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Real estate expert can simplify complex issues

- BY THOR KAMBAM BIBERMAN



Gary M. Tenzer has testified as an expert witness in more than 300 real estate litigation matters during the past 25 years, but he doesn't mind not being a lawyer.

"I'm the closest thing to being a lawyer who never went to law school," said the co-founding principal of the Los Angeles financial advisory firm George Smith Partners Inc. The firm provides national capital market advisory services, including expert witness functions, to the commercial real estate industry. Tenzer said while most attorneys he works with are excellent at what they do, some can get so wrapped up in the legal aspects that they fail to see the business issues that could simplify the case.

He recalled an attorney of a major law firm with multiple white boards positioned all over his office detailing one particularly complex case. Several diagrams -- and the better part of an hour -- later, Tenzer suggested a course of action that greatly simplified the problem. "He was too much in the weeds," Tenzer said.

Frank Gooch, a shareholder with the Santa Monica law firm Cozen O'Connor, said he has never been disappointed in any of the cases he has worked with Tenzer. "I am very impressed with Gary," Gooch said. "He has an analytical mind that is able to distill complex issues into an understandable analysis."

Gooch agreed with Tenzer that attorneys don't always focus on the heart of the matter. "I recall one case where the attorney was more interested in impressing me than he was on winning the case for his client," Gooch said. "I think Gary's right on that."

Although Tenzer never wanted to be a lawyer, it doesn't mean he doesn't enjoy many aspects of the legal process. "I enjoy litigation work," he said, noting how every case is different. "I would like to do more of that."

Tenzer, who was hand-picked to join the firm by its late founder, George Smith, in 1979, currently helps lead the multi-faceted firm, which provides everything from capital placement, advisory and consulting services to expert witness support on a wide range of commercial real estate financing transactions. Tenzer has provided his expertise on a wide range of asset classes, including financing for residential, multifamily, retail, office, commercial, industrial, mixed-use, congregate care, hospitality, land development, large-scale community development and special purpose properties.

Throughout the evolution of the firm, he has played a significant role in building the company to its national prominence in the real estate industry. The firm is headed by Tenzer and six other co-principals, who also are without law degrees.

The company was acquired by Grubb & Ellis in 1982 and became its national real estate financing division. George Smith Partners was then re-acquired in 1992 by its principals, including Tenzer, who re-established the business.

Tenzer was hired as an interest rate expert in the Chapter 11 bankruptcy of General Growth Properties Inc. (GGP) -- the second-largest mall owner in the country at the time -- in 2009. The affected portfolio included 158 of its 200 U.S. malls, which included the Otay Ranch Town Center.

Expert witness work is a significant part of Tenzer's job, though arranging financing on deals continues to be the main focus of George Smith Partners' daily operations. All told, the company has arranged more than \$55 billion in financing since its inception.

Tenzer's most recent financing transaction was a \$19.9 million CMBS loan for the purchase of The Burbank Collection, a 39,000-square-foot Class A retail condominium.

The firm's extensive lender relationships allowed for the marketing of the financing of the Burbank Collection to many different banks and life insurance companies as well as CMBS lenders.

"The most challenging hurdle at the outset with each lender was to make them comfortable with the condominium structure," Tenzer said. "Prior to the signing of the lender's loan application, [we] requested that the lenders' legal counsel engage in a full review of condominium documents to ensure that each lender would be comfortable with the intricacies of condominium ownership and HOA structure."

Tenzer's reputation attracted The Operating Engineers Pension Trust, a \$2 billion Taft Hartley Pension Fund, where he served as the trust's real estate financing advisor. While advising the Trust, he established strict lending guidelines and best practices for their commercial real estate lending activities.

Under Tenzer's direction, George Smith Partners (GSP) recently secured \$25.5 million in proceeds for the refinance of a construction loan on a newly constructed 65-unit multifamily property in Los Angeles. The property had recently received its Certificate of Occupancy but was still completely vacant at its completion. The bridge loan is intended to give the sponsor time to lease up the property to stabilization, according to Tenzer. Because the property was still vacant, the sponsor's pro-forma rents were not yet proven out by signed leases. This was a challenge because the rents are several hundred dollars higher than those of typical multifamily properties in the submarket, Tenzer said. GSP was able to overcome this challenge by providing evidence to the lender that the brand-new units were considerably larger than those so-called comparable properties thereby supporting the premium rents.

GSP also recently announced that it secured a \$460 million senior construction loan on behalf of BPM Real Estate Group for Block 216, a landmark 1.1 million-square-foot ground-up 35-story development in Portland, Ore. It is anchored by a Ritz-Carlton, the first five-star hotel in the state of Oregon. An affiliate of Mosaic Real Estate Investors funded the four-year loan. George Smith Partners, which is marking 25 years in business this year, specializes in arranging financing for commercial and multifamily properties, including acquisition, construction, bridge and permanent loans, as well as mezzanine loans, highly leveraged participating loans and joint venture equity.