

MVP: Dentons' Erik Klingenberg

By Tracey Read

Law360 (October 24, 2023, 1:07 PM EDT) -- Erik Klingenberg, chair of Dentons' capital markets practice, represented lenders in simultaneous multibillion-dollar deals in the esoteric net lease commercial real estate space under intense deadline pressure, garnering him a spot among Law360's 2023 Structured Finance MVPs.

His biggest accomplishments:

Klingenberg represented Credit Suisse as lead lender and arranger and Citibank as co-lender and arranger in a \$2.6 billion, 1,400-property net lease commercial real estate facility to finance the \$14 billion take-private acquisition of net lease solutions provider STORE Capital Corp.

The facility was arranged as a master trust structure to pave the way for the ultimate securitization of the net lease properties, the first of which Klingenberg and his team closed in May 2023, representing SMBC Nikko Securities America Inc., Capital One Securities Inc., Citigroup Global Markets Inc., Bank of America Securities Inc., Goldman Sachs & Co. LLC, J.P. Morgan Securities LLC, Scotia Capital (USA) Inc. and Truist Securities Inc. as initial purchasers and underwriters.

Because it was a public company, Klingenberg and his team had to negotiate a firm commitment so that they could take it from the lenders to the shareholders and get their approval.

"Then once they signed a commitment and made merger documents, we had about a month and a half to do all of the contract work — drafting, diligence on the real estate and negotiations to close," he said. "We had a firm closing deadline of about a month and a half out. It was over the holidays, and just very high pressure.

"The other side had — because there are different entities involved — four major law firms, and it was just little old me and my team, working very closely with our real estate group."

At the same time as that high-pressure, complex deal, Klingenberg was also representing JPMorgan Chase Bank as lender and repurchase buyer for a \$2.3 billion repurchase facility to finance the



acquisition of the Credit Suisse Securitized Products Group by the Apollo Group in December 2022, together with a \$6.4 billion follow-on transaction, which closed in February.

"You had that kind of end-of-the-year sort of thing going on, where again, it was one of those, 'Hey, we need to close this in a matter of weeks,'" he said. "And you're talking about an acquisition and trying to build a structure that works for them and in very short order. At the same time, we're working on this other big deal. Fortunately, I have a bunch of really good people working with us and we were able to put those two things together and get them all done in a couple of months."

His other notable accomplishments:

Klingenberg said he feels fortunate that he was called upon during the financial crisis to help the government try to bring the markets back.

"I represented the Department of Education in coming up with a couple of different programs to allow student loan lenders to continue making student loans so that our kids could go to college because when the credit crisis hit, nobody was able to make loans," he said.

Klingenberg's work has included representing the U.S. Department of the Treasury as subordinate lender in the \$200 billion TALF, or Term Asset-Backed Securities Loan Facility, provided by the Federal Reserve Bank of New York.

He's also represented the U.S. Department of Education over FFELP CP Conduit, a commercial paper conduit backed by Federal Family Education Loan Program student loans.

"I was fortunate, given I think my reputation for helping to structure transactions, to solve and address different situations to help the Department of Education come up with those programs," Klingenberg said. "And then that led to representing the Treasury in TALF and the New York Fed in their financing of JPMorgan's takeover of Bear Stearns."

What motivates him:

Klingenberg said he enjoys working with his clients to help them come up with the structures to accomplish their goals.

"I'm fortunate to have a reputation of helping people structure new types of transactions, whether it's a new asset — like single-family rental when that was being developed — or excess servicing spread when that was being developed," he said. "I feel like my clients have referred people to me continuously over the years to help figure out how to finance new assets or how to help develop structures to address. Many of the transactions that I work on are helping banks or other financial institutions navigate their regulatory capital needs."

For instance, a big topic lately has been the changing Basel rules around regulatory capital.

Klingenberg said he likes the challenge of helping banks develop structures that will allow them to provide cost-effective financing to their clients: the companies that are out there making loans to people and providing credit to consumers and businesses.

"I feel like much of my work is trying to be creative, and thinking through all of the different aspects and legal issues and balancing those with accounting issues, regulatory issues, economic issues, and trying to kind of put all that together into a structure that works for everybody," he said. "It keeps things very

interesting. I feel like I have been really fortunate to have a career that has constantly been creative and bringing new, interesting transactions to the market."

Why he became a structured finance attorney:

Klingenberg started his legal career as a bankruptcy and litigation associate at Thacher Proffitt & Wood LLP.

In an M&A transaction he worked on as a young lawyer, the other side agreed to purchase his client's subsidiary, paying a premium to settle the case.

"We went from litigating to negotiating a transaction, and I saw how all of a sudden it went from very adversarial, very contentious, to very collaborative, and I was part of the whole negotiation on that, working together with lawyers in my corporate group and the lawyers that were brought in on the other side," Klingenberg said.

All of a sudden, everybody had a common goal, and at the end of it everybody was happy and toasting champagne.

"And I'm like, 'Wow, this is the first time a litigation case that I've been involved in ended in a way with the two sides toasting each other with champagne,'" Klingenberg said. "Usually it's all like, nastiness. I really liked that. I liked the idea of making deals as opposed to fighting over deals.

"I'd rather make a deal than fight over a deal, and so that was the real kind of moment, the epiphany, that I wanted to be a transactional lawyer. Thacher had the preeminent structured finance practice in the world, and I was able to switch into that group, and that has been my path ever since. I feel really fortunate that that opportunity was there for me."

His advice for junior attorneys:

Klingenberg said young lawyers should try to learn the law and the substance of what they do to become true experts.

"If you really are known to be an expert at something, that makes you particularly valuable and will tend to lead to word of mouth and giving you a path," he said. "Building your substantive knowledge in whatever area of expertise you practice I think is probably the most important thing."

Another top priority should be building relationships.

"I'm fortunate in that many of my clients have become very close friends and we came up together," Klingenberg said. "When you're a junior lawyer, you're working with people at your level often that are within the institutions who are your clients. In our space, our clients tend to be financial institutions. And just like law firms, financial institutions have analysts and associates that work their way up to become directors and managing directors, very similar to how a lawyer works their way up in a law firm."

And so Klingenberg encourages his associates to develop friendships with Dentons' clients.

"Be their kind of go-to person," he said. "Help them, because as they work their way up, you're working your way up. Eventually they'll be the ones that are making the decisions about whom to hire. All of a sudden, they're coming to you because you've built a long-term relationship, and they trust you, and

hopefully you're friends as well. It's nice to work with people that you like and that like you. It has immediate returns right off the bat, but in the long term, it can really have business returns."

His proudest moment this year:

Klingenberg became a first-time grandparent this year — times two — after both his sons had daughters.

"I am having the joy of experiencing being a grandparent for the first time and really just the fact that you get to put all your love on them and then not have to wake up all night with them, although we have done a couple of all-nighters for them just to kind of give [their parents] a break."

-- As told to Tracey Read

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