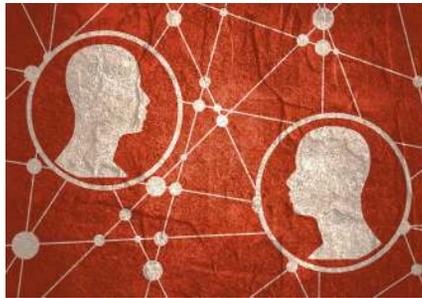


Snapshots

Winter 2021



ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS



Few healthcare sectors have felt the brunt of COVID-19's impact more severely than behavioral health platforms that delivered face-to-face therapy.



Live performances in the 21st century feature a lot of pizzazz. This leading provider of lighting products and cables for the music industry took a big hit.



This family-owned company has supplied a wide range of feed ingredients and finished animal-feed products to the export market from eight facilities throughout the United States.



Select Security was one of the fastest growing security integrators, but struggled to merge accounts and data from disparate systems, and experienced liquidity issues.

ON THE ROAD: SHOTS FROM CURRENT ASSIGNMENTS

Community Intervention Services

The impact of COVID-19 has been felt across many healthcare sectors. Few were affected as much as behavioral health platforms that delivered face-to-face therapy.

Getzler Henrich began working with Community Intervention Services ("CIS") in 2017. Owned by HIG Capital, CIS is a \$130 million revenue company that operated a national network of specialized mental health and community-based programs. Clinician turnover and retention issues, and an ongoing Qui Tam lawsuit led to a dramatic reduction in EBITDA and covenant defaults. The company engaged Getzler Henrich to assist in preparing weekly cash-flow reporting to their senior lenders, strategic planning that included a comprehensive business plan for the next fiscal year and assessment of its long-term performance issues, and to manage its relationships with senior and mezzanine lenders. The company also found itself in an immediate cash crisis which led to GH advising them on ways to preserve and manage cash.

Having addressed the short-term-liquidity crisis, GH turned its focus to the long-term performance issues which had led to EBITDA reduction and ultimately, the cash crisis. GH also facilitated negotiations with the state Attorney General's office that led to a settlement and freed up the management to focus its time on the business.

Fast forward to early 2020 when the United States came to a halt. CIS was able to secure various sources of capital to stave off a near-term liquidity crisis. However, the strategic decision was made to sell various operating units to reduce the debt load. Ultimately, the company decided that a Chapter 11 filing and 363 sales process was the most prudent course of action. Stalking-horse bidders were found for the various operating units, with CIS filing for bankruptcy in January 2021. Getzler Henrich continues to serve as the financial advisor to CIS and guide the company through the Chapter 11 process.

Manufacturer, Importer and Distributor of technical visual and audio products for live venues

Founded in 1993 and fueled by a series of acquisitions as well as organic growth, this company became a leading importer and distributor of lighting products and a manufacturer of interconnect and infrastructure cable in music retail and pro-AV markets. The company had grown to over \$100 million in revenues.

In March 2020, the business experienced a 50% drop in revenues as a result of the shutdown of its live-venue customer base, yet another industry crippled by the COVID outbreak. Not only were live venues cancelled, but COVID-19 had a major impact on the status of working capital; certain customer accounts were totally shut down and had no revenues, therefore lacked the ability to pay their bills.

The bank group issued a forbearance agreement in August 2020, based upon defaults in the covenant ratios and re-scheduled principal payment. The company engaged Getzler Henrich & Associates to conduct an assessment to cover the operations, including but not limited to its liquidity, management capability and business viability. In addition, GH helped the company to provide regular reporting to its lender, reviewing a 13-week cash flow and a formal assessment.

GH was able to validate that the management group had taken appropriate steps to react to the sudden cessation of business by reducing staff, cutting expenses, stopping CAPEX and deferring non-critical payments, providing time for the company to refinance under more favorable terms.

US-Based Exporter of Commodity and Feed Ingredients

Since 1979, this family-owned company has supplied a wide range of feed ingredients and finished animal feeds products to the export market. Feed ingredients include animal proteins, vegetable proteins, and marine proteins. The company also supplies aquaculture feeds, pet foods, and equine supplements and feeds. The company operates eight transloading and blending facilities in Virginia, Georgia, Texas, Nebraska, Kansas, and North Carolina. For the past seven years, the company has been listed as one of the Top 100 users of shipping containers for export in the United States and has been among the Top 10 container users for commodity and feed exports.

The company has a long, profitable history. Unfortunately, 2018, 2019, and 2020 were challenging years. The business suffered the loss of a major supplier, the loss of a major customer, decreased global demand due to the Chinese swine flu, and costs related to the US/China tariff war. During 2020 the company had begun to implement initiatives to return to profitability.

The company and its lender have had a successful relationship for more than 26 years, and the bank has supported it through difficult times. Last year, the bank recommended that the company retain a financial advisor, and the GH relationship started. Our mission is to help the company on its return to profitability and upgrade its internal and bank reporting. We have worked with the company to upgrade substantially its annual business plan and budget processes, move to monthly financial statement production, produce regular cash flow and availability projection updates, discuss operational and administrative improvements, monitor the company's self-driven profitability initiatives, and upgrade communication with the bank.

The company is now on a path to emerge from its recent challenges and return to profitability.

Select Security

Select Security was one of the fastest growing security integrators in the United States, serving both the residential and business security services and life-safety markets. Following a period of rapid expansion and acquisition, the company struggled to merge customers and accounts from disparate reporting systems and experienced increased attrition rates in certain underperforming markets. Financial restatements and data reconciliations resulted in decreases in reported recurring monthly revenue, created defaults under its loan agreements, and exacerbated liquidity pressures. The company was also facing conflict of interest issues with related parties and entities.

The company retained Getzler Henrich to serve as sole independent manager of the company to assist with strategic and operational direction, provide oversight to management, assist in the analysis of strategic alternatives and assist in negotiations with its senior lenders on terms of a forbearance agreement. After concluding that a potential refinancing or recapitalization of the company was not feasible, the company and senior lender agreed to explore a sale transaction.

GH oversaw the sale process and worked with the company's investment banker to evaluate and negotiate terms of a potential deal that was in the best interests of the

company, its employees and other constituencies. As a result of those efforts, the company sold substantially all of its assets to Brinks Home Security with a substantial upfront payment and a creative earn-out structure that benefitted both the buyer and the company. Title to the alarm monitoring contracts were transferred to a special purpose vehicle, with Brinks purchasing the accounts over a 50-month earn-out period. The transaction allowed for the highest potential recoveries to creditors. GH continues to serve as sole Independent Manager following the transaction, overseeing the transition services period with Brinks.

Select Security is one of many matters in the security alarm industry where GH has been engaged in the past 24 months, as a trusted strategic and financial advisor to both companies and senior lenders in the industry.

Notes



Managing Director [Mark Podgajny](#) will moderate a webinar exploring challenges faced by non-profit higher education as many institutions face growing debt. Join Mark and the other panelists, [John J. Monaghan](#), from Holland & Knight, [Matthew G. Roseman](#), from Cullen|Dykeman, and [Sean Southard](#), from Klestadt Winters Jureller Southard & Stevens, LLP on **March 30, 2021 at 12 noon EST** for a thoughtful conversation about the challenges facing higher education institutions, part of the ongoing ABILive webinar series of the American Bankruptcy Institute. The webinar is offered free of charge. [Register here.](#)



Energy prices continue to rebound from the historic lows in 2020, but still below-positive cash-flow levels for additional development for most producers. Production at the well-head is still significantly below last year as demand remains depressed. There are signs of a reduction in the inventory glut and indication that production cutbacks are having a positive effect shoring up pricing.



An upcoming Zoom edition of "TMA Talks," sponsored by The New York City Chapter of the Turnaround Management Association, will feature managing director [Bert Weil](#) discussing Covid's impact on restructuring in select industries.

About the Getzler Henrich Companies

The GH Companies, based in New York for over 50 years, have developed a strong track record assisting both stable and underperforming companies in the middle market. The firm consists of two operating companies that serve a wide variety of industries including light and heavy manufacturing, distribution, aerospace, consumer goods, food, technology, professional services, retail, and healthcare, to mention a few. For stable, middle market companies, [GHValens](#) provides operational diligence and performance improvement services for revenue and margin growth, cost reduction, and working capital efficiency. For distressed businesses or their creditors, [Getzler Henrich & Associates](#) provides restructuring, turnaround, interim management and bankruptcy advisory services. Together, The GH Companies assist organizations around the world with an approach that emphasizes fact-driven, pragmatic decision-making, planning, and implementation. The firm has been recognized as one of the country's top ten turnaround firms over a dozen times by *Turnaround & Workouts* magazine, and was recognized for excellence by the *M&A Atlas Awards* in 2019.

KUDOS

The firm has been recognized by Global M&A Network with the Turnaround Atlas Award "Restructuring of the Year for Non-Profit Restructuring." The network described the firm's work with College of New Rochelle as the most significant "restructuring transaction that positively impacts community, stakeholders, and local markets." The Atlas awards selects one firm in each of various restructuring categories, and honors the "best value-creating deals, outstanding firms, illustrious dealmakers, and legendary leaders from global business, investor and deal communities." Managing Directors [Bert Weil](#) and [Mark Podgajny](#) led the effort.
