

Real Estate MVP: Fried Frank's Stephen Lefkowitz

By **Dan Packel**

Law360, Philadelphia (December 12, 2012, 4:54 PM ET) -- Fried Frank Harris Shriver & Jacobson LLP's Stephen Lefkowitz helped Cornell University beat out 16 other universities around the globe in landing an agreement with New York City to develop a \$2 billion science and engineering campus on Roosevelt Island, helping to secure him a spot on Law360's list of Real Estate MVPs.

But the December 2011 announcement of the agreement for the ambitious project was only one high point in a busy 12 months for Lefkowitz. In that span, he also witnessed the September opening of the \$1 billion Barclays Center in Brooklyn, the result of years of engagement with developer Forest City Ratner Cos. LLC's Atlantic Yards project.

"Atlantic Yards had every challenge that anyone could think of for an urban development project," Lefkowitz told Law360. "Frankly, getting it done and closing it was a miracle."

Lefkowitz served as principal outside counsel to Forest City Ratner for the \$5 billion project, a 22-acre development containing commercial, residential and community space in Brooklyn.

The project was financed with the help of \$511 million of tax-free PILOT bonds issued by the Brooklyn Arena Local Development Corp., an affiliate of New York's Empire State Development Corp., and underwritten by Goldman Sachs & Co. and Barclays PLC.

According to Lefkowitz, the tax-free bonds nearly did not work out. After financing for the new Yankee Stadium project — which Lefkowitz also worked on — was completed in 2008, the IRS retracted a provision allowing tax-free financing for stadiums.

"It took a lot of pushing down in Washington to get the IRS to reconsider, but they finally opened up a window," Lefkowitz said. "We closed within a week before that window closed for good."

But while obtaining financing for the arena was essential for the overall success of the project, it was only one among many obstacles. Lefkowitz also cited the challenges of bringing the city and the state together, assembling the land involved, relocating the Long Island Rail Road yard previously on the site and obtaining zoning overrides. These steps were also accompanied by a range of litigation.

"There's no project I can think of, except for 42nd Street redevelopment, that had as many disparate and difficult elements as Atlantic Yards," Lefkowitz said.

Lefkowitz's efforts in securing an agreement with the city to build the 2 million-square-foot campus on Roosevelt Island involved an entirely different set of challenges.

"The city and state — with whom we've dealt extensively — have a format and process for reaching commercial economic development deals," he said. "But the Cornell campus is not a commercial deal. It's an academic, research and tech deal. The development is not intended to make money for Cornell, but instead intended to have academic and scientific benefits for Cornell and spinoff economic benefits for the city. This required an adjustment for the city in how they think about projects."

In the project, Cornell responded to the Bloomberg administration's request for proposals seeking a university or a consortium to develop a campus in the city in exchange for \$100 million in public money as well as access to city-owned land, as part of a greater effort to bolster science, technology and research in New York.

Cornell partnered with the Technion-Israel Institute of Technology, a public institution based in Haifa, Israel, to develop a proposal, which was ultimately chosen by the city in December 2011.

"Other institutions were not able to cope with the city's processes and the city's demands," Lefkowitz said.

The demonstrated strength of both Cornell and Technion in generating entrepreneurial activity played a key role in the city's decision, as did the large scale and vision of the proposal, the financing capacity behind the project, and a stated focus on academic and private sector collaboration, according to Lefkowitz.

Lefkowitz and Fried Frank currently represent Cornell in the land use and environmental approval process, as well as in negotiations with developers who will ultimately build components of the campus.

Lefkowitz attributes his success in both Atlantic Yards and the Cornell project to a long history of working on the public side as well as the private side of development projects.

Working directly under Gov. Nelson Rockefeller, he drafted the legislation for the New York State Urban Development Corp., now known as Empire State Development Corp., then served as general counsel for the agency from 1971 to 1975. He then headed to Columbia University Law School to teach urban development, before delving into development efforts from the private side.

"As a result, I have a very good feel for what the public side wants and needs for a project," Lefkowitz said.

Tal Golomb, a colleague and partner in Fried Frank's real estate practice, affirmed the singularity of Lefkowitz's background.

"He's one of the unique lawyers in the city in that he has government experience, project experience and an incredible relationship with the developers," Golomb said.

Lefkowitz also acknowledged the unique satisfaction in shepherding major real estate projects from start to finish.

"These are all development projects starting with a bare piece of ground. The fun of it, the excitement of it, is starting with that and seeing something actually built," Lefkowitz said. "When I went to the opening of Barclays Center, Time Warner Center, Yankee Stadium, those were great thrills."

--Editing by Katherine Rautenberg.

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