

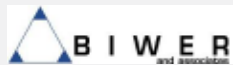


# WATER TOWER CAPITAL, LLC



## CAPITAL MARKETS SOLUTIONS FOR MIDDLE MARKET COMPANIES

### Selected Wisconsin Assignments:



### WI Chapter 128 Receiverships

Chapter 128 of Wisconsin state law provides for a less expensive and more efficient sale process alternative to a Section 363 sale in a Chapter 11 or a sale of assets in a Chapter 7. It is critical that the Chapter 128 receiver be able to prioritize the myriad of competing considerations in deciding the best process for the orderly sale of the business and / or commercial real estate.

The principals of Water Tower Capital, LLC have more than two decades of experience, financing, buying and selling distressed companies and they understand what is required to run a successful sale process.

Mr. Stark has previously held positions as:

- Chief Restructuring Officer of Coldwater Portfolio Partners I & II, LLC; Retail Centers Management, LLC and the Klein Group in Angola, IN
- Managing Director - Co-Head of Restructuring at Oppenheimer & Co. Inc. in Los Angeles, CA
- Managing Director at Corporate Financial Advisors, LLC in Milwaukee, WI
- Executive Vice President and General Counsel of the Special Investments Group of PPM America, Inc., in Chicago, IL, where he managed \$900 million in three distressed securities funds, a \$1.5 Billion Commercial Finance Portfolio, and a \$1 Billion workout portfolio.

### Case Study: Klein Retail Centers

Water Tower Capital was selected to serve as the Chief Restructuring Officer for Coldwater Portfolio Partners, LLC ("CPP I") and Retail Centers Management, LLC which respectively own and manage 55 Wal-Mart Shadow Centers across the central portion of the United States. The 55 properties are organized in three different portfolios, the largest of which was in Chapter 11 from April of 2012-July of 2013.

Water Tower Capital, LLC provided interim management services during the reorganization(s). The Klein Retail Centers are adjacent to Wal-Mart Super Centers and they have an 88% occupancy rate / square foot; however, the CMBS debt could not be refinanced at maturity, which precipitated the Chapter 11.

### SUPER WAL-MART SHADOW CENTERS UPDATE

On September 18, 2013, 14 Super Wal-Mart Shadow Centers and 2 out-lots that are adjacent to Super Wal-Mart Shadow Centers were auctioned free and clear of encumbrances, by Water Tower Capital, LLC on behalf of the Chapter 7 Trustee for the Estate of Ken & Cynthia Klein.

Water Tower Capital, LLC was retained by both Coldwater Portfolio Partners, LLC and Joseph D. Bradley, the Chapter 7 Trustee for the estate of Ken & Cynthia Klein in December of 2012, so that John Stark could serve as the Chief Restructuring Officer ("CRO") of the 52 Klein Retail Centers during the reorganization of the portfolios.

On July 8th, the Chapter 7 Trustee sought approval for the sale of 15 of the properties, by and through Water Tower Capital, LLC, as its agent. The bidders were required to submit an all cash, "qualified bid" in writing, along with a deposit, by September 11, 2013. Twenty qualified bidders participated in the auction on September 18<sup>th</sup> and all 15 properties were sold to 8 different buyers for \$16,300,000. The Court approved the sale on September 19, 2013.

Property Location	Sale Price	Built	Cap Rate
Mitchell, SD	\$ 2,210,000	2002	10.4%
Joplin, MO	\$ 355,000	2001	4.7%
Jackson, MO	\$ 520,000	2001	12.5%
Ft. Smith, AR	\$ 940,000	2002	12.4%
Springdale, AR	\$ 1,285,000	2000	10.7%
Baraboo, WI	\$ 1,950,000	2002	10.7%
Ocean Springs, MS	\$ 1,540,000	2001	10.6%
Angola, IN	\$ 975,000	2002	10.8%
Lima, OH	\$ 1,050,000	2003	11.0%
Levelland, TX (plus out-lot)	\$ 1,565,000	2009	14.2%
<b>International Falls, MN</b>	\$ 595,000	2008	12.9%
Spearfish, SD	\$ 1,620,000	2008	10.1%
Marshall, MO	\$ 735,000	2009	9.8%
Tyler, TX	\$ 950,000	2008	7.8%
Le Mars, IA (out-lot)	\$ 10,000		N/A
	<b>\$16,300,000</b>		

Securities offered through Independent Investment Bankers Corp. a broker-dealer, member FINRA/SIPC. Water Tower Capital, LLC is not affiliated with independent investment Bankers Corp.

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John has owned a home on  
Pewaukee Lake, in Delafield, WI  
for the past 20 years. He is a  
member of the Chenequa Country  
Club and Pewaukee Yacht Club,  
where he races C Scows and  
A Scows.

#### Schutt Sports, Inc. Case Study: 363 Bankruptcy Sale

Schutt Sports, Inc.'s football product line is anchored by its helmet offering; the most critical and visible item of protective equipment. Schutt Sports also has leading market positions in softball and baseball equipment and collectible products. Schutt Sports, Inc. filed Chapter 11 on September 6, 2010, after a competitor, Riddell / Easton Bell won a \$29 million patent infringement lawsuit against Schutt. The terms of the DIP financing mandated that the company be sold by year-end.

John Stark led the team that identified and contacted 145 potential purchasers; reviewed more than a dozen bids; and selected Platinum Equity as the stalking horse bidder, with a \$25 million bid. Platinum next had to participate in a highly competitive, 20+ hour auction on December 15, 2010, before emerging as the winning bidder with a \$33.1 million purchase price.

#### *The result of the Schutt Sports sale process was that:*

- *The company was sold as a going concern;*
- *All of its employees were guaranteed their jobs for at least the next twelve months;*
- *The secured lender was paid in full; and*
- *The unsecured creditors / vendors collected >85% of their claims.*

Financial Advisor to Company  
363 Sale

**schutt**  
SPORTS

\$33,100,000  
December 2010