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The New Jersey-Israel Connection: “Green” Buildings And Much More

The Editor interviews Mark S. Levenson, Chair of the Israel Business Practice Group and the Corporate Real Estate Practice Group at Sills Cummis & Gross P.C.

Editor: I understand you were instrumental in setting up the recent America-Israel Green Buildings Conference. For starters, how does a real estate lawyer become so involved in the environmental arena?

Levenson: The real estate and environmental practice areas are not that disparate for lawyers who represent institutional and corporate landlords and tenants and advise on development and construction projects. I spent the first 20 years of my career practicing primarily in New York City. Working on New York City buildings and projects, one becomes very familiar with, and knowledgeable about, all sorts of interesting issues such as asbestos, hazardous waste and leaks, environmental compliance and remediation, water and resource issues, recycling and the like. I have also advised and counseled clients on the design, construction, build-out and fit-out of major (design and build) facilities and operating centers in many other regions in the U.S.; and, in doing so, one becomes adept at trying to navigate the environmental shoals encountered during the site selection, acquisition, design, construction, build-out and move-in processes.

The America-Israel Green Buildings Conference, however, focused more specifically on “green” buildings and sustainability issues – including new innovative products, means and methods for reducing the carbon footprint; increasing energy conservation and recycling; reducing the use of energy; and increasing the phase-in of alternative energy substitutes. My expe-

rience with respect to these issues really came out of the years that I worked as an in-house lawyer at a New York-based financial services company and served on the company’s environmental committee. Through my work at the company, I also became involved with CoreNet (previously known as NACORE), the premiere real estate professionals’ industry trade group, and attended numerous programs dealing with sustainability, green buildings, the Leadership in Energy and Environmental Design (LEED) Standard and carbon footprint reduction efforts. I find the area not only fascinating but critical for the well-being of our planet and our children as well as the future well-being and growth of the real estate industry.

Editor: Please tell us about the background of the conference.

Levenson: The America-Israel Green Buildings Conference was a three-day conference sponsored by the America-Israel Chamber of Commerce; the New Jersey-Israel Commission; the Government of Israel Economic Mission; the New York/Empire State Development Corporation; and the New Jersey Meadowlands Commission.

The first day of the conference, which was primarily for Israeli companies, local and Israeli government officials and the conference sponsors, involved a series of private meetings and events, including a breakfast at the New York Stock Exchange, and a visit to, and “engineering” tour of,



**Mark S.
Levenson**

both the relatively new downtown 7 World Trade Center Building and the recently completed Bank of America Building at 1 Bryant Park in New York. Both of these buildings are state-of-the-art green buildings, and useful meetings were arranged with the design, construction and engineering teams at both buildings.

The second day of the conference, which was open to the registered attendees, was held at the just-completed Times Center Building in midtown New York and had something of a New York orientation. The third and final day, also open to the registered attendees, was held at the New Jersey Meadowlands Environment Center and featured New Jersey-based governmental officials, developers, academics and other business professionals. The New Jersey day also featured a special tour of the Xanadu complex under construction in the Meadowlands. Although the focus of each day was a little different, the idea was to introduce the Israeli companies to key individuals in both New Jersey and New York and provide for information exchange, education, business introductions and networking.

Why now? Both New Jersey and New York have been increasing the regulatory requirements for reducing the carbon footprint, and the federal government is building a regulatory structure in this area that, I believe, is going to have a major impact on the way we live and conduct business in the future.

In particular, New York and New Jersey have adopted new environmental standards for construction projects that cover the design, construction and operation of commercial and industrial buildings. Federal legislation is being enacted that will also impose stricter environmental standards,

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including water and energy usage, and will likely eventually require that buildings comply with the LEED Standard.

Planners, architects, real estate developers and construction companies are looking for new strategies to increase their efficiency and comply with the new standards. Israel has been a global leader in the introduction of new technologies generally, and its companies and research institutions are now focusing on the development of products and technologies that will provide “clean” technologies. Israel’s entrepreneurs are adept at applying the knowledge gained in “high-tech” to “clean-tech.” Together with government support and university R&D, the Israeli companies are positioned to help address the needs of all those involved in the design, construction and maintenance of green buildings.

The question of Israel’s connection to American environmental concerns is a valid one. First of all, let me say that not too many people realize how much trade there is between New Jersey and Israel. New Jersey is the home state to the largest number of Israeli companies with headquarters in the U.S. Israel is also New Jersey’s ninth largest trading partner, an extraordinary fact considering the distances involved. Among the characteristics shared by Israel and New Jersey is a commitment to scientific innovation. Each is home to a dynamic high-tech sector, and the kind of creative energy that one finds in such an environment is common to both. They speak the same technological language. That said, Israel is probably ahead of New Jersey in the development of certain green products and resources. That derives from the fact that the country is very energy challenged. Technologies developed by the Israelis in desalination, wind power, solar energy, irrigation and water use, and so on, have been used around the world, including the U.S. Accordingly, among the purposes of the conference was the idea of introducing these technologies to an audience faced with increasing environmental compliance requirements.

The New Jersey-Israel connection, however, is a two-way street. Most of the Israeli companies engaged in developing these innovative green technologies are small. These companies seek access to capital and access to markets. The companies are also interested in partnering or joint venturing with other organizations in a variety of undertakings, including the development of new technologies. New Jersey, as a center for academic research, as the headquarters of some of the world’s largest pharmaceutical companies, and as the host of a vibrant

high-tech and biotech industry of its own, is a tremendous resource and business source for these Israeli enterprises.

Editor: The governmental involvement in the conference is an unusual feature.

Levenson: We were very fortunate to have such strong support from the government and there are many good reasons for this involvement. New Jersey is interested in continuing to attract investment from overseas, and Israel is a significant source of such investment. In addition, the exchange of scientific and technological expertise in the green buildings area and other areas of cooperation is of great benefit to similar sectors in New Jersey. The governmental involvement is the result of more than a desire for inbound investment, however, and the potential benefit to New Jersey businesses interested in doing business in Israel. There is a public dimension to this particular discussion, and it informed every aspect of the conference.

With gasoline at four dollars a gallon and climbing, we are a nation consumed with talk of our energy and greenhouse emissions problems. While the future of large SUVs is in doubt and there are increasing hopeful discussions about the feasibility of the increased introduction of electric cars, the fact is that the entire transportation industry – including passenger cars – contributes just about 25 percent of our total carbon emissions output. That is a substantial figure, but it is significantly less than the 40 to 50 percent contribution made by the buildings industry, which includes materials, utilities, and so on, virtually everything that goes into the construction, maintenance and operation of a building. A builder or developer who ignores such a reality is very foolish, and those who understand this new reality and adapt will have a commercial and marketing advantage in the not-too-distant future.

In addition, many of the large developers in New Jersey (and New York, too) are family concerns that have been in business for several generations and have a longer-term view of their companies’ strategies and goals. One of the most interesting aspects of the conference, for me, was learning that short-term profits for a particular quarter or even year are not nearly as important to the property owners as the long-term success of the enterprise. The developers seem to be very aware of public concern for the environment and of the response of government to that concern. With the help of some of the technologies, products and services introduced at the

conference, I believe that many developers are prepared to acknowledge that green construction is the construction of the future.

Editor: You’ve been rather eloquent in describing the New Jersey-Israel connection. Why was this particular project so important in furthering that connection?

Levenson: The New Jersey-Israel connection goes back many years, even pre-dating the establishment of the New Jersey-Israel Commission, and both Democratic and Republican governors have been active in their support of trade relations with Israel. I believe it is a given that such relations are good business for New Jersey.

This particular project – the America-Israel Green Buildings Conference – is important for several reasons. First, the environmental issues that underlie the conference are not fringe issues, matters that in the past might have been dealt with, if they were dealt with at all, only after other, higher-priority issues had been addressed. These issues are with us front and center, and if we do not deal with them responsibly we will leave our children and grandchildren with a terrible mess. Second, there are technologies, products and services that have been developed in recent years in response to many of our environmental concerns and resource issues. One of the principal sources of innovation in this area is Israel. Another is New Jersey. People in these very specialized technology communities – universities, research institutes, the laboratories of some of the world’s greatest pharmaceutical companies, and, of course, in start-up high-tech enterprises – will develop even better technologies in the future if they are able to interact with each other, exchange ideas and build upon each others’ creativity. Third, much of this technology is being developed on a shoestring. There is a point at which a lack of capital and distribution opportunities is going to bring even the most innovative and promising projects to a halt. Many start-ups, whatever their location, are going to fail. By introducing the developers of promising technology to potential sources of capital, however, perhaps we can hold on to some very good work that would otherwise be lost. That, too, was an important theme at the conference. Finally, these technologies can only be implemented in a real setting. To put up a green building, you need to have a developer who supports the underlying environmental commitment and who has made these technologies a part of that support.