

## Structured Finance Group Of The Year: Dentons

By **Brent Godwin**

*Law360 (February 13, 2023, 2:02 PM EST)* -- Dentons led one of the most unique securitization transactions of 2022, helping Texas-based Rayburn Country Electric Cooperative Inc. securitize its debt in the aftermath of Winter Storm Uri, a first-of-its-kind deal that earned the team a spot among Law360's 2022 Structured Finance Groups of the Year.

The Rayburn deal, completed in February 2022, saw the Dentons team secure \$908 million in senior secured cost recovery bonds for Rayburn and its four member co-ops. The Dentons team said the deal helped minimize the impact of costs on hundreds of thousands of customers and allowed Rayburn to continue as a viable utility.

Erik Klingenberg, Dentons' structured finance practice leader, told Law360 that the deal was actually sourced through the firm's energy practice and that the firm was also involved in helping get the legislation passed in Texas that allowed for the deal to happen.

"Our energy group had been working with these different electric companies in Texas and were very involved in getting the legislation passed in Texas that made securitization financing by an electric cooperative possible to begin with," Klingenberg said.

"It allowed the securitization of the strain across receivables as a way for these different energy cooperatives to try to finance all of this debt."

Klingenberg said the deal was an example of how Dentons is known as a group that can take on out-of-the-box transactions, saying that he thinks it could serve as a model that will be used to address similar situations.

Dentons also served as lead lender's counsel to Credit Suisse in a \$2.6 billion acquisition of STORE Capital Corp. to take the company private.

Klingenberg said the STORE Capital deal was actually something of a full-circle moment for him, because he was involved in the very first triple net lease securitization product 15 years ago.

"STORE was really kind of the first issuer to use the master trust structure in the net lease space, which we created," Klingenberg said. "So we've been doing deals with STORE, representing their underwriters



and acting as transaction counsel with them for years and years."

Klingenberg said now private equity funds are coming in and taking STORE over, so to be able to handle that type of private merger and acquisition transaction and finance that through the structured finance structure "was kind of cool."

As part of the STORE deal, banks are providing \$2.6 billion of financing that will involve several chunks over the next several years.

In October, the Dentons team was lead lender's counsel, again to Credit Suisse, in a \$150 million financing deal for Wander.com. The platform lets consumers book "smart" homes for use as a vacation spot or for remote work trips. Bookings often include access to a Tesla and other technological amenities.

In August, Dentons was lead counsel to Saluda Grade on a \$180 million securitization of home equity investment agreements. The firm said this particular transaction has garnered interest from Wall Street and others, because it creates a forward sale contract that lets homeowners tap into home equity. The team said the deal took five months and involved regulatory work at every phase.

Another unique transaction that turned heads was one in which Dentons served as lead counsel to Change Lending. The deal saw a \$297 million securitization of residential home loans sponsored by a Community Development Financial Institution, or CDFI.

That deal was joined by four more similar transactions for an aggregate total of \$1.1 billion, the firm said.

Klingenberg said the team was honored to work on the deals that will help improve underserved areas, and that they earned approval by Institutional Shareholder Services for environmental, social and governance. He said he expects ESG will continue to grow in importance in the year ahead.

"ESG is such a big topic right now ... But there's not that [many transactions] that are necessarily out there available to do that," he said. "So that's definitely something that we're very proud to have been part of, and we look to be able to bring in that expertise in doing novel transactions, helping people think through 'How do we deal with disclosure for a deal that's going to call itself ESG.'"

--Editing by Gemma Horowitz.