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REAL ESTATE

DEALMAKERS 2011

Bruce Shepherd

Latham & Watkins LLP
San Diego

Clients: JC Resorts LLC, the Church of Jesus Christ of Latter-day Saints, Senior Resource Group

$1.6 BILLION

ESTIMATED TOTAL VALUE OF 2010 TRANSACTIONS

The middle of the Great Recession was the worst time to open an ocean-front luxury resort, but for Latham & Watkins LLP's Bruce Shepherd and client JC Resorts LLC, it was an opportunity.

The 582-room Terranea Resort in Palos Verdes was developed with loans from Corus Bank, Cascade Investment LLC and Lowe Enterprises Inc. Just months after the project opened, Corus was seized by the Federal Deposit Insurance Corp. Then, the FDIC sold a portfolio including the $165 million Terranea loan to an investment group led by Starwood Capital Group LLC and TPG Capital LP. That's when JC Resorts, a golf and hospitality company, entered the picture with a possible equity investment in the resort.

"It took a creative and seasoned approach and also a courageous investor to invest the time to understand the deal and to ultimately invest the money," Shepherd said.

He was tasked with maximizing the benefits to his client while integrating the interests of all stakeholders amid economic uncertainty.

"Whenever you're dealing with the introduction of new funds in an environment where values have changed, there's going to have to be compromises," he said.

The Starwood-led team agreed to renegotiate loan terms, extend the loan, acquire and partially write down additional debt, and ultimately recapitalize the resort's debt by forming a new venture between JC Resorts and Lowe Enterprises.

"It's just so much fun to work on deals that are hard and end up getting to the finish line, and to feel that satisfaction that you've structured through these tough problems," Shepherd said.

In 2010, he also represented an affiliate of the Church of Jesus Christ of Latter-Day Saints in its redevelopment of "a city within a city" in Salt Lake City.

Other deals led by Shepherd involved his long-standing representation of pension fund clients. Those included disposition of an interest in Landmark at One Market in San Francisco and the disposition of interests in project ventures in Los Angeles and San Diego.

"I was very lucky I had these deals," he said. "[They] have kept me very busy through a time period when a lot of practitioners in the real estate industry suffered from less demand."

— Carla Pineda

Terranea Resort in Palos Verdes

Courtesy of Latham & Watkins

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