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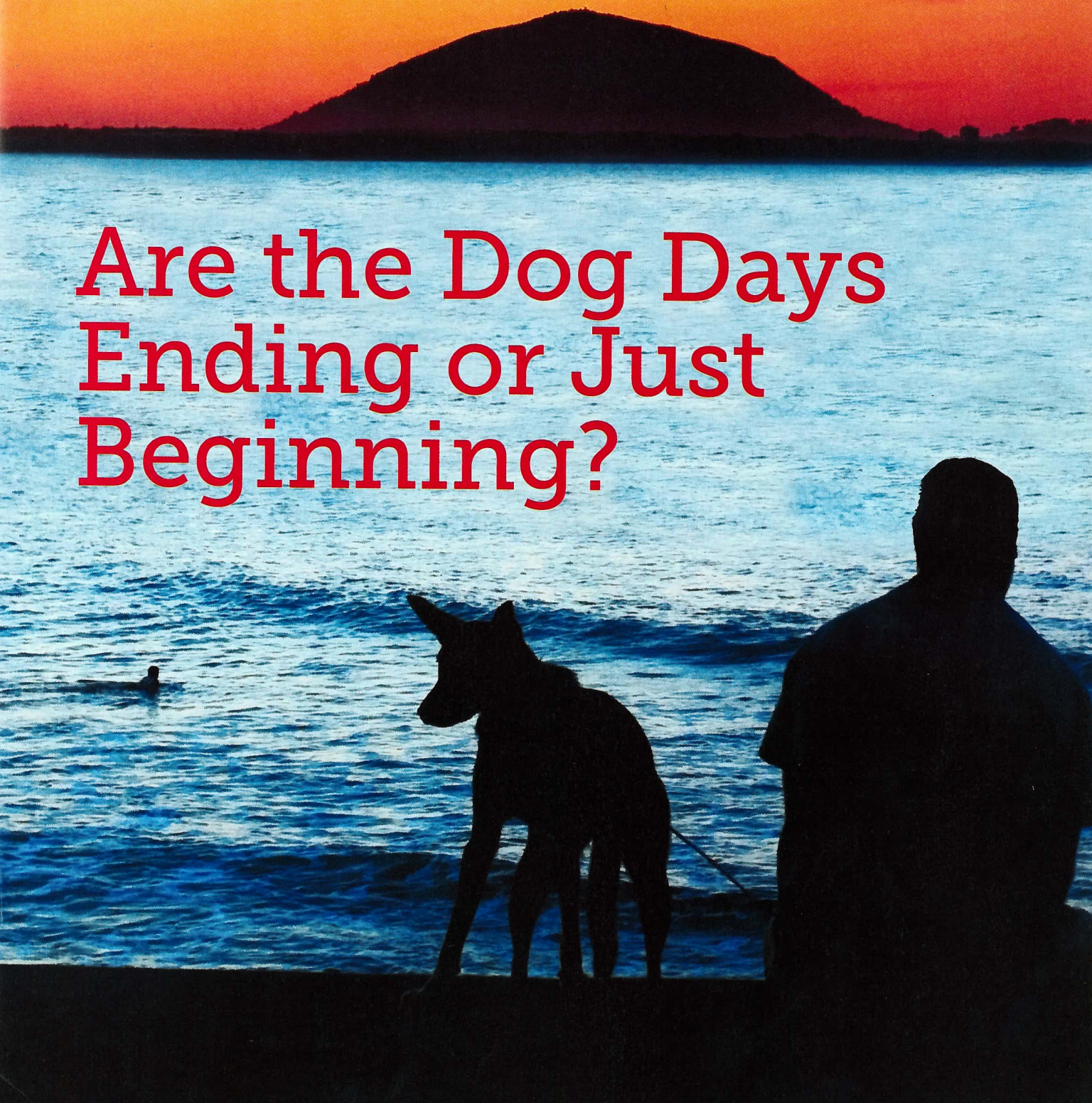
HOT TOPICS

Using Chapter 9 as an Out-of-Court Restructuring Tool

Stockpiled Cash, Buyer Interest Bode Well for Distressed M&A

Code Changes Could Clear Up Rap on Gifting

Are the Dog Days Ending or Just Beginning?



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Are the Dog Days Ending or Just Beginning?

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On the Cutting Edge

BY HAROLD BORDWIN & MATTHEW BORDWIN, NOVEMBER/DECEMBER GUEST EDITORS



Harold Bordwin



Matthew Bordwin

Professionals in the restructuring and corporate renewal industries, often without realizing it, are on the cutting edge of issues facing Corporate America. From small family businesses to the largest companies, solutions to issues facing businesses are shaped by readers of TMA's *Journal of Corporate Renewal*.

This issue focuses on Hot Topics. Its authors come from different segments of the corporate renewal industry, and their articles highlight topics that each believes to be especially relevant in the challenging times in which we operate.

William H. Henrich of Getzler Henrich & Associates delves into the role of the turnaround professional in business today. He looks back at the shift to the recessionary economy and provides his insights into where we are in the cycle and when the economy will change. Michael H. Goldstein, Allen G. Kadish, and Howard J. Berman of Greenberg Traurig discuss issues surrounding the use of Chapter 9 in municipal restructurings.

Mark Chesen and Bobby Mannepalli from SSG Capital take an in-depth look into the changing dynamics of distressed M&A transactions. Their article details changes in the M&A industry since the economic downturn and issues facing professionals trying to raise capital and sell businesses. Cathy Hershkopf, Seth Van Aalten, and Robert Winning of Cooley LLP address how the absolute priority rule applies outside of a plan of reorganization and the concept of "gifting." They detail *In re DBSD North America*, a case in which this issue took center stage.

Daniel Weinfurter from Accretive Solutions takes you behind the scenes of that company's own IT issues as they internally worked to overcome outdated IT equipment. He explains the company's decision-making process in moving to "the cloud." Stephen Metivier, who is with the Retail Finance Division of Wells Fargo Capital Finance, provides

a glimpse into the world of the credit markets from a lender's point of view. He explains how some retailers are wading through uncertain economic times to obtain an appropriate financial partner.

Finally, Seth Bakes of Bakes & Company, LLC, provides an interesting perspective of how behavioral issues influence the outcome of turnaround assignments, with a focus on personality disorders, cognitive impairment, and substance abuse.

From our perspective on the real estate market, there are several hot topics. Where real estate values have stabilized, it has often resulted from capital markets forces (i.e., too much money chasing trophy properties in gateway cities) rather than any improvement in the underlying real estate fundamentals. Value-add opportunities continue to attract a lot of attention, such as a recapitalization and reorganization of a troubled shopping center, for example. The client received 10 meaningful offers, the best of which preserves a 50 percent equity interest in the property for the debtor's principals. Nevertheless, real estate lenders continue to contend with overleveraged properties, and the business of real estate receivers seems to be booming.

Contributing to the deterioration of real estate fundamentals is the depreciation of real estate rental income to reflect current market rates. Tenants in retail, office, flex, and special-use sectors are restructuring their leases to reduce their occupancy costs. Landlords, in general, recognizing the dearth of replacement tenants and the fact that market rents have, in fact, declined, are increasingly willing to work with their tenants who have compelling stories and meaningful negotiating leverage.

We hope you find these articles interesting and insightful. As we move through the fourth quarter of 2011 and industry professionals turn their focus to planning for 2012, we wish you a healthy and prosperous new year.