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Thursday, April 26, 2012

Analysts Say LBI Media Risks Default As Its Cash Dries Up

By Mara Lemos Stein

LBI Media Inc. is running out of time to translate the success of its new Spanish-language broadcasting venture in the ratings into cash generation, making a debt restructuring or default likely in coming months, analysts said.

The Burbank, Calif., radio and television company focused on the Hispanic market is relying on its $50 million revolving credit facility to fund its operations from quarter to quarter, and it plans to continue to tap the facility to make rising interest payments on its debt. LBI Media, which is majority owned by the Liberman family, is looking to sell assets it considers non-core to bulk up its liquidity, but analysts are growing wary because the company continued to spend on its new EstrellaTV network even as its cash position deteriorated.

"While audience ratings and distribution are increasing at EstrellaTV, the pace of revenue and [earnings before interest, taxes, depreciation and amortization] growth might be insufficient to meet interest payments and debt maturities in 2013 absent material asset sales," said Standard & Poor's Investors Services credit analyst Mike Altberg in a news release earlier this week. S&P cut the corporate credit ratings of LBI Media to triple-C from single-B-minus and has a negative outlook on the rating.

LBI Media had about $487 million in debt as of the end of 2011 and $1.2 million of cash on hand, according to regulatory filings. Poor performance in its radio business put a damper on revenue growth, which was up 2% to $117.5 million in 2011 from the previous year. Operating expenses rose 27% in the fourth quarter from the same quarter last year to $13.9 million, and 13% in the year from 2010. Ebitda declined 60% in the fourth quarter from the previous year, and 22% in 2011 compared with 2010.

"The company has good TV assets, but [Liberman] has destroyed the value with this programming spending," said a sell-side analyst who follows the company. LBI Media's fixed programming costs are too high, and the management seems unwilling to re-examine its strategy, he said. "That part makes me uncomfortable," said the analyst, who spoke on condition of anonymity.

The company is run by Lenard Liberman, who co-founded it with his father Jose Liberman in 1987. LBI Media's Chief Financial Officer Fred Boyer didn't immediately respond to requests for comment.

LBI Media's EstrellaTV network was launched in September 2009 and ranked as the No. 4 Spanish-language network as of November 2011 and No. 3 in primetime with

see **LBI Media** on page 4

LSP Energy Seeks To Toss $80M Threat From Bondholders

By Katy Stech

LSP Energy Inc. is suing bondholders who purchased $211 million in notes to fund the construction of the company's breakdown-plagued Mississippi power plant in an effort to get the court to throw out an $80 million payment that bondholders are trying to extract from the company.

LSP Energy attorneys argued that the company's Chapter 11 bankruptcy case, filed in February as company executives searched for a buyer, meant that bondholders could no longer follow the procedures to redeem some of what they're owed on the bonds. That redemption would have forced the company to pay a so-called make-whole premium.

In their lawsuit filed Tuesday in U.S. Bankruptcy Court in Wilmington, Del., LSP Energy attorneys asked Judge Mary Walrath to determine that the company shouldn't have to pay that extra amount. "Bondholders insist that the make-whole premium must be paid," the company said in its complaint filed against Bank of New York Mellon, which collects money on the bonds to distribute to investors.

In the lawsuit, company attorneys also revealed that they expect the company's upcoming auction to get bids that are higher than its $211 million in bond debt. The company faces an Aug. 30 deadline to close on the sale.

LSP Energy is still taking bids for its 837-megawatt natural gas-fired plant, which powers the Tennessee Valley area, ahead of a June 13 auction. The company opted to sell itself after repeated breakdowns at the plant forced it to pay expensive repair bills instead of its bondholders.

The company's revenue suffered after one of its three turbines broke last spring and sat idle amid repairs for months longer than executives expected. Cracks in turbine blades in the other two turbine units caused additional brief but unexpected outages, according to court papers.

Shortly before filing for protection, the company failed to make a $16.3 million bond payment.

Additionally, the plant's insurance won't pay out enough to "cover the mounting losses from repair costs and business interruption," attorneys said in earlier court filings.

The 33-worker plant sells power through two long-term contracts to the South Mississippi Electric Power Association and J. Aron & Co., the commodity subsidiary of Goldman Sachs & Co.

BP Clothing Gets Court Approval Of Its Chapter 11 Plan

By Stephanie Gleason

BP Clothing LLC received bankruptcy-court approval of its Chapter 11 plan Tuesday, a plan that offloads $93 million in debt by handing the company over its senior lender, Guggenheim Corporate Funding LLC.

Guggenheim was owed $65 million and will have 100% equity holder in the new company once BP Clothing executes the plan.

The mechanics of the equity distribution to Guggenheim were altered slightly in the court-approved plan, but the recovery wasn't changed and no one else was affected, according to documents filed with the U.S. Bankruptcy Court in Manhattan.

Subordinated lenders, owed $35 million, and unsecured claims worth $684,000 will both get nothing. Siemens First Capital Commercial Finance LLC is receiving cash for its $3.7 million claim.

When BP Clothing entered bankruptcy in December, it had an agreement with its lenders to support the plan as long as it hit certain benchmarks. It planned to "emerge from bankruptcy quickly, and hopes to maintain a viable and competitive business going forward," it said in December court documents.

The company entered bankruptcy to discharge its debt, accumulated as sales slipped to $81.8 million in 2010 from $123.4 million in 2008. Sales dragged profits down 53% in 2010 compared with 2008.

BP Clothing sells, manufactures and designs women's clothing through trademark licensing agreements. When it filed for Chapter 11, its main business was selling Susie Rose-branded clothing at Wal-Mart Stores Inc.

The company previously had an exclusive licensing agreement to sell Fabulosity, celebrity Kimora Lee Simmons's brand, to J.C. Penney Co. department stores. It also had a licensing agreement with Baby Phat to sell clothes and accessories at Wal-Mart and on the brand's website. BP Clothing was forced to abandon both of these agreements because the Fabulosity line was discontinued and owed more royalties on its Baby Phat license than it was generating in revenue.

The loss of these agreements "resulted in a significant decrease in the debtor's overall sales," it said, and it filed for Chapter 11 to reduce the debt that was putting it at a competitive disadvantage.

Housing Recovery May Be Too Little, Too Late For Some

By Mara Lemos Stein

For some home builders and building-materials companies, the flickers of recovery in the housing market need to burn steadily for them to stave off financial stress, analysts and investors said.

Benign credit markets have helped many cash-strapped companies in the housing sector to push forward debt maturities and keep afloat during the economic crisis, but those with tight liquidity and high leverage—such as Hovnanian Enterprises Inc., Beazer Homes USA Inc. and Associated Materials LLC—will struggle if there isn't an enduring recovery, analysts said.

"The most challenged to keep up with the rest of the industry are Hovnanian, Beazer Homes and Orleans Homebuilders [Inc.]," said Joseph Snider, a housing sector analyst for Moody's Investors Services. "The two principal reasons—at least in near- to intermediate-term—is that their liquidity is challenged and they seem to be unable to gain as much traction as the winners in the industry."

As of Jan. 31, Hovnanian had about $160 million in cash on hand and $1.52 billion in debt, according to a Securities and Exchange Commission filing. The Red Bank, N.J., builder has incurred losses for the past five years and earlier this month raised $50 million in a stock sale to help fund the payment of some debt.

Despite many transactions that resulted in the writing off of debt at discounts since 2008, Hovnanian's debt "remains unsustainably high at nearly 142% of revenue and 146% of capitalization," wrote Vicki Bryan, an analyst with Gimme Credit, in a research note last week. "The risk of bankruptcy has increased significantly, and Hovnanian's owned inventory is worth only a fraction of outstanding debt and current obligations."

Hovnanian has been a fixture on analysts' shortlists of distressed companies in the housing sector in recent years, and Gimme Credit says it has survived the downturn because of "unusual, non-operating, non-recurring sources such as a historic tax law change in 2009...to facilitate large tax refunds."

Hovnanian Chief Financial Officer Larry Sorsby didn't respond to a request for comment.

The company said earlier this month that preliminary contracts reached 612 homes in March compared with 528 homes in February and 390 homes in March last year, an advance that got some analysts more optimistic about the large home builder.

But the travails in the housing sector aren't over yet, and home construction dropped in March for the second straight month. At the same time, new housing permits reached their highest level since September 2008 in a sign of growing demand.

Another factor clouding the recovery is that the warm winter months may have caused sales to be brought forward, analysts said.

"To say that the spring home selling is a resounding success is premature," said Vince Foley, a credit analyst covering home builders at Barclays. "Certainly what we've seen so far is positive and relative to six or seven years ago; I'm probably more bullish than I've been for some time," he said. Foley sees a recovery for the housing market in 2013, with 2012 being "more about stabilization," he said.

Another company analysts are watching is Atlanta-based Beazer Homes. The company had about $270 million in cash on hand as of Dec. 31, 2011, and total net debt of $1.4 billion, according to filings.

In a debt-for-equity exchange last month, the company traded about $48 million of convertible bonds due 2013 for equity. Moody's Snider said Beazer has a new revolving credit facility to help cushion its liquidity, but that facility also adds to the company's heavy debt burden.

A representative for Beazer Homes didn't respond to a request for comment.

Orleans, based in Bensalem, Pa., is a relatively small home builder and is shedding assets to manage its liquidity. The privately owned company emerged from Chapter 11 protection just over a year ago and has been generating losses from operations, according to Standard & Poor's Ratings Services.

Although it has sufficient liquidity to cover its commitments over the next year, the company's smaller business may prove a challenge, S&P said in a research note in late March. "We believe a potential setback in the company's business plans or the absence of a broader industry recovery could also challenge current covenant cushion levels," said S&P in the note.

A company representative didn't respond to a request for comment.

Of the building materials companies, analysts and investors are keeping an eye on Associated Materials because of its high debt levels. The Cuyahoga Falls, Ohio, company had $804 million of debt as of Dec. 31, 2011, and paid $76 million in interest last year. It had $11.4 million of cash and equivalents at the end of the year, compared with $13.8 million a year earlier, according to regulatory filings.

The Hellman & Friedman-owned company, which produces and markets exterior building materials including windows and sidings, saw a decline in sales during 2011 owing to the economic uncertainty and the end of an energy-efficiency tax credit for homeowners, company officials said during a conference call in early April.

Some investors and analysts are concerned about Associated Materials' ability to generate enough cash to meet its commitments and pointed to the decline in the ratio of consolidated earnings to fixed charges to 1:01-to-1 at the end of four consecutive quarters ended Dec.

see **Housing** on page 5

Moody's: U.S. Corporate Defaults Rose In First Quarter

By Nathalie Tadena

The number of defaults of U.S. companies rose in the first quarter from a year earlier, though the default rate forecast remains benign as low-rated companies continue to tap capital markets and high-yield spreads remain tighter than they were last autumn, according to a report by Moody's Investors Service.

There were 15 defaults representing about $7 billion of debt of rated U.S. non-financial companies in the first quarter, down from 16 in the prior quarter and up from seven in the year-earlier quarter, Moody's said.

Moody's expects a U.S. speculative-grade default rate of 3.3% by the end of 2012, below the late-2009 peak of above 14% and the 4.6% average from 1992 to the present.

The rate was 2.8% at the end of the first quarter, up from 1.9% at the end of 2011.

"Most of the defaults in the first quarter occurred in March, but it is not clear that this spike is the start of a trend," said Moody's Senior Vice President Lenny Ajzenman. "Corporate liquidity remains strong and speculative-grade companies have been able to access funding at reasonable cost."

The largest defaulters last month were imaging company Eastman Kodak Co., which filed for Chapter 11 bankruptcy; aircraft manufacturer Hawker Beechcraft Inc., which missed an interest payment; and casino operator Mohegan Tribal Gaming Authority, which had a distressed exchange.

The firm also noted that high-yield companies overall have good liquidity and said low-rated companies such as Realogy Corp., Energy Future Holdings Corp. and Rite Aid Corp. recently refinanced, which signals investor comfort with riskier credits.

LBI Media

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male viewers in the age group 18-49, a 10% growth, Liberman said during an earnings call on April 2. That means the new network beat Univision's Telefutura in that age group, he said, "a significant event" for EstrellaTV.

"The EstrellaTV network is at the core of our strategy for maximizing our most valuable asset, our highly rated, internally produced television programming," he said, according to a transcript. The company continues to work on expanding EstrellaTV's distribution network and recently signed deals with Time Warner Cable and Charter Communications to reach into markets such as New York, he said, pointing to an expected growth in audience this year.

But that is coming at a very high cost for the company, said the sell-side analyst. "[Liberman] is in denial a little bit about how much this is costing him; in the end the bondholders will have to rip it away from him and maybe just sell off the assets," he said.

LBI Media's high leverage is a big hurdle on its path to financial health, one even the company acknowledges.

"We intend to pursue one or more alternative strategies in the future to meet our upcoming debt obligations, such as refinancing or restructuring our indebtedness, selling equity securities or selling assets," LBI Media said in its annual report, filed on March 30.

The company's interest expense rose 40% in 2011 to $46.1 million from the previous year, following the refinancing of its senior secured debt in March 2011. The company has $220 million of 9.25% senior bonds due 2019, $226 million of 8.5% unsecured bonds due 2017 and $42 million of 11% bonds at the holding company level, due 2013. It secured a $50 million revolver as part of last year's refinancing, and it has drawn down $5.4 million in the first quarter on that facility. During the conference call, the company said it planned to draw down another $12.5 million on the revolver to make its April 15 interest payment.

The use of the revolver as its main source of liquidity is a red flag for investors and analysts, and it may be difficult for LBI Media to address its 2013 maturity, they said.

"We view drawdowns on the revolving credit facility as indicative of increased financial risk, especially in light of the company's $41.8 million of senior discount notes that become due in October 2013," said S&P.

Distress Watch is a regular feature that provides an in-depth look at companies with significant financial or operational problems. Inclusion of a company in this category is not intended to suggest that it will file for bankruptcy protection, default on its debt or suffer any other financial failure.

Firm Retention Summary

Fuller Brush Co.

This is a summary of a request from the official committee of unsecured creditors of Fuller Brush Company Inc. to hire Kelley Drye & Warren LLP as counsel, filed April 3 with the U.S. Bankruptcy Court in Manhattan.

COMPANY: Fuller Brush Co.

FIRM TO BE HIRED: Kelley Drye & Warren LLP

PRINCIPAL ASSIGNED TO THE CASE: Eric R. Wilson

DUTIES: The firm will provide the following services:

- advise the committee with respect to its rights, duties, and powers in these cases;
- assist and advise the committee in its consultations with the debtors in connection with the administration of these cases;
- assist the committee in analyzing the claims of the debtors' creditors, and negotiating with holders of claims and equity interests;
- assist the committee with its investigation of the acts, conduct, assets, liabilities and financial condition of the debtors and the operation of the debtors' businesses;
- assist the committee in its analysis of, and negotiations with, the debtors or any third party concerning matters related to, among other things, the reconciliation of claims, the assumption or rejection of certain leases of nonresidential real property and/or equipment and other executor contracts, asset dispositions, and the terms of a plan of reorganization, accompanying disclosure statement, and related documents;
- assist and advise the committee regarding its communications to the general creditor body about significant matters in these cases;
- represent the committee at all hearings and other proceedings;
- review and analyze applications, motions, orders, statements of operations, and schedules filed with the court and advise the committee as to their propriety;
- assist the committee in preparing pleadings and applications as may be necessary to further the committee's interests and objectives;
- prepare, on behalf of the committee, any pleadings, including, without limitation, motions, memoranda, complaints, objections, and responses to any of the foregoing;
- provide information to creditors in accordance with section 1102(b)(3) of the Bankruptcy Code, subject to confidentiality agreements and orders of the court; and
- perform such other legal services as may be required or are otherwise deemed to be in the interests of the committee in accordance with the committee's powers and duties as set forth by the Bankruptcy Code, Bankruptcy Rules, or other applicable law.

HOURLY COMPENSATION: Members of the firm will be compensated at the following hourly rates:

Partners	\$450 - \$950
Counsel	\$550 - \$700
Associates	\$315 - \$600
Paraprofessionals	\$115 - \$320
Eric R. Wilson, partner	\$625
Kristin S. Elliott, associate	\$550
Timothy B. Martin, associate	\$425
Marie Vicinanza, paralegal	\$230

CASE BACKGROUND: Fuller Brush, a cleaning-products maker, filed for Chapter 11 bankruptcy protection on Feb. 21.

HEARING DATE: A hearing on the matter has been scheduled for Thursday.

Housing

continued from page 3

31, 2011, compared with 1:87-to-1 at the end of the previous period. Under its credit agreement, Associated Materials must keep a minimum fixed charge ratio coverage of 1-to-1, according to regulatory filings.

Moody's Investors Service cut the company's credit ratings in early April to Caa1, saying Associated Materials will continue to have weak operating performance because of slow demand in the residential new construction and the repair and remodeling sectors. Moody's has a negative outlook on the rating because it foresees Associated Materials' "difficulty generating significant levels of free cash flow relative to its debt, as well as paying down outstanding borrowings under its revolver without a robust recovery in its end markets."

A spokeswoman said Associated Materials didn't have immediate comments beyond a statement issued last week, in which Chief Executive Jerry Burris pointed to the company's nearly flat annual revenue despite the sluggish 2011 market conditions and cited its covenant compliance and a revolver that gives it access to \$80 million in cash.

Distress Watch is a regular feature that provides an in-depth look at companies with significant financial or operational problems. Inclusion of a company in this category is not intended to suggest that it will file for bankruptcy protection, default on its debt or suffer any other financial failure.

New Chapter 11 Bankruptcy Filings

The following is a list of some new Chapter 11 bankruptcy filings made during the week ended April 20.

Company	Filing Date	Court	Location	Contact	
B & M Linen Corp.	4/16	Manhattan	Bronx, N.Y.	Joel M. Shafferman	212-509-1802
Big Sky Motorsports Inc.	4/19	Detroit	Romulus, Mich.	Kurt Thornbladh	313-943-2678
Complete Property Resources LLC	4/19	New Orleans	New Orleans	P. Michael Breeden	504-524-1668
CRM Entertainment LLC	4/20	Phoenix	Scottsdale, Ariz.	Benjamin Joseph Wright	480-505-9276
DaCosta Restaurants LLC	4/16	Bangor, Maine	Waterville, Maine	Aaron P. Burns	207-822-9900
Dragon Martial Arts Inc.	4/16	Fort Worth, Texas	Arlington, Texas	Eric A. Liepins	972-991-5591
Federal Bakers Inc.	4/16	Alexandria, Va.	Leesburg, Va.	Christopher L. Rogan	703-771-9191
Gateway Ventures LLC	4/18	Manhattan	Sherman Oaks, Calif.	Mark K. Lindenberg	212-921-1600
Harding Sails Inc.	4/20	Boston	Marion, Mass.	Norman Novinsky	508-559-1616
Just Right Enterprises Inc.	4/16	Jacksonville, Fla.	Fernandina Beach, Fla.	Robert D. Wilcox	904-366-1500
Kaiser Development Corp.	4/18	Gainesville, Ga.	Suwanee, Ga.	Evan M. Altman	770-394-6466
Keystone Printing Ink Co.	4/16	Philadelphia	Philadelphia	Allen B. Dubroff	215-635-7200
L.V. Enterprises LLC	4/18	Santa Rosa, Calif.	Santa Rosa, Calif.	Michael C. Fallon	707-546-6770
Mattare Enterprise Inc .	4/16	Los Angeles	Long Beach, Calif.	David R. Haberbush	562-435-3456
MSA Global Inc.	4/18	Atlanta	Decatur, Ga.	Evan M. Altman	770-394-6466
Nimbus Brewing Company LLC	4/17	Tucson, Ariz.	Tucson, Ariz.	Eric Slocum Sparks	520-623-8330
Old Colonial Realty Corp.	4/17	Boston	Bellingham, Mass.	Joseph P. Foley	617-437-7774
Paragon Paper Inc.	4/17	Camden, N.J.	Sicklerville, N.J.	Jason C. Manfrey	215-299-2000
RAC Builders LLC	4/17	Denver	Windsor, Colo.	Lee M. Kutner	303-832-2400
Red Top Investment Group LLC	4/18	Harrisburg, Pa.	Highspire, Pa.	Lawrence G. Frank	717-234-7455
S C Prestige Parking Inc.	4/20	Los Angeles	Los Angeles	Philip Deitch	310-899-9600
Silvers Systems Inc.	4/19	Tampa, Fla.	St. Petersburg, Fla.	Buddy D. Ford	813-877-4669
STEP Plan Services Inc.	4/16	Bridgeport, Conn.	Stamford, Conn.	Jeffrey M. Sklarz	203-368-4234
Voxelogix Corp.	4/17	San Antonio	San Antonio	Michael J. O'Connor	210-614-6400

Assets On The Block

The following tables include selected companies that have recently sought bankruptcy court permission to auction their assets or have won final approval of an asset sale. Under the Bankruptcy Code, companies trying to sell assets while operating in Chapter 11 protection must submit to an auction even when there is a buyer available for the property. The auction assures creditors that the best offer is obtained to provide the greatest recovery for debts.

Company/Assets	Bidder/Amount	Info	Dates
GOING, GOING...			
Cliffs Club & Hospitality Group Inc. All assets/plan sponsor	Carlile Group About $64 million in liabilities		Auction: April 23 Hearing: May 8
Delta Petroleum Inc. Most assets	None None		Auction: April 24 Sale hearing: May 1
Nassau Broadcasting Corp. assets	None None	Bids due: April 27	Auction: May 3 All Sale hearing: May 7
Syms Corp. Intellectual property	None None	Bids due: May 1	Auction: May 3 Sale hearing: May 10
Energy Conversion Devices Inc. All assets	None None		Auction: May 8 Sale hearing: May 9
Pemco World Air Services Inc. All assets	Avion Services Holdings LLC Credit bid	Bids due: May 23	Auction: May 30 Sale hearing: June1
DRI Corp. All assets	Levine Leichtman Capital Partners $22.1 million	Bids due: June 5	Auction: June 8 Sale hearing: June 14
LSP Energy Inc. Mississippi power plant	None None	Bids due: June 4	Auction: June 13 Sale hearing: July 17
...GONE			
St. Mary of the Woods Inc. Ohio retirement community	Orion Care Services LLC affiliate $18.8 million		Sale approved: April 20
Manistique Papers Inc. Paper mill, operations	Watermill Group $12.3 million, plus liabilities		Sale approved: April 17
United Retail Group Inc. All assets	Versa Capital Management $32 million cash, plus liabilities		Sale approved: April 13
AES Eastern Energy LP Two N.Y. power plants	Bondholders $240 million credit bid		Sale approved: April 11
Trident Microsystems Inc. TV business	Sigma Designs Inc. $21 million		Sale approved: April 5
Grubb & Ellis Co. All assets	BCG Partners Inc. $30 million credit bid, $15 million cash		Sale approved: March 27
International Media Group Inc. Three television stations	Affiliate of NRJ TV LLC $45 million credit bid, plus liabilities		Sale approved: March 23
CDC Corp. CDC Software Corp. shares	Vista Equity Partners affiliate About $249 million		Sale approved: March 20
Trident Microsystems Inc. Set-top box system assets	Entropic Communications Inc. $65 million in cash, plus liabilities		Sale approved: Feb. 27
Inner City Media Corp. Most assets	Senior lenders $180 million credit bid		Sale approved: Feb. 23

Source: Court documents, press releases and regulatory filings

The Tape

NEWS FROM AROUND THE COUNTRY

Philadelphia Orchestra Resolves Pension-Fund Issue

Resolving the most quarrelsome aspect of its bankruptcy, the Philadelphia Orchestra Association has settled with the national musicians' pension fund that had threatened expensive and time-consuming litigation over the orchestra's withdrawal from it, the *Philadelphia Inquirer* reported. The American Federation of Musicians and Employers' Pension Fund (AFM-EPF), which had filed a $35 million claim in the case, will drop all its legal challenges in exchange for $1.75 million from the orchestra. The fund did not immediately respond to a request for comment. The development allows the orchestra to approach Judge Eric L. Frank of the U.S. Bankruptcy Court in Philadelphia with an uncontested reorganization plan, which means if the orchestra can wrap up talks with the Kimmel Center over a new lease, it could be out of bankruptcy within 90 days. Pending before the association can file a reorganization plan is a new contract with the Kimmel Center, its landlord for Verizon Hall. McMichael said the basic framework for an agreement has been worked out, and versions of the deal were being exchanged between the two. The association's withdrawal from the pension fund was a major objective of the bankruptcy.

Country Club Cedes Ownership Of Land, Facilities

Moments before an in-court auction scheduled for Tuesday afternoon, the Spanish Trail Country Club Inc. resolved its Chapter 11 bankruptcy by ceding ownership of its land and facilities to its main lender in return for continuing to operate as it has for the past quarter-century, the *Las Vegas Review-Journal* reported. The terms call for Hermitage Management LLC, a unit of mortgage holder Jackson National Life Insurance Co., to take title of the prestigious golf and country club and cancel a $17.9 million debt. Jackson National will lease the property back to the nonprofit club and give members an option to buy it back within four years for $7.5 million. The club will also agree not to file another bankruptcy case should it run into financial trouble again. The club's troubles started five years ago, when it borrowed $15 million from Jackson National for renovations. As the recession started to bite and drive golf courses across Las Vegas into the rough, the high-priced Spanish Trail saw membership decline by about half. The club defaulted on the loan in July 2010, but went nowhere in restructuring the debt. Although the club produced positive cash flow on operations, Jackson National's move to foreclose triggered the bankruptcy last August

Louisville Orchestra Ratifies Deal With Management

Leaders for the Louisville Orchestra Musicians Association announced late Tuesday that the group had ratified an agreement for a new contract with the orchestra management—potentially ending a months-long impasse, the *Courier-Journal* reported. "We are really please to be bringing symphonic music back to Louisville," said Kim Tichenor, a violinist with the orchestra and the players' negotiating committee chair, who stood in the musicians' union hall surrounded by her colleagues, who cheered her announcement. The agreement calls for a one-year contract covering 57 musicians for 30 weeks with a base salary level of $925 per week, including medical and pension benefits. It also calls for a binding arbitration process involving a mutually agreed-upon orchestra professional to work with both sides to establish a longer-term contract. Orchestra Chief Executive Robert Birman responded to a request for comment with a text message saying, "We'll reserve comment until we see the proposal." Under the agreement, Tichenor said the musicians would be giving up their vacation and sick days for the year. She estimated that adds up to several thousand days total. Relations between the two sides had been contentious since the Louisville, Ky., orchestra filed for Chapter 11 bankruptcy in late 2010.

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