

## Q&A With Morgan Lewis' Eric Stern

*Law360, New York (February 02, 2012, 3:56 PM ET)* -- Eric L. Stern is the leader of Morgan Lewis & Bockius LLP's real estate practice in Philadelphia, Pa. Stern represents real estate investors and owners, including real estate investment trusts, institutional lenders, national and regional retailers, and other corporate end-users in the acquisition, financing, restructuring and disposition of office buildings, shopping centers, single-use properties, hotels, development parcels, residential subdivisions and mixed-used projects.

### **Q: What is the most challenging case or deal you have worked on and what made it challenging?**

A: There are two projects that come immediately to mind. The first was a development project early in my career; the second is of more recent vintage.

The project early on involved a client's purchase of a private island in the Adirondacks and the redevelopment of a historic resort property, a mainland golf course and a museum, and the development of vacation properties for sale.

A few factors combined to make this deal particularly challenging and memorable. For one, it went on forever, or seemingly so — perhaps four years from concept to completion. The number of permits required from different state and local authorities was mind-numbing.

The seller was a wealthy individual; in fact, there were a number of real characters in the deal from the seller himself, to our local counsel, the special counsel we engaged for assorted specialty areas, the joint venture partner, the construction lender, the hotel manager and what I recall as a cast of thousands more. Over the course of four years, people came and went.

Lastly, I was the junior associate on the deal, when managing the paper really meant managing the paper! There have been lots of deals since then, but that deal was truly memorable.

The other deal is a local deal but also of a larger scale, involving a major redevelopment project in University City, in Philadelphia. This transaction involved our client's purchase of a historic post office property, a long-term ground lease of three development sites, and the grant and reservation of a wide assortment of property rights.

This redevelopment will grow and mature over the next decade. It has been and will be transformative to this area of the city, and for this one I had a team to help me manage the paper — electronically!

**Q: What aspects of your practice are in need of reform and why?**

A: From where we sit, urgent is the new routine in transactional work. Deals seem harder to make, and once there is an agreement in principle, clients want almost immediate execution. We are continually balancing the need to act and react swiftly with the need to also be thorough and reflective. Of course, we need to do both.

Being able to deliver for the client requires that people quickly develop a relatively broad range of skills. While having specialists can be helpful for pitching certain kinds of work, in fact, the narrower one's focus, the more limited our ability is to respond to a range of crises.

I think successful service delivery requires that we not only retain people with valuable skills, whether we develop that talent or acquire it laterally, and that we be organized in such a way that we can timely and fairly deploy that talent where we need it. It is not as simple as it sounds.

**Q: What is an important issue relevant to your practice area and why?**

A: Because they are important issues to many of our clients — need there be a better reason? — “green” issues and sustainable development are increasingly important issues in our practice. How all this impacts buyers, sellers, landlords, tenants, equity investors and lenders, and the investments they choose to make, is still very much evolving, but this is no passing fad.

To negotiate green lease provisions or manage the acquisition of a Leadership in Energy and Environmental Design (LEED)-certified building, we need to be knowledgeable; we need to understand how these issues concern our clients and what opportunities they present.

Other emerging areas in the here and now involve renewable energy of all types and new types of oil and gas exploration. We have a cadre of clients with substantial businesses in these areas and, again, in order to be relevant, and to be able to sell our services, we need to understand these areas and be thought leaders.

Some work is simply not suitable for larger firm practices. We happen to think these areas, in and of themselves, are suitable and fertile areas.

In fact, green building and sustainable development are issues embraced by a range of industries, not only real estate and energy. These issues are important to any business that wants to be competitive, responsive both to its internal staff and to its customers, and environmentally conscious.

**Q: Outside of your own firm, name an attorney in your field who has impressed you and explain why?**

A: We work with a lot of talented lawyers in Philadelphia and nationally. Some of the best practice in-house. Even there, it's hard to single out one because I have worked with many really fine people and practitioners.

But having just discussed green and sustainability, I could single out Brad Molotsky, a friend, a former colleague in practice, and, I am proud to say, a client, the senior vice president and general counsel (GC) at Brandywine Realty Trust. Brad has been Brandywine's GC for more than a dozen years, and has guided the company through multiple portfolio acquisitions, financings, sales and securities offerings.

But Brad is also Brandywine's uber sustainability expert. He's an LEED green associate, and is driving Brandywine's company-wide sustainability initiative. Brad has committed himself to understanding the business of green and sustainability and renewable energy, what it means to his business, and what it means to our industry.

**Q: What mistakes did you make early in your career?**

A: Let us say that I have learned some valuable lessons. First, I learned early on that preparation is a key to successful meetings and presentations. Winging it rarely works out well. Showing up on time (and early) is an awfully good idea, too.

In the course of negotiating deals, saving "bad news" until the end is rarely a successful strategy. I've also learned to be very circumspect about encumbering title to real property, and that's probably because I've spent my fair share of time trying to get off-record documents that might or should never have been recorded.

Lastly, I'd say pitch aggressively, but select your clients carefully.

All Content © 2003-2011, Portfolio Media, Inc.