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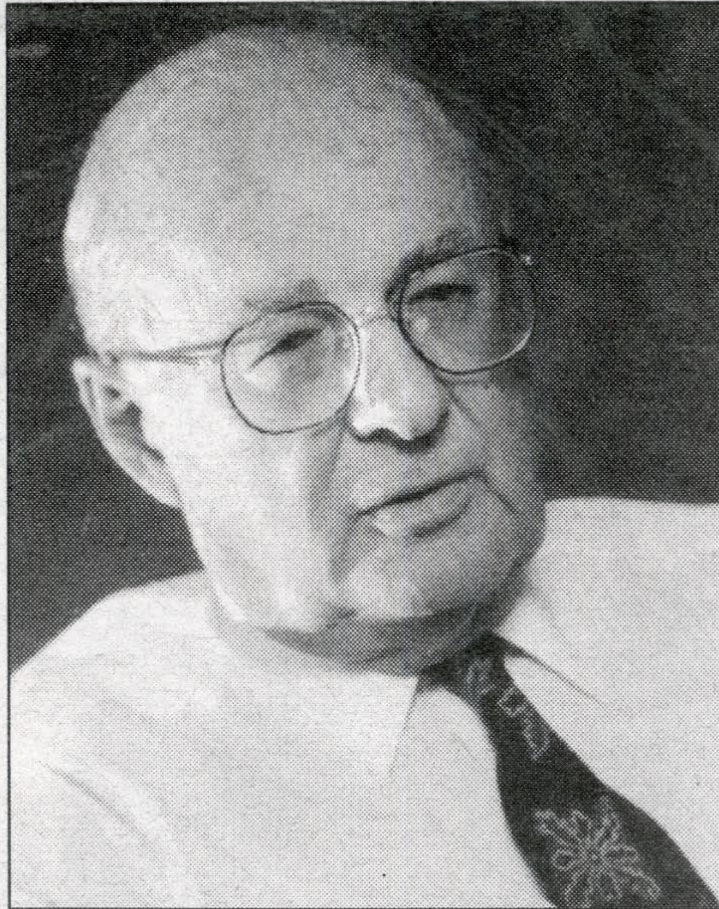
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## FRONT LINES



Nicholas

### Profile

Fred Nicholas has played a major role in shaping the commercial real estate and arts landscapes in the Los Angeles area.

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### The List

It was a tough year for many CPA firms but many others had strong showings, according to this week's List of the 50 largest CPA firms in Los Angeles County.

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## What p may do

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BY TODD

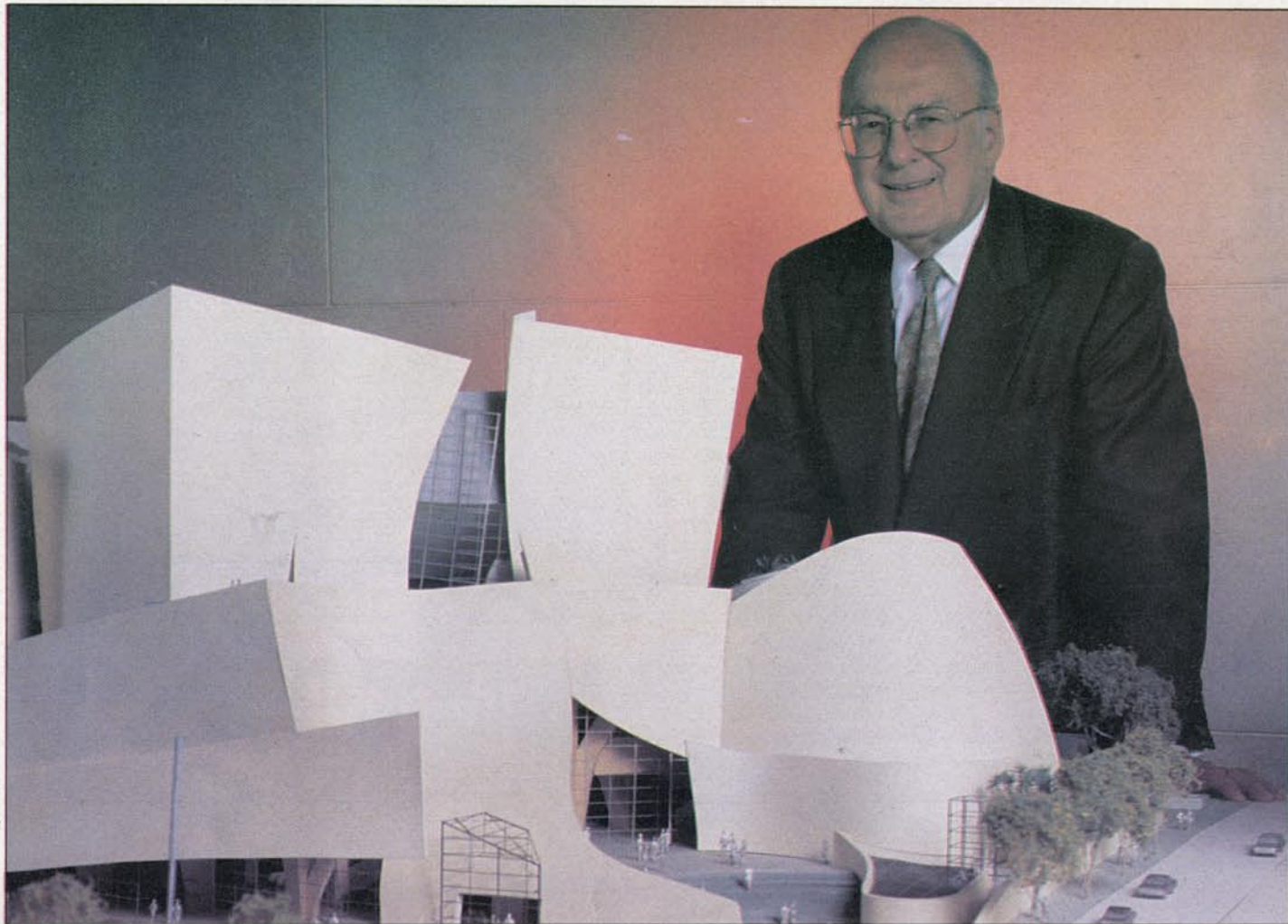
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TODD FRANKEL / LABJ

## Mr. Downtown Culture

Developer Fred Nicholas' civic activities have influenced L.A.'s cultural scene

BY STEVE GINSBERG  
Staff Reporter

Inside Fred Nicholas' Beverly Hills offices there is an art collection almost as diverse as his career. A large Picasso and works by well-known contemporary artists such as Ellsworth Kelly hang with eclectic paintings from obscure Russian and Chinese painters. Large wooden carvings from New Guinea tribesmen dominate the entrance and are Nicholas' favorite pieces.

Over the last five decades, Nicholas has been a journalist, attorney, real estate developer and influential cultural "do-gooder." He has played a major role shaping the commercial and arts landscape in Los Angeles.

The most visible projects have come during the last 10 years with Nicholas serving as chairman of the Museum of Contemporary Art and the Walt Disney Concert Hall Committee. He emerged as the white knight in MOCA's internal spat with disgruntled benefactor Max Palevsky, and more recently has become the champion and defender of the planned \$200 million Disney Concert Hall.

Nicholas' business, The Hapsmith Co., controls 25 shopping centers in California and is the developer of the second largest building in Washington, D.C., the Federal Trade and Cultural Center. That building

and Walt Disney Hall are scheduled to open in 1997 serving as career capstones for Nicholas.

Despite being 72, Nicholas is not contemplating retirement soon. Highly energetic, Nicholas swims daily, plays tennis frequently and often travels to Europe for art exhibits with his wife Joan. "When I practiced law, I thought it was the greatest profession and I always recommended it," he reflects. "But lawyers don't really create anything for our society. They create problems and paper. Developers, on the other hand, create projects. I have gotten pleasure from both areas but there is something special in having a concept, developing it and seeing the work become tangible."

After graduating from the University of Southern California's journalism school in 1947, Nicholas went to Honolulu for United Press to cover labor strife fueled in part by

longshoreman's union President Harry Bridges. While journalism was exciting, Nicholas saw its limitations, switching to law which could provide a "better power base."

With a law degree from the University of Chicago, he came back to Los Angeles in 1952 to join Loeb & Loeb as a litigator. His specialty was fighting the government's antitrust movement in the motion picture industry. At the time studios also owned many theaters.

"We lost all the cases but the secret of it was keeping the losses at a minimum," Nicholas says. "The major case involved the Vogue Theater in Hollywood. The trial lasted four months, but the verdict for the plaintiff was only \$1,000. It was a very big victory."

In the early 1960s, California was a veritable mother lode for an aggressive shop-

ping center developer. Nicholas had done legal work for a real estate broker, Hap Smith, in the late 1950s and in 1962 joined him to form The Hapsmith Co.

Smith found the sites and tenants while Nicholas took care of financing and legal aspects of the deals. Together they built 25 shopping centers including four regional malls in Northern California.

Locally, they built smaller centers in Montebello and Culver City. In addition, they built their headquarters at 9300 Wilshire and the Union Bank Center at Los Angeles International Airport.

The building boom enriched Nicholas for two decades, but the business is soft now. "We have suffered from the recent high vacancies and the bankruptcies of our tenants who don't pay rent," he says. "Our income is off about 30 percent from the heydays of the 1980s and our property values are down substantially."

After Smith died in 1975, Nicholas spent more time on the development end. During the second Reagan administration, Democrat Nicholas teamed with New York developer Bill Zeckendorf to capture the Federal Trade and Cultural Center building project, a pact that will give Nicholas' firm a developer's fee of several million dollars.

Nicholas hired I.M. Pei to design the \$750 million building that was supposed to

### SNAPSHOT

#### Fred Nicholas

**Native of:** New York City  
**Resident of:** Beverly Hills  
**Age:** 72

**Education:** Bachelor's in journalism from USC; University of Chicago Law School

house the passport offices from many nations. It was also to be a cultural stage for these countries with theaters and exhibition space. However, after George Bush was elected, the project was changed, much to Nicholas' chagrin.

He says, "The changes were not for the better. They took out most of the cultural and arts parts to save money. Now we will build a beautiful office building that the GSA (General Services Administration federal agency) will lease to the State Department and other agencies."

Meanwhile, as an active art collector, Nicholas was aware of the plan to build a downtown Los Angeles contemporary art museum, but was not among its founders in the early 1980s or a benefactor. Palevsky was Nicholas' friend and had pledged \$1 million to the museum.

As chairman of the architectural committee, Palevsky was not happy with the direction architect Arata Isozaki was taking and pushed for a different design. Some committee members supported Isozaki, but Palevsky named another architect to sit on the board and offer suggestions.

Press reports of the growing feud were embarrassing so Palevsky recruited Nicholas to sit on the board and smooth the way for his architectural vision. Soon after joining the committee, Nicholas pushed to give Isozaki more freedom and a battle with Palevsky heated up. Eventually, MOCA's board voted to overrule Palevsky and support Nicholas' contention to go with Isozaki's designs.

Palevsky quit MOCA, then sued to recover \$500,000 he already had laid out and to get out of the remaining part of his pledge, but a court settlement allowed the museum to keep most of the money.

After MOCA was built, its acclaimed architecture and overall success established Nicholas as someone who could tackle difficult downtown cultural projects.

Richard Koshalek, MOCA's director, has known Nicholas for 10 years. He says Nicholas has been able to bring people together and earn their respect because he doesn't have the "internal traumas" or ego problems that cause friction within groups.

"Fred is willing to listen to good ideas from trustees as well as staff members," Koshalek says. "Fred has the highest commitment to quality architecture and is willing to single-handedly fight for his goals."

"I went with him to see a major executive about Disney Hall and we told him

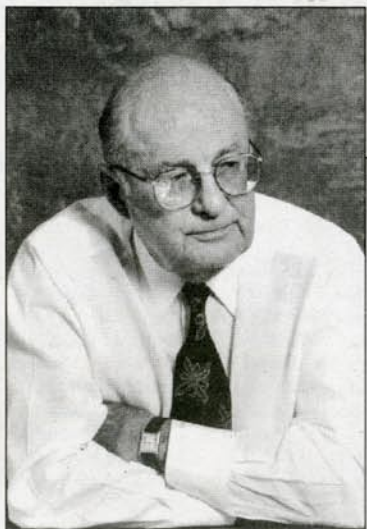
about the need to build a work of art. The executive told us why bother. Just go to the architect who built the Music Center and get out those drawings and build the same building across the street. Fred quietly said that we have a higher purpose and

Sydney but more flamboyant."

Critics of the hall say it's a waste to spend \$200 million on one project downtown when there is dire need to improve the neighborhoods that gave rise to last April's riot.

Urban designer Sam Hall in a Los Angeles Times opinion piece labeled Disney Hall as fanciful, saying cultural pretensions and

indulgences are out of place in riot-ravaged L.A. Nicholas answered the charges in the Times, saying the Disney Hall will provide space for performing groups throughout Los Angeles which will better reflect the city. He wrote that the new hall represents faith and confidence in the city's future and is powered not by elitists, but by the legacy of Walt Disney, the ultimate populist.



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want to build something that will complement the Chandler. Fred's commitment to quality is very rare. To most businessmen it's an intangible but Fred wants to set a high standard for this city."

In 1987 the Music Center named Nicholas chairman of the committee to build Disney Concert Hall. He accepted the job after getting assurances from Lillian Disney, widow of Walt Disney, that she would make her \$50 million donation without demanding control over the architecture.

After an intense competition in which 75 architects were reviewed, Frank Gehry was selected. His design is described as a sculptured exotic flower set. Nicholas predicts Disney Hall will be not just a world class concert hall, but a key part in rebuilding Los Angeles.

"I think this will do more for downtown Los Angeles than anything since building of the Music Center 28 years ago," he says. "This will be a signature building for the city and one of the great concert halls in the world. It will do for Los Angeles what the Sydney Opera House has done for Australia. This hall will not only be better than