31/2025
Dillon's Bus Service, Inc.	AFL-CIO Eastern States Joint Board Local 298 (formerly 1931)[mechanics, cleaners, and washers]	Memorandum of Agreement	5/31/2027

¹ This summary is included for convenience only and is qualified in its entirety by reference to the definitive collective bargaining agreements or memoranda of agreement, as applicable, which shall control in the event of any inconsistency.

Employer Coach Entity	Collective Bargaining Unit	Contract	Expiration Date
Dillon's Bus Service, Inc.	Amalgamated Transit Union Local 689 [drivers]	Collective Bargaining Agreement	12/31/2024
Elko, Inc.	AFL-CIO Eastern States Joint Board Local 298 [drivers and trainees]	Collective Bargaining Agreement	10/31/2024
Hudson Transit Corporation	AFL-CIO Transit Workers Union Local 225 [drivers]	Collective Bargaining Agreement	11/2/2024
Hudson Transit Lines, Inc.	AFL-CIO Transit Workers Union Local 225 [coach operators, ticket agents and maintenance]	Collective Bargaining Agreement	1/1/2025
Hudson Transit Lines, Inc.	AFL-CIO Transit Workers Union Local 225 [dispatchers]	Collective Bargaining Agreement	2/20/2025
Megabus Northeast, LLC	AFL-CIO Eastern States Joint Board Local 298 [mechanics and cleaners]	Memorandum of Agreement	1/31/2026
Megabus Northeast, LLC	AFL-CIO Eastern States Joint Board Local 298 (formerly 322) [drivers]	Collective Bargaining Agreement	6/30/2024
Megabus Northeast, LLC	AFL-CIO Eastern States Joint Board Local 298 (formerly 322) [luggage loaders and field supervisors]	Collective Bargaining Agreement & Memorandum of Agreement	9/30/2024
Olympia Trails Bus Company, Inc.	IUANPW AFL-CIO Local 298 (formerly 1931) [drivers and ticket agents]	Collective Bargaining Agreement	12/31/2025

Employer Coach Entity	Collective Bargaining Unit	Contract	Expiration Date
Orange Newark Elizabeth Bus, Inc.	SMART-Transportation Division Local 710 [bus operators]	Collective Bargaining Agreement and Memorandum of Agreement	3/1/2027
Orange Newark Elizabeth Bus, Inc. and Megabus Northeast, LLC	International Brotherhood of Teamsters Local 560 [maintenance]	Collective Bargaining Agreement	3/3/2027
Rockland Coaches, Inc.	SMART United Transportation Union Local 1558 [bus operators, maintenance, starters, dispatchers, and clerical]	Collective Bargaining Agreement	1/1/2026
Sam Van Galder, Inc.	International Brotherhood of Teamsters Local 695[drivers, mechanics and janitors]	Collective Bargaining Agreement	6/30/2024
Suburban Trails, Inc.	SMART-Transportation Division Local 1589 [bus operators]	Collective Bargaining Agreement [pending negotiations]	9/30/2023
Suburban Transit Corp.	Bakery Confectionary Tobacco Workers and Grain Millers Union Local 53 [maintenance]	Collective Bargaining Agreement	1/31/2027
Suburban Transit Corp.	SMART-Transportation Division Local 1589 [bus operators]	Collective Bargaining Agreement [pending negotiations]	9/30/2023
Transportation Management Services, Inc.	International Brotherhood of Teamsters Local 249 [charter drivers, mechanics and cleaners]	Collective Bargaining Agreement	5/31/2026

Employer Coach Entity	Collective Bargaining Unit	Contract	Expiration Date
Trentway-Wagar, Inc.	Syndicat des travailleuses et travailleurs de Coach Canada--CSN [drivers and maintenance]	Collective Bargaining Agreement	8/31/2026
Trentway-Wagar, Inc.	Amalgamated Transit Union Local 1624 [Class A coach drivers]	Collective Bargaining Agreement	12/31/2026
Trentway-Wagar, Inc.	Amalgamated Transit Union Local 1624[Class D drivers]	Collective Bargaining Agreement	12/31/2026
Trentway-Wagar, Inc.	Amalgamated Transit Union Local 1624 [maintenance, garage, washers, cleaners]	Collective Bargaining Agreement	12/31/2027