

# Snapshots

Fall 2019



## ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

---

### Global Automotive Parts Manufacturer



*Unrealized synergies from multiple acquisitions plagued a global automotive parts company.*

### College of New Rochelle-Mercy College



*College of New Rochelle files Chapter 11; students successfully transitioned to Mercy College.*

### Northeast School Bus Company



*A school bus company suffered chronic losses, creating cash flow troubles.*

### New York Women's Clothing Retailer



*A high-end retailer of women's clothing lost its VP Finance at a critical juncture.*

## ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

---

### Automotive Supplier

A tier 2 global automotive supplier, with manufacturing operations in 6 countries, experienced rapidly declining cash flows due to decreasing volumes and unrealized synergies from multiple acquisitions. After the company defaulted on its debt obligations

and reached a critical liquidity crisis, the secured revolver lenders retained Getzler Henrich to advise on the situation and strategic alternatives, utilizing Getzler Henrich's experience in complex distressed automotive supplier situations. Getzler Henrich continues to advise the secured revolver lenders in negotiations with the company, the company's key customers, and the term loan lenders, including analyzing the company's proposed turnaround plan and multilateral agreements in an effort to implement a strategy to keep the company operating and viable.

### **College of New Rochelle**

College of New Rochelle was a non-profit, four-year plus graduate school college, originally founded in 1898. Renowned for its nursing program, it had served the needs of over 90,000 students and prided itself on serving underprivileged and first-generation college students. Its main campus was in New Rochelle, NY with five satellite campuses located throughout New York City's boroughs. Over the last two decades, however, the student population had shrunk from about 8,000 to 3,000 full-time students.

Extremely difficult financial challenges emerged upon the discovery of financial malfeasance, including, but not limited to providing secured lenders falsified financial statements, unauthorized raids of the college endowment, bouncing and kiting checks, and diverting IRS and NYS payroll tax payments over a two-year period. Despite significant efforts by College of New Rochelle, the financial challenge was ultimately insurmountable, and a search for a wind-down partner was successful. A Teach Out Agreement was signed with Mercy College and an Agreement of Mutual Cooperation followed shortly thereafter.

To help expedite the wind down and open an improved line of communication with its senior lenders, the college engaged Getzler Henrich as Chief Restructuring Officer to guide the pre- and post-Chapter 11 wind-down efforts.

Getzler Henrich assisted College of New Rochelle in:

- Winding down the five satellite campuses.
- Initializing a robust effort to monetize, aka sell, the New Rochelle campus
- Maintaining academic operations throughout the transition and statutory accreditation so that that graduations were successfully completed
- Negotiating a two-year New Rochelle campus lease with Mercy College
- Coordinate the transfer of approximately 1,700 students to Mercy College
- Initialize the transfer of 115-years of college and student records to permanently responsible parties
- Prepare the college for and file for protection under the rules of Chapter 11 Bankruptcy.

Getzler Henrich expects to continue working with the college through the Chapter 11 process to achieve the highest possible recovery for the bank and non-bank senior lender through the sale of assets and the recovery of accounts receivable.

### **Resignation of Finance Vice-President interrupts Debt Negotiations for Retailer**

A high-end women's apparel retailer was marching towards refinancing their debt with a new lender, when their VP of Finance resigned. Getzler Henrich was retained to step in, get the financing transaction closed, establish the necessary reporting for the new lender and assist the company in hiring a new VP of Finance. In addition, Getzler Henrich was asked to assist in cash management and to assess the current finance staff.

### **School Bus Transportation Company**

A school bus transportation company operating in more than 50 school districts with more than 1,800 vehicles and 1,300 employees had been experiencing chronic losses, most recently due to high worker's compensation costs, litigation, labor strikes and loss-making contracts. The company had burned through most of its cash reserves and was expecting to run out of cash in six weeks. Getzler Henrich was initially retained to obtain rescue capital to extend the company's runway and subsequently to identify opportunities to improve cash flow and profitability and prepare the business for sale to potential buyers. Getzler Henrich was able to obtain rescue financing in two weeks and to assist the company in structuring a sale of certain unencumbered assets to provide additional

liquidity, both of which will extend the time frame for the management team to maximize the value of the business for creditors and shareholders.

#### **KUDOS:**

**[William H. Henrich](#)** was selected by Citizens Committee of New York City as the recipient of the Mollie Parnis Award for Dedication to New York City during its 10th Annual Evening on the Lake (Restructuring Community).

---

#### **About Getzler Henrich & Associates**

Getzler Henrich & Associates is one of the oldest and most respected names in middle-market corporate restructuring, assisting companies around the world with an approach that emphasizes rapid, pragmatic, decision making and implementation. Over the course of the past fifty years, the firm has developed a strong track record, assisting both underperforming and healthy companies in the middle market. We have a demonstrated ability to generate realistic solutions to challenges confronting businesses or their creditors, and to helping companies improve their operations. To learn more, please visit our website at <https://getzlerhenrich.com>.

### **In the News and On the Air**

Getzler Henrich's Houston-based oil & gas advisor **[Jay Haber](#)** was cited in a recent Bloomberg story, " Oil Patch's False Bargains Burn Would-Be Wall Street Saviors." Read it [here](#).

**[Edward A. Phillips](#)** moderated the Lenders' Panel at the 12th Annual Philadelphia Credit & Restructuring Summit, and served as a panelist-Banking and Bankruptcy- Money talks and lending trends at the American Bankruptcy Association's 15th Annual Mid-Atlantic Bankruptcy Workshop.

**[Mark Podgajny](#)** served as a moderator for webcast entitled Key Issues in Distressed Debt, Workouts, and Restructurings: Practical Guide 2019, sponsored by the Knowledge Group.

**[David R. Campbell](#)** was a featured speaker at McGuire Woods' 16th Annual Healthcare and Life Sciences Private Equity and Finance Conference, held in Chicago.

---

This email was sent to . If you no longer wish to receive these emails you may [unsubscribe](#) at any time.