

Structured Finance Group Of The Year: King & Spalding

By Sarah Jarvis

Law360 (December 18, 2020, 3:50 PM EST) -- King & Spalding LLP's specialty finance and securitization team helped guide a \$750 million senior secured high-yield note issuance by the restaurant company Inspire Brands — one of the first capital markets issuances in the restaurant industry during the COVID-19 pandemic — earning the firm a spot among Law360's 2020 Structured Finance Practice Groups of the Year.

The firm's securitization team consists of 15 to 20 attorneys, including six partners, and focuses on specialty, high-value and complex deals. The team, which is primarily based in New York but also has attorneys in Atlanta, makes up a small portion of the more than 1,200 attorneys at King & Spalding.

But Michael L. Urschel, a partner with corporate, finance and investments who started the practice about six years ago, said it is a focus area for the corporate and finance departments, and an area that is growing rapidly.

"It's been a surprisingly record year as far as our activity level, even with COVID going on," Urschel said.

Inspire Brands grew out of Arby's acquisition of Buffalo Wild Wings in 2018. Inspire has since acquired Jimmy John's and Sonic and announced in October that it would buy Dunkin' Brands Group Inc. King & Spalding's structured finance team has represented a major international investment bank on most of the whole business securitizations of those companies, and through a credit agreement and \$750 million high-yield bond issuance by Inspire, which closed on May 21.

Urschel said Inspire was one of the first restaurant companies to get back to the market after the pandemic hit, showing that some restaurants were performing well despite COVID-19's impacts.

King & Spalding also represented the sole structuring adviser and joint book-running manager, as well as several banks acting as joint book-running managers and co-managers, in the sale of \$900 million fixed-rate notes backed by the whole-business securitization of Sonic LLC in January.

Martin Eid, a senior associate who worked on the Inspire Brands transactions, said getting the opportunity to carry out very different types of transactions helped those involved understand the



business more. He said that with the restrictions brought by the pandemic, the structured finance team had to make various accommodations and think about the deals differently.

"Particularly this year, there's been a very big focus on making sure that we can hit the market at the right time and the opportune time, just because of the general sense of not knowing what's in the future," Eid said. "But I think the breadth of the team and their ability to just roll their sleeves up and get working has really helped in that regard."

Eid, who was also involved with the creation of Inspire in 2018, said it's been the highlight of his career to watch the company grow from mainly focusing on Arby's to encompassing all its current brands. The company consists of more than 11,000 individual restaurants and is among the largest restaurant companies in the country, according to its website.

The securitizations team also represented the purchasers in an upside deal for an additional \$50 million in Series 2019-1 variable funding notes by a subsidiary of Servpro Industries LLC, a cleaning and restoration services company. Katie Weiss, a senior associate in corporate, finance and investments who worked on the June upside and the original deal last year, said it was a whole-business securitization of a different business than the firm had ever done before.

Weiss said the company is franchised, so she was able to apply some tactics typically used for franchises of restaurants and apply it to Servpro, though she said different structuring was required, because the collateral and revenue is different for that kind of company. She focused on digging in about the business in a process she said is almost more akin to diligence for mergers and acquisitions than what you would see for securitizations for more typical asset classes.

"It's been really good for me to get to work in so many different asset classes, and it's made me sharper and more focused in each type of deal that I work on," Weiss said.

Weiss said she views the securitization attorneys as partners with clients in understanding their businesses, adding that thinking about deals from the inside out has made her a better lawyer.

"The breadth of our transactions and our ability to pivot into new transactions makes it fun to work at King & Spalding, and I think it makes us valuable to clients," she said.

Looking to 2021, Urschel said the team plans to expand more into specialty real estate securitization, including through targeted hiring. He said that rather than working in silos, team members shouldn't be afraid to work on a variety of transactions, and they should be ready to pivot amid downturns and changes in the environment.

"What I try to do on our team is espouse the value that the important thing to learn is creativity and flexibility," Urschel said. "If you learn that, and you can learn how to think on your feet, you can really figure out how to do any kind of transaction that comes at you."

--Additional reporting by Dave Simpson. Editing by Nicole Bleier.