



SCHOOL TRANSPORTATION PROVIDER CONSOLIDATES EQUIPMENT LOANS, MAKES BALLOON PAYMENT & PAYS OFF TAX LIEN



Faced with a >\$4 million tax lien and a near-due balloon payment, school bus operator needed cash to make things right with Uncle Sam and payoff existing lenders.

Overview

As the company and fleet grew, they needed to address a tax liability to assure continued growth. At the end of 2017, their tax liability totaled more than \$4 million. Additionally, they owed a couple of equipment lenders over \$400,000, one of which had an impending balloon payment. These obligations jeopardized everything they had worked so hard to build.

However, the company had several positive things going for them. First, it had an abundance of equity in its existing fleet to use as loan collateral. Second, the company had several large, long-term contracts to demonstrate a guaranteed revenue stream. The new loan would not be new debt, but would allow them to pay off the IRS, eliminate several existing lenders, streamline monthly payments and improve cash flow.

The company really needed a lender that would:

- Understand their IRS situation and be willing to work them through a challenging closing timeline
- Offer flexibility in structuring transactions
- Respond quickly and make rapid decisions at all levels of the organization
- Be familiar enough with their industry to understand their seasonal business and equipment needs

COMPANY BACKGROUND

Founded in the 1950's, this privately-held transportation company specializes in moving passengers, mainly school-aged children, in the Northeast US.

In addition to the main student transportation company, they operate a couple of affiliate passenger transportation entities.

They have long-term contracts with many private schools and public-school districts and have steadily grown their customer base.

Their growth required the acquisition of additional buses to operate a fleet of over 800 units.

Solution

CCG structured a loan that accomplished the following:

- Paid off the total amount of the tax lien, freeing them from a growth impediment
- Reduced the total number of secured lenders, easing the burden on the accounts payable department
- Reduced their monthly debt service, freeing up cash flow
- Provided ongoing seasonal skip payments during their slow season, to help ease cash flow pressure when revenue dips

Equipment: School Buses

Industry: Transportation - School Transportation

Location: Northeast

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