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August 06, 2020 10:28 AM

Dura's new CEO talks expansion, reputation repair

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- CEO Kimberly Rodriguez joins Dura from Rush Trucking
- Dura plans three plant openings in near future
- Toyota mindset brought by new owners

Sean McGuire/Dura

Lexington, Ky.-based private equity firm MiddleGround Capital acquired a majority stake in Auburn Hills-based auto parts supplier Dura Automotive.

Kimberly Rodriguez plans to repair Dura Automotive's tattered reputation.

Rodriguez, 59, becomes the CEO of the Auburn Hills-based auto parts supplier on Sept. 1 and has used her 35 years of auto restructuring business to suss out a game plan.

"We've mapped out a very detailed plan to provide all kinds of support for the company," Rodriguez said in an interview with Crain's. "This is a company that has great bones. The team has kind of been put on idle. So we're taking them off idle and giving the team the resources to follow through on plans that have been developing over a much longer period of time. We need to deliver. Dura has some tarnished elements of its past. We just need to deliver."

Lexington, Ky.-based private equity firm MiddleGround Capital acquired a majority stake in the body systems supplier from Bardin Hill Investment Partners last week and hired Rodriguez away from Andra Rush's trucking empire, Rush Trucking, where she served as its CEO for less than eight months.

Rodriguez is leaving Rush Trucking after diversifying its customer base by 300 percent, she said. Rush, which was almost completely reliant on regional automotive deliveries, is now securing more over-the-road trucking contracts.

"I really did what I came to do here," she said. "We came in and put together a financial structure that provides the firm to go forward. The company now needs additional support in the over-the-road type of business. Someone that understands where the company is now and what's needed. That's not me."

Terms of the Dura deal were not disclosed, but according to MiddleGround's website the firm's investments range from $75 million to $250 million. St. Clair Shores-based equity firm The Charlton Group Inc. is a minority owner of Dura in the deal.

Dura's reputation suffered under former owners Patriarch Partners, led by bombastic Wall Street investor Lynn Tilton.

Patriarch Partners entered the U.S. assets of Dura under Chapter 11 bankruptcy protection in October 2019. The MiddleGround deal was for the entire global company with 6,700 employees in 13 countries and revenue of $870 million last year.

Patriarch Partners, which owned 73 percent of Dura, had sought to sell the maker of driver control systems, lightweight metal vehicle frames and battery trays for a few years, with Bloomberg reporting a potential $1 billion price tag in 2018. But potential buyers walked away from a deal, according to a report in the Wall Street Journal, after Dura said its revenue projections for 2019 were half as much as it originally claimed.

During the failed negotiations to sell Dura last year, Tilton collected $485,000 in management fees and charged Dura more than $1.4 million for legal fees, WSJ reported.

Tilton's legal troubles also plagued her attempts to sell off the supplier. She had been, and continues to be, embroiled in litigation over how she operates her holdings. In 2017, the self-described turnaround queen beat a fraud charge brought by the U.S. Securities and Exchange Commission.

But a settlement with a bond insurer maintained a black cloud over any deal to sell Dura. As part of the settlement, Dura owed the funds tied to the bond insurer $105 million and scared off prospective suitors.

During the bankruptcy filing, Tilton committed $77 million to pay down debt and buy Dura out of bankruptcy. But her plan to place a seemingly profitable Dura into bankruptcy to rid debt and sell the company back to her equity firm backfired when a Delaware bankruptcy judge replaced Tilton's offer with one from New York's Bardin Hill.

A bankruptcy trustee is now weighing the legal decision whether to sue Tilton and her Patriarch Partners over the handling of Dura as part of the agreement Bardin Hill reached with creditors, WSJ reported.

"Capital expenditures and focusing on operations wasn't happening under the former owners," Rodriguez said. "They lost a substantial amount of business and had fundamental operating issues."

MiddleGround was founded by former Toyota Motor Co. employees, including hourly line workers.

Rodriguez said having new nontraditional financial owners with a background in the auto industry provides a competitive advantage.

"MiddleGround is just a different kind of equity fund," Rodriguez said. "They are automotive focused all the way down to the line because that's where they came from. That's how they make decisions."

Rodriguez has worked with partners at MiddleGround for more than a decade, she said, when they worked at a firm called Monomy Capital Partners.

While the COVID-19 pandemic is crippling the new company's ability to assess all aspects of its global plants — U.S. citizens can't travel overseas to nearly every country in the world because of the outbreak in America — Dura plans to expand by opening two new plants in Macedonia and another new plant in the U.S.

Rodriguez wouldn't discuss the location or investment of the planned U.S. plant.

"Where other people are scared away by COVID and uncertainty, we see opportunity," Rodriguez said. "We see a substantial opportunity going forward. We're not only not battening down the hatches, we have a substantial growth plan."

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