

# TAKING FLIGHT

AUSPEX CAPITAL'S Q1 2021 NEWSLETTER

## DEAL *makers*

Auspex Capital is honored to be a seven-time recipient of the *Franchise Times* Dealmaker of the Year Award. The Award this year recognizes our work with J.A. Sutherland, Inc., a California-based Taco Bell franchisee.

J.A. Sutherland, Inc. and JAS Properties, LLC (collectively "JAS") is a Red Bluff, California-based Taco Bell franchisee founded in 1978 by Janice Sutherland. Auspex Capital was retained by the Company's new COO, Andrew Hennan, in August 2019 to explore "strategic alternatives" including a recapitalization or sale of some or all of its assets. After a comprehensive analysis Auspex recommended and management agreed to a two-step recapitalization process.

The first step involved the structuring and placement of \$3.5 million of unsecured mezzanine debt to stabilize the Company's finances until a permanent recapitalization could be completed. Redemption Capital funded its investment in the Company in December 2019. Approximately four months later, Auspex completed the placement of a total of \$26,500,000 of new loan commitments for JAS including a senior secured term loan, a development/remodel line of credit and a revolving line of credit. The loans were used to refinance existing debt including the Redemption facility, purchase power generators for the restaurants, provide capital for remodels of the restaurants and provide for seasonal working capital needs. The financing was completed by Fifth Third Bank. JAS currently owns and operates 24 high-volume Taco Bell restaurants in Northern California (21) and Southern Oregon (3).



Andrew Hennan, COO, JAS

## AUSPEX CAPITAL'S CHRIS KELLEHER WILL BE A PANELIST AT FRANCHISE TIMES' DEALMAKERS WEEK — APRIL 19-22, 2021

Auspex Capital's Managing Director Chris Kelleher will join a panel during Franchise Times' Dealmakers Week, *Recapitalizing Your Operation in Challenging Times*. The panel features Andrew Hennan, COO of JAS, and Jeffrey Poe and Daniel Kurtz from Fifth Third Bank. The panel will highlight JAS's successful recapitalization, and include a broader discussion about the capital environment. The discussion will focus on what financing looks like for the restaurant industry both now and looking ahead, including the different structures and capital options for franchisees to consider, and an outlook for 2022. The panel will air on Monday, April 19<sup>th</sup> at 11:00 am CT.

**Franchise Times**  
DEALMAKERS WEEK