

ADLER & STACHENFELD

ALUMNI BRIEF



DEAR ALUMNI,

Dear Alumni,

Many exciting happenings have transpired at the Firm since our last issue. In addition to many headline grabbing transactions, we have experienced significant growth! Thirteen attorneys have joined us in recent months. Also, last year, we saw an incredible whirlwind of client activity, especially in the second half of 2025. 2026 has already geared up to be another great year at A&S.

An additional bit of news: A&S will be moving in the fall. After 12 years on Madison Avenue, we are excited to begin a new chapter at 1301 Avenue of the Americas. We can't wait to invite you to visit the space. More to come on this later this year!

Finally, as always, catch our attorneys at various upcoming conferences. Our alumni remain an important part of A&S's history and culture -- we'd love to reconnect!



Brian Blitz and Risa Letowsky
Alumni Committee Co-chairs

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For the latest updates, follow the firm on LinkedIn:

<https://www.linkedin.com/company/adler-and-stachenfeld-llp/>

WHERE ARE YOU NOW?

If you haven't already, please email alumni@adstach.com with your updated contact information and mailing address to let us know what you have been up to lately and to receive a gift from the Alumni Committee.

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News & Insights

TACKLING CONSTRUCTION PRICING VOLATILITY FROM AN OWNER'S PERSPECTIVE

Owners and Contractors operate in a world where trade policy and tariff levels can flip overnight. Interest rates are always in flux. The outbreak of military hostilities will likely cause a ripple effect of increased energy prices that permeates through the cost of producing construction materials.

Last month, the Associated Builders and Contractors published a pricing analysis showing that construction input prices rose at a 12.6% annualized rate in the first two months of 2026. Notably, these dramatic price increases were observed before the start of the conflict in Iran. The direction and magnitude of future price changes are unknown, but there is strong consensus that persistent, material pricing volatility will continue with no predictable end in sight.

It remains critical for all parties involved in a construction project to address this 'known unknown' up front. The havoc and delays that can occur by failing to address price volatility can doom what might otherwise be a mutually successful construction project.

First, a bit of background. Two very common approaches used for construction agreements are the Stipulated Sum and the Guaranteed Maximum Price ("GMP") delivery models, each purportedly limiting an Owner's exposure to a busted construction budget. However, many construction agreements, including commonly used AIA construction forms, do not address price volatility in a meaningful way. Several provisions in the AIA form documents leave the door open for disagreement as to who absorbs price fluctuations.

As a first approach, the Owner might want a contract where all prices are fixed without the potential for potential changes/increases based on future events. At the other end of the negotiating table, the Contractor will be asking for express and often very broad price volatility protection. However, allocating this risk in a one-sided way can make the construction contract uneconomic for one party or the other. Also, sophisticated parties require being paid to take risk. Owners should expect that placing too much price volatility (including tariff escalation) risk onto the Contractor will only cause the Contractor to build that risk into its bid and cause the Owner to pay for that risk whether or not it comes to pass.

Proactively and strategically addressing the shifting business landscape is critical. These considerations will



vary depending on the anticipated duration of the project, the complexity of the installation and the need for specialized skill-sets and materials.

We suggest implementing an approach consisting of four steps - define, verify, mitigate, and align.

a. **Define** - Not all materials and trades should qualify for price adjustment. Define the materials and/or trades for which claims for increase in price or schedule can be made. Focus on items that are either difficult to obtain or require specialized skills to produce and for which there are no readily available substitutes. Avoid vague, open-ended statements allowing Contractor to make claims for "material changes in prices of materials or labor beyond the reasonable control of Contractor".

b. **Verify** - For many materials, rather than relying just on price increases being pushed by the Contractor's own suppliers, there are benchmarks and published pricing information that can be referenced. Require open book accounting and prompt submission of supporting documentation, such as invoices, bills of sale, and work orders to support a claim for an equitable price increase or extension. Require the Contractor to include similar provisions in its subcontracts so that price increases passed along by subcontractors and materialmen are visible and justified, even on otherwise typically closed book Stipulated Sum contracts, but especially on cost-plus contracts. Similarly provide that the Owner will get a credit if tariffs (or other prices) should decrease during the course of the project.

c. **Mitigate** - Start pre-construction activities early and consider buying or requiring the Contractor to buy out trades and materials in advance. Consider taking early delivery of materials, address costs of storage and transportation upfront and don't forget to obtain appropriate insurance for items stored off-site. Generate a robust list of alternates wherever possible and have the Contractor propose alternate suppliers and materials should different sourcing prove necessary or desirable as the project unfolds. These and other best practices should be stated in the agreement as contractual obligations to be satisfied before a Contractor can make a valid claim for a price (or time) adjustment.

d. **Align Interests** - Consider sharing price escalation risk rather than place it all on the Contractor or on Owner as part of a Stipulated Sum or GMP. One example is to create a threshold below which the Contractor bears the risk of a mutually agreed limit of price increases. Another example, which can be used together or instead of the

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CONSTRUCTION PRICING VOLATILITY (CONTINUED)

first example, is to create a percentage sharing of pricing risk, whether above or below that threshold (as the Contractor is in a better position to price and manage these risks up to a level). Consider how use of the contingency relates to the allocation of pricing risk, as well as the interplay of other reward/penalty and cost savings provisions. Also, consider how repricing efforts will affect the project schedule.

In addition to focusing on the four concepts above, additional tools to consider are: providing for early notice to the Owner when a problem first becomes apparent; creating an expedited value engineering process; and/or dividing the project into segments or creating a hybrid structure, some based on a cost-plus model, and others based on a GMP or a Stipulated Sum model. Also, Owner's loan documentation and Owner's partnership/operating agreement could impact what approach makes the most sense and could require consents and input of other parties.

Comprehensive solutions often become a coordinated dance among a variety of stakeholders, requiring careful, up-front thinking and planning. But the bottom line is – tackling pricing volatility is now a critical, necessary component of a successful construction project.

We hope that this summary provides best practices for real estate developers, owners, and operators.



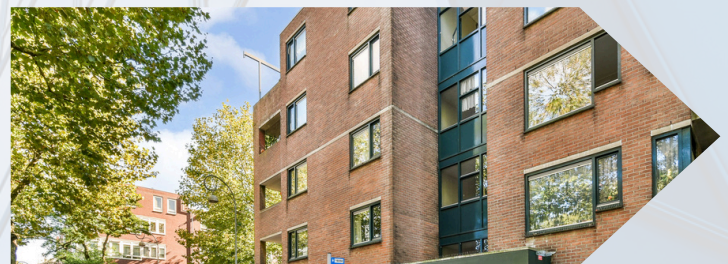
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NOTABLE CLOSINGS

- Our client **Sculptor Capital Management** participated in the construction financing for the Four Seasons Private Residences Las Vegas, a two-tower, 171-unit luxury condo project in Henderson, Nevada. The transaction was led by Managing Partner **Terri Adler** and Partner **Ilya Leyvi**, Chair of the Real Estate Finance Practice, with support from Partners **Joseph Kornbluh** and **Mitchell Snow**, and Associates **Asher Belsky**, **Anna Zhuravlova**, and **Cathrena Collins**.
- Our client **One Investment Management** secured a \$175 million construction loan for the adaptive conversion of the Maritime Building, a 36-story office tower at 80 Broad Street in the Financial District of Lower Manhattan. The office-to-residential conversion involves plans for 326 rental apartments, with 25 percent designated as affordable housing.



- Our client **Post Brothers** closed a landmark office-to-residential conversion in Washington, D.C., supported by a \$500+ million construction loan package. The transaction involved a complex capital structure, including multiple rounds of equity capitalization, CPACE financing, and senior construction debt – underscoring the growing role of innovative financing solutions in large-scale adaptive reuse projects. The matter was led by Partner **Ryan McCaffrey**, member of the Finance Practice.

News & Insights

NEW FIRM FACES

Thirteen new faces have joined A&S since our last issue, including partners, counsel, and mid-level and first-year associates in our Real Estate, Tax, Finance, Corporate/ Joint Ventures, Condo & Co-op, Leasing, and Impact Practices.



Hershel Wein
Partner



Damaris Walker
Associate



Avery Bell
Law Clerk



Volodymyr Basok
Special Counsel



Lisa Liu Kim
Associate



Joseph Galasso
Associate



Lynne Howard
Associate



María José Duclaud de la Mora
Law Clerk



Leo Doctorman
Law Clerk



Oliver Samples
Law Clerk



Edmund Chang
Associate



Luisa Gutierrez
Partner



Massimo Indolini
Associate

A&S IN THE WILD

2026 has already shaped up to be very busy for the A&S team. Our attorneys have moderated panels and attended several conferences and other industry events, including CREFC Miami in January, GreenPearl's Women's Real Estate Forum and Kayo's Real Estate Pop-Up in March, and ICSC in May. We also participated in several Bisnow conferences held in New York City. ***Complimentary passes are not guaranteed.**

Find us at the following upcoming events, and reach out to us if you would like to attend any future A&S-sponsored* events by emailing our Events team at: events@adstach.com.

JUNE: NYU/Bisnow Real Estate Conference; Crain's Networking with Real Estate, Crain's Power Breakfast: Speaker Julie Menin, New York City Council; Bisnow: New York Office Conference; Kayo Real Estate Summit - Washington DC

JULY: Bisnow New York Affordable Housing Conference

AUGUST: Bisnow New York Condos Conference

SEPTEMBER: Bisnow National CRE Finance Conference; Bisnow Philadelphia State of the Market

ALUMNI *Spotlight*



A CONVERSATION WITH FRANCESCA ZITO

INTERVIEWED BY REAL ESTATE ASSOCIATES
JENNA IMBROGNO AND MICHELLE TORGMAN

We recently caught up with Francesca Zito, former A&S Associate, now Leasing Counsel at Midwood Investment & Development, to learn about her career journey and lessons learned along the way.

Q: Tell us about your time at A&S and what you have been up to since.

A: I was at A&S for a little over three and a half years, which gave me a strong foundation in real estate and transactional work. Since then, I have been serving as in-house counsel at Midwood Investments, a full-service real estate investment and development company, where I focus on leasing and supporting our growing portfolio.

Q: What do you love most about your current role?

A: I enjoy learning the business side of our work and understanding the rationale behind the company's legal positions. Being involved in new deals from day one and visiting many of our properties in person has been incredibly rewarding, and I also appreciate having one or two direct supervisors instead of a large group of partners.

Q: What do you miss most about A&S?

A: I miss the robust resources, the social events, especially ice-cream days, pizza Fridays, and the Halloween party; and, most of all, the people. The strong sense of camaraderie made it a fun and supportive place to grow as a lawyer.

Q: What has been your biggest challenge in your new role?

A: The biggest challenge in moving from a law firm to an in-house position has been adjusting to fewer technological resources and learning to evaluate legal issues with a business mindset. You have to focus on what is a real risk for the company instead of over-lawyering documents, and without partner oversight, you need to be comfortable handling matters independently alongside the business teams.



ALUMNI *Spotlight*

Q: How did working at A&S prepare you for your current role?

A: A&S really sharpened my organizational skills and attention to detail, which are essential now that I work on a portfolio of more than 150 properties. Working with Risa was especially valuable because she and my current boss both came from Fried Frank and share a similar style and approach, so that experience translated seamlessly into my current environment.

Q: Do you have a favorite A&S memory you would like to share?

A: One of my favorite memories is the last big ski trip before COVID. About twenty of us rented a party bus to Hunter Mountain, spent the day skiing, and then ended the night at Hunter Mountain Brewery, where we all sat around a table sharing hot cocktails. It was just two days before the world shut down, which makes that day feel especially meaningful now.

Q: When you're not working, what do you like to do?

A: Outside of work, I love to travel, ski, stay active, and read. Those hobbies help me recharge and bring fresh energy back to my role.

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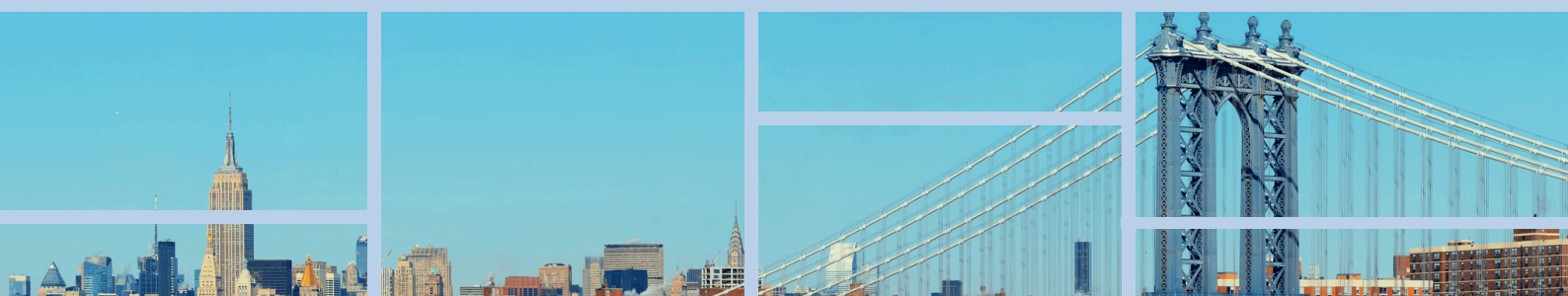
Q: WHAT CAREER ADVICE WOULD YOU GIVE YOUR YOUNGER SELF?

A: ALWAYS BE PROACTIVE AND NEVER BE AFRAID TO ASK QUESTIONS. BEFORE DRAFTING OR NEGOTIATING AN ISSUE, MAKE SURE YOU UNDERSTAND WHY IT MATTERS SO YOU CAN CLEARLY EXPLAIN ITS IMPORTANCE, OR WHY IT IS NOT IMPORTANT, AT THE TABLE.

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Q: Have you had many mentors throughout your career? How has a mentor impacted you?

A: Yes, I have been fortunate to have strong mentors, including the general counsel at my first internship at Crown Acquisitions. I have stayed in touch with her and crossed paths with her at every stage of my career, and her guidance and example have helped shape many of my career decisions.



A&S HEDGEHOG BOWLING NIGHT AT LUCKY STRIKE TIMES SQUARE

