Small Company

Transaction of the Year

Juniper GTL LLC

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Juniper was constructing one of the first natural gas-to-liquids (GTL) facilities in the Western Hemisphere when construction ceased due to the loss of a financial sponsor. Subsequent investors ultimately backed out because of the complexity of the project and downturn in the energy industry.

In November 2015, Juniper retained FTI Consulting as Chief Restructuring Officer and Interim CFO and retained Guggenheim Securities as investment banker. Over 150 parties were contacted in an attempt to secure sufficient funds to complete the project on an out-of-court basis.

By January 2016, it became apparent that no out-of-court investment was available, and the advisors initiated a sale of the project inside of Chapter 11. Funded debt at the Petition Date was $50.0 million. By February 2016, two additional potential investors backed out, Juniper was out of liquidity, and on the verge of a Chapter 7 liquidation.

In the week of the planned Chapter 7 filing, the advisors successfully negotiated a fully subordinated loan from an interested party in order to continue diligence ahead of a contemplated Chapter 11 filing. The following weeks involved intense negotiations and a total of eight subordinated loans were made to Juniper, which ultimately filed for Chapter 11 with a stalking horse purchaser in place.

To complete the sale transaction, Juniper's advisors overcame numerous challenges and were on the verge of a Chapter 7 filing on a number of occasions. Before the bankruptcy filing, the advisors secured restructuring support agreements (RSAs) from numerous creditors and were required to stay within the RSA terms or run the risk of a derailment. However, the greatest challenge came as the stalking horse bidder backed out after the bankruptcy filing as it was not able to raise necessary capital to complete the facility.

After it was apparent the stalking horse could not close the transaction and liquidity was limited, Juniper's advisors quickly shifted gears and worked with the Company's largest creditor and interested parties to source a replacement bidder. The largest creditor ultimately teamed up with York Capital and Juniper was able to move forward with the sales process without any delays in the bankruptcy case.

Throughout this challenge, the sell-side team had to calm numerous secured creditors, defend challenges by the initial stalking horse bidder, negotiate new sale terms with the new bidder, and stay within a tight timeframe to conserve the terms of the negotiated RSA.

The transaction resulted in nearly an 80% recovery to numerous creditors compared to an estimated 8% recovery in the liquidation scenario of a partially-constructed facility, with the majority of creditors estimated to recover less than 1%. By fighting off the Ch.7 filing and completing the sale, nearly $40 million of consideration was provided via credit bids, contract cures and cash distributions.

The asset sale positioned the Juniper facility to reach full operation and provide the US with a natural gas conversion technology that can be deployed for future projects — using an abundant and cost-effective commodity in the US.