

AN INTERVIEW WITH JUDY AND JOHN L. GOOLSBY

An Oral History Conducted by Stefani Evans and Claytee D. White

The Building Las Vegas Oral History Project

Oral History Research Center at UNLV

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University of Nevada Las Vegas

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The following interview is part of a series of interviews conducted under the auspices of the Building Las Vegas Oral History Project.

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PREFACE



“So my board basically said, ‘Yes, you can start that community [Summerlin] out there, but you will have to raise the money to do it.’”

Thus began John Goolsby’s adventure in master planning and developing Howard Hughes’s 25,000 acres of raw Clark County land. In 1980, four years after Hughes died intestate, Hughes’s Summa Corporation hired Goolsby, a San Antonio, Texas, accountant and real estate professional. His task was to manage Hughes’s extensive portfolio of real estate, the value of which was tied to and dependent on Southern Nevada’s continued economic growth.

In this interview, Goolsby and his wife, Judy, recall their first impressions of Southern Nevada’s neighborhoods and schools; share their experiences of building two custom homes—one in Green Valley and one in Summerlin; and Judy describes her early meetings with John’s boss (and Summa’s president and Howard Hughes’s cousin), the genteel William R. Lummis: “I was scared to death of the man. I had never been exposed to anybody like him.”

Hughes’s acreage to the West of Las Vegas offered Goolsby the unique opportunity to master plan and build an entire new community from the ground up. He assembled a team that spent two

years visiting, researching, and questioning why some master-planned communities succeeded and others did not. They eventually evolved a strategy that included “good schools, good parks, open space, community activities, all the things that Summerlin has today.” They began planning in 1983 and broke ground in 1989. Goolsby’s tenure with Summa reveals larger trends in corporate restructuring in the 1990s through the real estate collapse of 2009.

Corporate name changes tell the story: in 1980 Goolsby was hired by Summa Corporation as vice president for real estate; in 1988 the board named him president and in 1990 president and CEO. In 1994 Summa renamed itself The Howard Hughes Corporation. Hughes Corporation was acquired in 1996 by the Rouse Company, although Rouse maintained Summerlin as a separate economic entity with an earn-out agreement. Goolsby retired from Rouse in 1998, but he continued to help manage the earn-out agreement to insure that the Hughes owners received all they were entitled to. In 2004, General Growth Properties purchased Rouse, but a 2009 GGP bankruptcy ended the earn-out agreement. Since 2011, Summerlin has been owned by a GGP spinoff named—ironically—the Howard Hughes Corporation.

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September 8, 2016

in Temecula, California

Conducted by Stefani Evans and Claytee D. White

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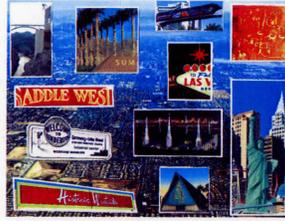
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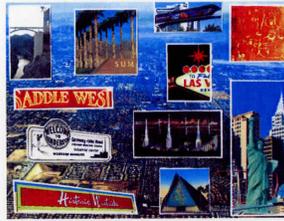
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Good morning. This is September eighth, 2016, and we are here in Temecula, California, with John and Judy Goolsby. This is Stefani Evans and Claytee White.

Why don't we begin by asking you to each pronounce and spell your first and last names?

My name is John Goolsby; J-O-H-N, G-O-O-L-S-B-Y.

And I am Judy Goolsby; J-U-D-Y, G-O-O-L-S-B-Y.

Thank you. Why don't we start with John? Would you tell us, please, a little bit about your early life; what your parents did for a living; siblings, where you grew up, your schooling?

My life and Judy's will be very similar because we've known each other since we were in middle school. But we grew up in a working class neighborhood of Ft. Worth, Texas. I was actually born in East Texas, a small town by the name of Hughes Springs, no relation to Howard Hughes. But we moved to Ft. Worth because my father needed to find work. This was back during World War II. He went to school to learn to be a machinist and found work in an aircraft manufacturing plant in Ft. Worth. We moved to Ft. Worth when I was about two years old, and we lived a very normal...I had a very normal childhood. Like I said, it was a working class neighborhood. People were very close, a real sense of community. Schools were small. You knew all your neighbors. You knew all your classmates. It was an Ozzie and Harriet kind of a community and that's the kind of childhood that I experienced.

I was very active in sports. Because we had a small school, most guys who had any athletic ability at all had to play all the sports, and so I played football, basketball, track and enjoyed all those.

Then when I was in high school, I began dating Judy. We began dating when we were both sixteen years old. Then we married when we were twenty years old while I was still in

college. So we've been together for almost sixty years. We just celebrated our fifty-fourth wedding anniversary a couple of weeks ago.

When I graduated from high school, I was a first generation college student. Neither of my parents or any of their family had ever gone to college. I had one older brother, so I can't claim to be the first college student; I was the second in our family. My older brother became an engineer. He graduated from what's now the University of Texas at Arlington; at that time it was Arlington State College in Arlington, the town between Dallas and Ft. Worth.

I was given an athletic scholarship to attend a junior college in East Texas, Paris Junior College in Paris, Texas, but I wasn't quite as good in college as I had been in high school. I didn't succeed athletically, so there was no reason for me to stay in Paris. Besides that, Judy was in Ft. Worth and she was a year behind me, and I missed her a lot. So I decided to transfer to the same school my brother was attending, Arlington State College [now University of Texas Arlington]. I enrolled there and eventually received a degree [Bachelor in Business Administration degree] in accounting.

My first job out of college was in the accounting department of what was then Southwestern Bell Telephone Company; today it's AT&T. From then on I had a number of other jobs. I was kind of unstable, you might say, occupationally, because I couldn't quite decide what it was I wanted to do. I spent a couple of years with Southwestern Bell Telephone, but I didn't like the big corporate environment, and so I decided to utilize my accounting degree. I went to work for what was then one of the Big Eight accounting firms, Arthur Young & Company in Ft. Worth and I eventually also worked for them in Houston and in Kansas City. I guess that's where I developed my roving traits because we spent the next twenty years moving around the country doing different things.

Then when I left the public accounting firm, I went to work for one of my clients who was in the hospital business, and I spent a number of years with a major national public hospital company. We eventually lost the company in a merger with a larger company, and that's when I left and decided to go into the real estate business and that's really where I spent the rest of my career.

I formed a small real estate company in San Antonio with two other partners. We were building a successful company and I thought I would stay there the rest of my life. I thought I had found what I wanted to do. I had always seen myself owning my own business. But then I got a call from the Howard Hughes organization and it was an offer that was too good to refuse. So I eventually ended up in Las Vegas.

It's interesting. The connection to the Hughes organization was really through an old high school friend of mine and Judy's, David Elkins. He was an attorney in Houston and had been one of my best friends in high school and college. In fact, he and his wife and Judy and I double dated when we were in high school. Anyway, just out of blue he called me and said that he was with the law firm that represented the Howard Hughes estate and Howard Hughes had died and one of his law partners had been named the administrator of Hughes estate, William R. Lummis. He said, "Mr. Lummis is trying to build an organization in Las Vegas." He said, "He doesn't know who he can trust out there and he's not sure exactly what he has. He needs people around him with certain skills, but mainly people that he can trust and he can depend on." And he said, "They have a lot of real estate, your background seems to be perfect, and I think you and he would hit it off." So he arranged a meeting between me and Mr. Lummis in his office in Houston and we had a very pleasant conversation and agreed to talk again later.

I got a call a month or so after that and he said, "I'd like for you to come to Vegas and

take a look at what we have. By the way, bring your wife with you." He said, "We have a real hard time recruiting people to Las Vegas, particularly people with families." He said, "Las Vegas has kind of an image." He said, "I've run up against this numerous times, and I want both you and your wife to be comfortable that this is the place for you."

So we went to Las Vegas to meet with Lummis and the members of the Hughes organization. We didn't even tell the kids where we were going. We had three children and at that time one of them was in high school, one was in middle school, and one was just going into the sixth grade. We knew this was going to be traumatic for them. So we didn't even tell them we were going, since we didn't know what was going to happen.

When I got to Las Vegas, I went through a rigorous interview process. I didn't know if we were going to be there for one day or a week. Mr. Lummis was not big on communication.

He wasn't very forthcoming.

No. He was a wonderful man—is a wonderful man. But he just was very quiet, very deliberate with everything he did and you never knew what he was thinking. He didn't give away much. He would have been a great poker player.

But anyway, I came in and went through this rigorous interview process. I interviewed with all the other senior executives in the company. That was a full day. Judy was out looking at homes while I was doing that just to kind of get a sense for Las Vegas.

When I had finished the day, I ended up back in Mr. Lummis's office. He didn't give me a clue what he was thinking. He said, "Judy came with you, didn't she?" I said, "Yes." He said, "Well, why don't you all have dinner with me tonight at the Sands?" He said, "We'll talk."

And so we did. We were staying—at the time the company owned the Desert Inn, the Frontier, the Sands, the Silver Slipper, and the Castaways. We were staying at the Desert Inn. So

he picked us up and Judy had not yet met him. He picked us up in front of the DI and drove us all the way down to the Sands.

It's across the street. [All laughing]

Lummis was a very dignified, formal man. Judy didn't know what to think, but I think she was kind of intimidated by him when she first met him. But we had a very pleasant evening. Again, didn't give me any clue what he was thinking. He said, "Well, why don't you come into the office tomorrow and we'll talk?"

So I went into the office and he had several other people he wanted me to meet with. Then he said basically, "That's all for today. Why don't you come back tomorrow?"

So here we are in the third day. Of course, we're enjoying Las Vegas. We had never been. I had been there for one night or something, but we had never spent any time there. So we were kind of enjoying Las Vegas. This was in the old Las Vegas days when everybody knew everybody. Of course, Hughes was a big name then. So we were treated like royalty everywhere we went. They couldn't do enough for us to make sure we were comfortable.

Anyway, this went on for four days, I guess. Finally he said, "Well, I think this is going to work out if you're still interested." He made me an offer and we agreed to start. I had a business in San Antonio that I had to deal with. So I told him it would be a couple of months before we could get out there, but we agreed that was fine. So that's how we ended up in Las Vegas. That was a long way around an early childhood.

CLAYTEE: *No, that's great.*

No, that's excellent. Ms. Judy?

Well, I was born in Missouri. My grandparents were farmers, cotton farmers. In fact, the farm is still in the family.

Where in Missouri?

It was down in the boot heel in a place called Kennett. My dad was a bricklayer. He moved us to Texas when I was in the fourth grade because he said the weather was better; he wouldn't have to put so much antifreeze in the mortar to lay brick. He did that to keep the water in the mortar from freezing. So anyway, he figured that it would be easier to work in the wintertime in Texas than it was in Southeast Missouri.

So anyway, we moved to Texas. Like John, mine was just a nice, middle-class Ozzie and Harriet neighborhood. We were high school sweethearts; he was the captain of the football team and I was the head cheerleader.

Perfect.

I was on the tennis team. I was on the volleyball team. Like John, I was very interested in sports. We had a good time in high school. He went off to college. I finished up high school. He didn't like being away from me and I didn't like him being away from me. Anyway, he came home after one semester away. Between his sophomore and junior year in college, we got married. I had completed one year of college, but I quit when we were married and went to business school and started working for NCR, National Cash Register Company, in their office. Later, I worked for an insurance company and worked while he went to school. He worked part-time for my dad. He learned how to lay brick, which he did all through college. We had a nice life. Then when he graduated, he decided, oh boy, here we go, and he went to work for the telephone company. I followed him around from place to place and job to job. We have three great kids. They're all grown and we have five grandchildren.

When we went to Las Vegas, it was quite a challenge. The dinner with Mr. Lummis was, I think, the scariest thing I've ever done in my life.

Describe it.

Describe it. Well, my father was a bricklayer. My mother was a housewife. I had not been exposed to the higher echelon of society. Here was Mr. Lummis, who was very proper, and he was extremely polite and very nice, but I was scared to death of the man. I had never been exposed to anybody like him. It was like being introduced to the President of the United States, if you could just imagine. He really...He scared me. He was asking questions about the kids and stuff and I would answer. He was very polite and we had a very interesting evening, but I was so glad when it was over with.

We didn't know what was going to happen, but I was thinking, what am I going to tell the kids? Because they were very happy doing what they were doing and we were very settled in San Antonio. But anyway, it worked out. I learned how to get along with a lot of different types of people in this life we chose for ourselves.

I was very active in Assistance League [of Las Vegas]. I was on all kinds of fundraising committees all over town and was very busy the whole time we lived there. The kids went to school at [Bishop] Gorman High School before they had the new campus. All three of them are interested to go back to Las Vegas to see what's happening now with the campus.

Oh, yes, it's beautiful.

I'm sure it is. I'm sure it is. But it was fun. We enjoyed it. We built several homes—two homes. Two, just two.

Two homes while we were there, each one larger than the last. I laughed when we found out you were coming out here. I said, Stefani's going to shake her head because this apartment is about the size of the kitchen of the last house we lived in out there.

So tell us about the two houses that you lived in in Las Vegas and where they were.

Well, one was in Henderson, the first one we built.

It was in Quail Ridge. Quail Ridge in Green Valley. Well, when we moved to Las Vegas initially, we moved into what at the time many people called Summaville. You know Paradise Crest?

Oh, yes. That was actually called Pill Hill, as well.

Oh, was it? Okay.

A lot of doctors, huh?

Well, it was called Summaville because there were several executives who lived there in such a small area. We lived on Pinecrest Circle West. Vern Olson, Paul Reeves, and Phil Arce, the president of the Frontier Hotel, also lived in there as well as several others.

We just moved into an old house because—boy, I tell you, when we first went out there and decided to take this job, we were just so depressed. I forgot to mention that when Judy spent that week house hunting while I was job interviewing, I'd come home at night and she'd almost be in tears. She said, "This is the most dreadful place I've ever been." Because it was so different from what we were accustomed to. San Antonio is lush, green. It was beautiful. Live oak trees, we had a hundred of them in our yard there, just lush landscaping. She was going to these houses with desert landscaping and all the concrete walls that we'd never seen before and houses that were gaudily decorated. One house, I'll never forget, we went into and it had black and white checked tile all through the living room and the kitchen area. The front yard was AstroTurf with plastic trees.

Plastic shrubs down the sidewalk.

Evergreen.

Yes, it was. The backyard was covered with concrete painted green around a nice swimming

pool. So anyway, we had decided that we liked Paradise Crest primarily because it kind of reminded us of home. It had nice big green yards and mature trees and the homes were the type of homes that we were accustomed to. So we thought, *boy, we're going to be happy here.*

Well, anyway, we moved into an older home there and it just wasn't exactly what we wanted. We were always fixing something. We knew we were going to develop Summerlin eventually, and I wanted to live there. But I kept thinking, *realistically that's not going to happen, maybe in my lifetime.* So I said, "Maybe we better get something else that we're going to be happy with in the interim." So that's when we decided to go out to Green Valley. We built a custom home out there in Quail Ridge.

Do you remember the address?

It was, I think, Four Quail Run, or something like that. Mark Fine was the developer and I had become acquainted with Mark. I liked Mark and he kind of sold me on the community. I wasn't aware of it before he showed it to me, but he lived right around the corner. After we decided to build out there, he was very helpful in helping us find a builder, and we ended up with a much bigger home than we had ever had. It probably had five or six thousand square feet.

It had forty-eight hundred square feet in it.

Well, whatever. I don't remember. It was big.

It was a big house.

It was a big house.

I remember sitting down after it was framed on the stairs going up to the upper level and I sat down and I looked around and I said, "I'm going to live in this." I was really taken with it.

But when we first moved to Las Vegas, Carol, our youngest, was going into the sixth grade. Well, they had sixth grade centers. Do you remember those?

Please talk about that.

She was going to be bussed over into the black neighborhood to the sixth grade center.

North Las Vegas.

North Las Vegas.

That's the Westside.

The Westside. And so that was how Las Vegas at that time did integration. They bussed the white children over to the black neighborhood and black children—

For one year.

For one year. And the black children were bussed over to the other—

For eleven years.

For eleven years.

Yes. That's right.

Which is the dumbest thing.

I hoped they've changed that.

They have. But anyway, she said, "Mom, I don't understand why they're doing this." And I said, "Honey, this is just the way it happens to be." She went down to the bus stop and she met a couple of friends who lived there in the neighborhood and that kind of helped. But she never could understand why they were doing this to everybody.

She wasn't alone.

So what did she say about the sixth grade centers?

Well, she had a good time. They were all white children. She didn't understand why they were doing that.

So were there black kids in her classroom?

I don't think so. I don't remember. I remember going over there—one of the things I didn't like about it, it kind of cut the parents off from the kids, too, because they weren't in the neighborhood.

Very much.

We only went over there a couple of times when they had special PTA events or something. We never questioned about the makeup of the classroom. I don't know.

Interesting.

How long was the bus ride from Henderson?

From Paradise Crest, but it was long.

About thirty-five or forty minutes, wasn't it?

Yes, it was long, at least back then.

And that's twice a day.

It would be an hour today.

You didn't have the [Clark County Beltway, the CC]-215.

That's right. It was a long ride. And the others, the others went to middle schools right there. Our oldest daughter went to Woodbury Middle School. Then our son started at Chaparral [High School] and we were very unhappy with the school. We took him out after the first semester and he transferred to Bishop Gorman [High School]. Then the girls just followed him there after that. They loved Gorman. They still have fond memories of going to school there.

Did any of your kids attend UNLV?

Carol did. Tom and Paige both went to Pepperdine [University]. Carol followed them and spent two years there, but when Paige graduated Carol decided to come home; decided she didn't want to go to school. So her dad said, "Well, if you think you're going to sit around here and do

nothing, you've got another think coming, young lady." And so she decided she wanted to go to hairdresser school. So she went to hairdresser school and graduated.

Stylist.

Stylist. She became a hairstylist. Well, anyway, she did that for a couple of years. I had gone over to her to get a haircut one day and I said, "Are you ready to go back to school?" And she said, "Yes, ma'am, I believe I am."

Oh, that's great. That's great.

She was on her feet all day long.

Yes, yes, and not making—

And making nothing, yes.

—and not making very much money. Anyway, it was okay. She made enough to exist, which we were just as glad she wasn't making a whole lot of money. That kind of helped get her to go back to college. So when she went back to school, she went to UNLV. Then she couldn't make up her mind what she wanted to get a degree in. She went to architecture school, then switched to communications, and she even did an internship with one of the local PR [public relations] firms. So anyway, something else she got into.

Marketing was one.

One night John and I had taken her out to dinner and we were on our way home and John said, "Carol, how close are you to getting your degree?" She said, "Well, in what, Dad?" And he said, "Well, what are you closest to getting your degree in?" She said, "Well, I lack nine hours having a degree in communications." He said, "That's where you're going. You're going to finish that nine hours."

This was nine years after she graduated from high school.

She was finding herself.

She had almost two hundred hours.

Well educated.

Yes, she is well educated. And she's the one who lives here in Temecula. She's the reason we're here, because she decided to go back to graduate school, and so that's why we're here. She spent three years getting her master's degree.

Communications?

No, no.

No. What is it?

Marriage and family counseling.

Oh, wonderful.

She's going to do great. This is probably what she should have done all along.

How to deal with parents that want to know what you're going to major in.

Yes, right.

Well, good for her.

Yes, she's still young.

Yes, she is.

That is great.

Right now she's setting up a clinic for abused children.

Here, in Temecula?

Close by. There's a company she works for. They're based in Riverside and they operate under contracts to cities and counties all around this region. So they assigned her to this clinic up in a place called San...What is it? San Benito? No, that's in Texas.

San Bernardino?

No, not San Bernardino. It's a small place near Hemet. Anyway, but that's what she's doing.

San Jacinto?

San Jacinto; that's what I'm trying to think.

You know more about this place than we do.

I grew up in Orange County.

Why couldn't I think of that, because that's a Texas name, too. I should have thought of that.

So she's just finished. She just graduated. She just got her diploma. The reason they have her setting up this clinic is because she doesn't have her license yet. She's applied for it and it just hasn't arrived. She can't see patients or clients until she has her license, but it's on the way. She made a four-point-nine-eight.

Three-point-nine-eight.

Three-point-nine-eight. Excuse me.

Boy, that would really be good.

That would really be good. Three-point-nine-eight. She asked her teacher that knocked her off, who did not give her a four, "Why?" And she said, "Nobody's perfect."

Oh, wow.

You know—yes.

And so she said, okay. But anyway, she's real excited and looking forward to it. She was doing what they call a practicum. She had to do a year of practicum. She was working in a free clinic. She came home every night—that's the reason we were here, because she didn't get home until eight thirty or nine o'clock at night—just full of stories about things, people she had talked to and things she had done. You could tell this was...

She's found her niche.

She's found her niche.

The passion is there.

Yes.

That's wonderful. It's great that you can support her like this.

Well, we had nothing else more important to do.

I think it's great.

So we were happy we were at this stage in our life and we could do it. We kept our home in San Antonio, of course. We have a friend who is living in it and taking care of it for us. So it was easy for us to do.

Fantastic. Back to Las Vegas.

Yes, I'd like to backtrack a little bit, John. Well, there's two things I want to backtrack on.

I want to hear about the third house after Quail Ridge. Then I want to hear about the several other people that you met in that interview process.

Like those executives.

So let's start with the third house.

The third house, the one in Summerlin.

That's the one I saw.

Yes, all eight thousand square feet of it.

Well, let me explain why we did this, build a house we couldn't afford in the first place. We had just begun the early stages of developing Summerlin and I had a vision for the community that I wanted us to create. One of the things I thought was important was that I had to make a personal statement, a personal commitment to the community if it was going to be successful. How could

I sell this new community and then I'm living out in Green Valley?

So we sold our Green Valley home before we started the house in Summerlin, and we just rented a house out in a community off West Sahara for... Two years?

Nearly.

Yes, two years. So a year and a half, two years while we designed and built the house in Summerlin. In Summerlin we had just made a deal with the PGA Tour to develop the Tournament Players Club, where there was going to be an area of high-end homes. There weren't any homes like that in the community at that time. We had just started the Hills Village, which was more moderately priced homes. We initially set out to do entry level homes and first move-up homes because we knew that the Summerlin property was so vast that we had to appeal to all segments of the market. It couldn't just be a high-end community like Spanish Trail because the property was too big. There's not that many people that could afford homes at that price point. We didn't want low-end all across the board. We wanted a balance. We wanted a community that we thought would be richer if there were people of all income levels, interest levels, and so forth. We also knew that, in order to be successful financially, we needed to address all market segments to increase the pace of growth of our property.

So Tournament Hills was planned to be the high-end community surrounding the Tournament Players Club Golf Course. We had done a lot of market research and people were still questioning whether or not it was really going to happen; whether or not we were really going to deliver. We had started what some detractors called "the road to nowhere," the extension of US-95, which was a freeway right into Summerlin. When we started building that some people thought we were crazy. So there was a lot of uncertainty about whether or not the community was going to be successful.

So I said, "We've got to make a statement out there. We've got to build the first house and let people know that we have confidence in it; that we're putting our money on the line. Also, we'll make a statement about the kind of neighborhood we'd like to see developed." We picked what we thought was the best lot and the biggest lot out there, overlooking the golf course, and built about an eight thousand square foot home, a lot bigger than we could afford at the time. But we said, "We'll bite the bullet and if this is successful, then we'll be able to afford it."



Goolsby home at 9029 Greensboro Lane, under construction in Tournament Hills, 1992.

There you go. That's perfect.

So that's why. So if you want to talk about building it, then... But that's why we decided we had to do that. So we got out of Green Valley and we were living temporarily right across the street from The Lakes. I forget the name of the community that we lived in, but it was on West Sahara. Then we started to design and build this home.



Top and bottom: Goolsby home under construction in Tournament Hills, 1992. In bottom image, Goolsby home is just right of center, Summerlin Parkway in foreground.

We used the same builder, same architects that we've used in...

And who were they?

Randy Schaefer was the builder, RS Development. And the architect... Gosh, what is his name?

He's out of California.

We loved him. Yes. Golly, I can't even remember his name.

So he was a Southern California person?

Yes. He did a lot of work for Randy Schaefer and that's how we met him and we liked him and used him to design both homes for us. But I'm sorry I can't remember his name.

That's okay.

But Randy, when he built the house out in Summerlin, that was his last big house.

Last big custom.

Last custom house.

That was quite a house to end up with—to end your career with.

Yes. In fact, he won an award for it.

He did, yes.

I've got the magazine at home in a drawer of that house. He said, "Judy, not all ladies know what's going on when you're building a house." I had learned a lot from my dad about the construction business. So when we were building these houses, the guys would come up and they'd start talking to Randy about what they needed to be done. And he'd look at them and he'd say, "Well, you can talk to her about it."

She speaks the language.

She speaks the language and she'll understand what you're saying. So one day the electrician came up and he said something wasn't going to work. And I said, "Well, if we do it such-and-so

and handle it this way, it will." And he looked at me and he said, "I hadn't thought about that." Then he turned around and he looked at Randy and he says, "She does know what she's talking about."

We've got to be careful.

When they got through framing it, the superintendent on the job took me in. They had built this big flue for a fireplace in the family room. I looked up and there was this big "G." They had cut it out of a big piece of plywood and stuck it up on the thing, just because they didn't think I was so bad.

It was "G" for Goolsby?

For Goolsby.

The interesting thing about the fireplace in both homes... Back then was when they started using all these prefab fireboxes. Judy said, "My father would never allow me to have a prefabbed firebox." She said, "You're going to build it out of fire brick." It was going to be a traditional fireplace. And Randy said, "I don't have any masons who know how to do that." So they finally had to bring some guy out of retirement. This was for the house in Henderson. Didn't he find somebody, an old guy that had retired?

And he did it for both houses.

He did it for both houses. He brought him out of retirement just to build our firebox because Judy said, "My dad will go crazy if we have a prefabbed fireplace." So we didn't.

Then I told the mason, I said, "I want it herringbone. I don't want just a regular." He said, "Oh, Mrs. Goolsby, do you know how long it's been since I've done herringbone?" So we got down on the floor and we started arranging fire brick on the floor. And he said, "Okay, I got it now. I can remember now how to do it."

So you became really comfortable after being so intimidated when you first arrived.

Yes, I guess I did. It took a while. I will always remember Fran Lummis saying, "Judy, just find something that you want to do." Well, a couple of the vice presidents' wives came up to me and said, "You've got to get involved in the opera and the ballet and this and that." I thought, the opera and the ballet? I do not care about the opera and the ballet. That's when Fran came up to me and said, "Judy, find you something that you want. And if you don't want to do anything, that's fine, too."

Good for her.

That's when I got involved with the Assistance League.

Who brought you into Assistance League?

She's no longer...

I'm trying to remember who did that. Was it somebody at the company?

Yes. General...

Oh, Dan Druen. Audrey Druen.

Yes.

Dan and Audrey Druen, I think they're still living in Las Vegas. Gosh, Dan's in his nineties now.

Dan was a retired general and the head of Hughes Aviation Services when we owned that business.

So she got me into that.

So you joined Assistance League. Did that make you feel better?

I enjoyed it. I enjoyed the fact that they were doing things for kids. I enjoyed that. My kids would come home from school and they'd say, "Oh, I need this and I need that." I'd say, "You don't need a darn thing." And they'd look at me and they'd say, "She was at Assistance League today." [All

laughing]

Darn. So one of the things I remember about that eight thousand square foot house is there was an event there, and it was a very dress-up event. By the way, I was very intimidated walking up to that house. So I know exactly how you felt meeting Mr. Lummis. But I remember walking in that house. I was telling Claytee this last night. I don't know if it was you or if it was your decorator, but I remembered thinking, *this place is huge, but it's really comfortable*. It was such a shock that that big palace on the outside was actually quite comfortable and cozy on the inside. How did you do that?

I don't know. I've tried to make all of our homes comfortable and cozy.

You did. You succeeded in that and I have to congratulate you because that's not easy to do in a great big space.

It was mainly her. The interior designer we had was Joel Kazar, and he had a tendency to be a little crazy sometimes, but she really was the interior designer because she would have to steer Joel back to something that she was comfortable with and something that was totally unlike what he would do if we just left him on his own to do it. They turned out to be a great team and Judy actually worked for him for a while after we finished our home.

One of his staff said that I was the first person that ever told him "No" that he listened to.

I wouldn't want to mess with you. You know how to do herringbone brick. [All laughing]

I had a question here. When you came to Las Vegas who were these several older people that you met?

Well, they were senior executives of the company at that time. Phil Hannifin was the head of our gaming operations at the time. Phil Hannifin had been on the Gaming Control Board.

I mentioned earlier when Lummis came out there [Las Vegas], he didn't know who he

could really trust. He had inherited this company that was such a mystery because Howard Hughes had a tendency to be reclusive, and a tendency to prefer dealing with a bunch of outside lieutenants, consultants, lawyers, and advisors rather than his own employees. It appears that some in the company had kind of taken advantage of his reclusiveness. Many of his companies were not profitable at the time of his death. When Hughes died there was the perception that he was the wealthiest man in the world. The reality was that while there was a lot of value, the company was barely solvent when he died. So Lummis was a miracle worker in that regard. He began to pick people that he thought he could trust to put in place to see what it was about these companies that was causing them not to be successful and to begin planning for the type of company that would survive.



1988: William R. Lummis (standing) and John L. Goolsby

Phil Hannifin was one of the people he brought in to head the gaming operation. Lummis didn't know anybody in the gaming industry. So he consulted with Bill Friedman, among others. I think Bill was a professor at UNLV at the time. Bill had written a book about gaming that Lummis had used to educate himself on the industry and he sought Bill's advice about somebody to bring in. I think he recommended Phil Hannifin. So he hired Phil away from the Gaming Control Board and Phil ran the gaming operations for a number of years. Lummis later also hired Bill Friedman to run the Castaways and Silver Slipper from that time until they were closed.

Anyway, some of the other executives I met with included Jack Harvey, our CFO, and Bill Rankin, who was one of the hangovers from the Hughes days and was the president of the company. Bill Rankin had worked for Hughes in L.A., I think probably at Hughes Aircraft or the Hughes Helicopter Company, both of which were owned by Hughes. Bill Rankin had been with him for many years. He was mainly a financial guy, but Lummis felt like he was somebody he could trust and he knew all of the business, and so he [Lummis] named Rankin president of the company.

Jim Cox was another one who I met. He had been recruited from Deloitte Haskins & Sells, the company's accounting firm. He had just joined the company. He and I were about the same age and he was one of those who Lummis had brought in to begin infusing new and younger management into the organization.

Vern Olson was another long-time Hughes employee who was chief accounting officer who knew where everything was, and Lummis trusted him completely. He was a very valuable confidante of Lummis, and he worked there until his retirement. He worked for me after I became president of the company. He stayed on past Lummis's retirement to assist me. I don't remember when he retired. He passed away recently, I think, but he was a terrific guy. In fact, he

knew so much about the company that people inside the company had these jokes about Vern Olson. He loved to play his cards close to the vest, know more than everybody else knew. Now, remember he worked for Will Lummis. Lummis tells one story about a time Lummis came into his [Vern's] office and sat across the desk from him. He said, "Vern, I need to know about this information." So he said Vern opened his desk drawer and looked in there, closed the desk drawer and gave him the answer. Will said, "Well, that's interesting. Can I see that?" Vern said, "No." [All laughing]

That's why he knew everything. He didn't want to get rid of it.

Well, he didn't want anybody else to know what he knew.

Job security.

I don't know what was in that desk drawer. It might have been shaving cream or something else.

But Will loved telling the story on him.

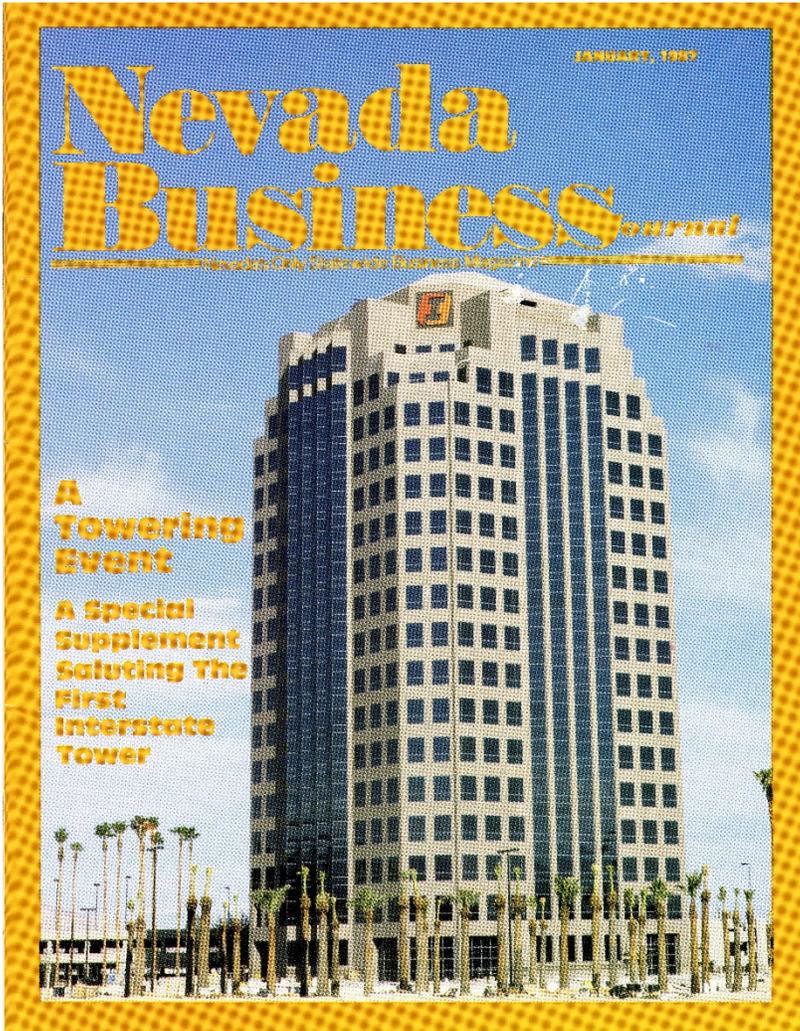
But Vern loved to have the upper hand. So he was one of the guys that we had back then. The general counsel at the time was a fellow by the name of David Varner. He was one of the new people that Lummis had hired. He came from Houston but left a couple of years after I joined the company, primarily because his wife never was able to get comfortable with Las Vegas, and they wanted to go back to Houston. That happened to us a lot. I mentioned that Lummis said he had a hard time hiring people. Recruiting people to Las Vegas was a common problem back then. One of our objectives of Summerlin and for some of our other large-scale developments was to try to create a Las Vegas that didn't exist back in the 1970s and early 1980s when we moved there, a place that would really be attractive to families. And I think Las Vegas has been successful in doing that now because they're appealing to everybody.

Before we get into Summerlin, there was an earlier development that occurred shortly

after my arrival in Las Vegas that was really important in the development of the [Las Vegas] Strip. At the time, there was only limited quality shopping on the Strip and in Las Vegas. With our partner, the Ernest Hahn Company, we opened the Fashion Show Mall in February 1981, with Neiman Marcus, Saks 5th Avenue, Bullocks, and Goldwater's (later Diamonds) as our anchor tenants. It introduced a world of shopping that didn't exist in Las Vegas at the time, and it preceded so much retail development that has occurred on the Strip since.

Another subject we haven't touched on was the development of the Hughes Center between Flamingo [Road] and Sands [Avenue] and Koval [Lane] and Paradise Road starting in about 1986. At the time, Las Vegas did not have what most cities would consider a Central Business district. Our Downtown consisted primarily of casinos and government offices. We believed our property, while near the Strip, was not really suited for the development of gaming properties. We thought if we made a personal commitment and convinced several other significant private businesses to join us, we had the potential to create a business center comparable to other major cities. We first committed to relocate our corporate headquarters from a location on East Flamingo to a high rise building we hoped to build in Hughes Center. Next, we were able to persuade First Interstate Bank, then headed up by Bill Siart, to relocate its corporate headquarters from downtown Las Vegas to that tower. We then got a commitment from one of the largest professional firms in Las Vegas—Deloitte and Touche—led at the time by Tom Hartley, to relocate to the tower from Downtown. That gave us enough of a start to justify building what was then called the First Interstate Tower, an eighteen-story high rise, as the first building in Hughes Center. Over the next fifteen to twenty years, the remainder of Hughes Center was developed with other first-class office buildings, a high-rise residential condominium, restaurants, and other uses to create what we initially envisioned. We believe this

created the type of quality business environment that had been lacking in Las Vegas at the time.



January 1987 *Nevada Business* magazine *Special Supplement* *Saluting the First Interstate Tower*



1996: Hughes Center, Las Vegas

Hughes Center, Las Vegas, Nevada

Another important contribution was the development of the Wet 'n Wild water park on the Strip, which opened in about 1985 next to the old Sahara [Hotel and Casino]. We talked about the perception of many that Las Vegas lacked many of the features that they considered important to families. This was in part a business decision about how to utilize some of our Strip property that seemed years away from being feasible as a gaming property, and partly because we believed this would add another important attraction to local families as well as those visitors who were looking for something for the kids to do while they were in Las Vegas. It was extremely successful, and I believe it has since been relocated from the Strip to the Spring Valley area.



Wet 'n Wild, America's Water Park, a joint venture between the Howard Hughes Development Corporation and Wet 'n Wild, Inc., opened in May 1985 at 2601 Las Vegas Boulevard South, between the Sahara Hotel and Casino to the North and the El Rancho Hotel and Casino to the South.



Wet 'n Wild opening day May 18, 1985. Pictured L to R: Jim Cox, Vice President Howard Hughes Development Corporation; Thalia Dondero, Clark County Commission Chair, and John Goolsby posing next to seven-story Der Stuka water slide.

You both mentioned that Ft. Worth, when you were growing up, was an Ozzie and Harriet kind of community. Did that influence the way you envisioned Summerlin?

Not so much. Not so

much that. My vision of Summerlin came through later experiences. Our team spent a lot of time thinking about and studying about what we could do with all this property and looking at other successful communities. Well, in the first place, I knew that we couldn't be successful unless Las Vegas was successful, unless Las Vegas prospered and grew; otherwise, I've got thirty thousand acres of land that I can't do anything with. It has no value unless there is a market for it.

So two things. We needed to make sure that Las Vegas continued to grow, and that involved people in the gaming industry as well as those focused on diversification, both of which we thought were critical. And we needed a strategy. The gaming industry was kind of stagnant,

you may remember, back in the late seventies, early eighties. There wasn't a lot happening. There weren't any new gaming properties built between about 1970 and then 198-something, the mid-eighties. There were no large-scale properties built until Steve Wynn built the Mirage. That was '89 when he opened that. But anyway, we knew that we needed to diversify the economy and felt that we needed to help lead that effort.

But at the same time, I was also thinking, well, what I wanted this community to be and I said, "I don't have any idea about something that large." So we went all over the country, to the Irvine Ranch in Orange County[, California]; to Phoenix[, Arizona,] and the McCormick Ranch, which is a large-scale development done back in the 1960s, '70s, and a number of other large-scale planned communities in the Scottsdale area. We went to Denver and Texas looking at master plans and to Florida to look at what people were doing in master planned communities, and what made them successful. Most of them aren't successful, and we wanted to understand why not. So I learned a lot of lessons in going through that and we eventually evolved a strategy for developing the Summerlin community. That's how it started.

So when we finally were able to get started—we began the master planning for Summerlin as early as 1983, but we didn't actually break ground until '89.

One of the first things that was out there was the Meadows School.

Well, yes, I was going to talk about that. That was one of the—we knew that we had to provide a catalyst for growth out there. We always knew education would be important. These were some of the keys to be successful: good schools, good parks, open space, community activities, all the things that Summerlin has today. So we worked real hard before we actually began building.

Carolyn Goodman, of course, started the Meadows School. We had become friends through an organization we were involved in. So that was a really important early step in

Summerlin, because they had become so successful and well regarded, and yet they were working out of a trailer, basically.

Over by the Meadows Mall.

That's right. That's where the name came from. It was right by the Meadows Mall. She had talked to me about their vision for a campus somewhere, and they were looking at a place out in Henderson and other places. This would have been in the mid-1980s, maybe. I think it was '88 when we finally made the deal to bring them out to Summerlin after we had worked for two or three years together. I know that she was going through a really difficult time trying to decide where to put this school so it could be successful. In strategizing among ourselves, we said, "You know what? That land has no value if we can't develop it. So if we gave them the property, we haven't lost anything. And we've got so much of it, if you go by that last acre theory, what's that last acre going to be worth? And that's going to be perhaps fifty years down the road. It probably has very little value when you present-value it."

So we finally decided not just to give them the property, but we also gave them quite a bit of seed money to help get started with the infrastructure. They had developed a great reputation, which also helped them raise the money to build the campus. We had a great relationship with Carolyn and the whole board, and they were actually open before the rest of Summerlin was built—or began building. So that was a really important step for us and more validation for the new community.

Another catalyst was the TPC [Tournament Players Club] of Summerlin. We worked with the Professional Golf Association (PGA) for years. They're very tough negotiators. They had a good product and they knew it and they knew it was valuable. So the deal we struck with them ended up being a good deal for both of us, but it took us a long time to put together. But we

knew that other people besides ourselves believed in this community. That's why better schools—getting that commitment was important and getting the PGA Tour to make that commitment was as critical. If the PGA Tour thinks that is a good place to be, and these are good partners, then a lot of other people will step up and take notice.



TPC Summerlin opening day 1991. L to R: John Goolsby; Fuzzy Zoeller, player consultant; Deane Beman, Commissioner, PGA Tour; Mark Fine, president of Summerlin division, The Howard Hughes Corporation.

So we did; we built that golf course, again, before there were any houses there, because my house was the first one. I remember while we were building the golf course, a lot of people would stop into our house under construction and ask where the membership office was. They thought this was the clubhouse.

The bank will tell you, "The clubhouse is over there."

It's that little building.

Well, we didn't have a clubhouse when we first opened. When we opened the golf course, we just had a little double-wide basically that we were working out of because we wanted to have

the golf course up and operating and get all the kinks worked out before we built a big clubhouse. Anyway, those were important first steps.

But I believe the biggest key to opening up Summerlin was the completion of that Parkway because the Summerlin property was quite remote. Most development stopped at Rainbow [Boulevard], and Rainbow was over three miles from the eastern boundary of Summerlin. There were no utilities out there, no street access, no other infrastructure.

I can remember taking Steve Wynn out there one time. Steve had followed what we were doing and seemed interested in what we were doing out at Summerlin. Before it was developed, Judy and I would go to the property on Saturdays. I had a big SUV [sport utility vehicle], and we would go off road and just drive out across the Summerlin property and talk about it and imagine what it might be. So Steve asked me, he said, "I have some ideas about that." He said, "I might want to do something out there." He said, "Would you take me out there and show me sometime?" I said, "Sure, we'll do that."

So Steve called and said, "I can go today." He said, "I'm free." He was a hard guy to get a hold of because he was a busy man. Still is, I guess. But anyway, he called and said, "Can you go today?" And I said, "Sure." He said, "Well, I'll pick you up." Now, I was going to take him out in my SUV. "Well," I said, "I've got an SUV." He said, "No, no, I've got a driver and you and I can sit in the back and talk. So I'll just pick you up."

So he picked me up in a limo. So we go out there and start our trip across this barren desert. He loved the property. Red Rock Canyon is just such a beautiful area. The closer you get to it out there, it's just spectacular. So he loved that part of it. He was envisioning what he could build and where, just like he thought he owned the property. [All laughing]

But anyway, to make a long story short, we ended up with two flat tires on that limo

because these rocks were just like razor blades out there. Of course, this is before cell phones.

That's what I was going to ask. [All laughing] I love it.

The bricks weren't even around then.

He had to have his driver walk back for—fortunately, the car would still run, so we were in air-conditioning—he had to send his driver to walk a mile or more back to wherever we came in to make a call to get somebody to come out and get us. We never did a deal with Steve on the Summerlin property.

Oh, he was going to build a Disneyland out there.

Where?

This is jumping way ahead. But in 1996, when we made the decision to sell the company, Steve Wynn was one of the parties that was interested in buying the company, primarily because he wanted to control several thousand acres of Summerlin, south Summerlin. It would have been what is now where the...Oh, gosh, where they built that Jack Nicklaus golf course back there, Bear's Best. I can't even remember the names of the neighborhoods now. But The Ridges neighborhood, that area, way back in there. He said, "I'm going to take about two thousand acres and build the most magnificent hotel/casino and park that will rival Disneyland." So he had this big idea for that and that was one of the main reasons he wanted to come see it. He just liked what we did. He also liked the Fashion Show Mall, which was really tied into his properties now after he built the Treasure Island and the Mirage. So he liked it, but he was not successful in buying the company.

Interestingly, most of the land on which the Mirage and Treasure Island Hotels sit were acquired from Summa in the late 1980s. There was a time when Summa controlled most of the undeveloped land on the Las Vegas Strip.

So when you say "buying the company," so it was first called Hughes?

Well, no, it was first called Summa at first. Actually, it was called something else before that. It all started with Hughes Aircraft Company. Howard Hughes owned that. But when he bought these diverse businesses, they formed a holding company that they eventually called Summa. The executives of the company at the time claimed that it stood for the highest, the greatest. The detractors liked to say it stood for Stall Until More Money Arrives. [All laughing]

The company didn't have a great reputation for being easy to deal with, and frankly, that was what I found when I first came to Las Vegas. That was one of the difficulties the company had, partly because of the way Hughes operated. Everyone knew he was very rich, but he was also invisible. I'm not sure how many people who worked for him actually met him. No people that I knew in the company had ever met him, including some who worked directly for him.

You had a property manager who worked for Hughes and he had said when he would come in to work on any given morning there would be a yellow—

This is when Hughes lived in Las Vegas, between '66 and '70.

So in the Desert Inn.

In the Desert Inn. He was living in the Desert Inn.

They were at the offices that were underground over there at the... Anyway, he would come into his office and there would be a legal pad and handwritten instructions of what he wanted done.

So Hughes had written the instructions.

Well, that's what he said. That's what his real estate man said.

The guy assumed that—

First thing I asked him was, "Well, how do you know it was Hughes if you never met him?" He said, "Well, it was always the same handwriting." But probably he personally directed all of the

company acquisitions between '66 and '70—we're really getting off track now.

No, this is great.

Between '66 and '70, Hughes acquired—well, first of all, let me back up. He acquired the property that is now Summerlin back in the early 1950s, right after World War II. The Department of Defense was encouraging the major defense contractors—and Hughes Aircraft happened to be one—was encouraging those people to move some of their facilities away from the West Coast so they wouldn't be vulnerable to attacks from Japan. And so at the time he bought about fifteen thousand acres in Tucson, Arizona, and he did build a facility for Hughes Aircraft there.

So he bought the property in Tucson and at the same time he worked out a trade with the federal government to trade them seventy-five thousand acres of land that he owned out in the Mojave Desert for the twenty-five thousand acres that's now Summerlin. So he owned that property from the early 1950s, and, apparently, never had any intent to do anything with it. There were rumors that he was going to build a Hughes Aircraft research facility out there, but he never really worked on it. So he just wanted the property, apparently. He liked Las Vegas.

He didn't own any other property in Las Vegas until 1966, when he moved there. Between '66 and '70, he acquired seven hotels and casinos—well, one was in Reno, but the others were in Las Vegas—and another probably five thousand acres of real estate, including almost all the vacant land on the Strip. When I came to Las Vegas, literally nobody on the Strip could do anything—they couldn't expand their own hotel; they couldn't build a new hotel—without dealing with us. It was a real powerful position to be in when you control all this valuable real estate. Now, arguably when we came in 1980, there wasn't any demand for it either. So what was it worth at that time? But eventually it turned out to be very valuable and we were

fortunate to have the patience to wait for the market to come to us.

But then he liked aviation. He bought the North Las Vegas Airport and all the land around it and the company actually operated the [North] Las Vegas Airport until after his death. Again, around McCarran Airport, he bought most of the vacant land around McCarran Airport. When I got out there, any time the county wanted to expand McCarran, they had to come and deal with us. They could have condemned the property and actually did on occasion. They had to pay us a fair market value. But they would prefer to negotiate a private sale with us and we would prefer that, too, because usually the county had something that we wanted. So it turned out to be a good relationship. We owned several thousand acres of land around McCarran. We retained some of it to build what's now the Hughes Airport Center—it's a big industrial business park—and then some property east of Eastern [Avenue] and Sunset [Road]. We developed some industrial property there in a partnership with Johnny Ribiero, a local developer.

So what Judy was talking about, Hughes apparently directing all these purchases personally and he would tell this guy—Chuck Creel was the guy who worked for me for several years after I got there. But he was a property manager and he received directions from Hughes that would be in such detail, it just shows the way the man thought. He was a control freak, obviously. He'd say, "I want you to acquire this parcel adjacent to the North Las Vegas Airport. Here is the address and this is the property number and it's owned by Mrs. So-and-so. Here's what I want you to do. I want you to walk up to the door, knock on the door, introduce yourself." I mean, it was that kind of detail. "Then make her this kind of an offer. If she objects you're authorized to offer this." It was amazing.

This friend of mind that I was telling you introduced me to Lummis, David Elkins, was an attorney in Houston. When he was a young attorney right out of law school in the late 1960s,

his firm had done work for Hughes and Hughes' father since the early twentieth century, since 1910 or something, for Hughes Tool Company. So his firm had a long association with the Hughes organization and with Hughes and they were still doing much of his legal work. So right out of law school he went to work for this firm, which at the time was called Andrews Kurth Campbell & Jones. It's now just called Andrews Kurth. But anyway, he actually moved to Las Vegas and spent about three years working there, and he was the attorney for a lot of these land purchases, and he knew a lot about what was going on then. But they had a very interesting time. They were busy. They closed on several hundred land transactions over a period of four years. It was an amazing time. Hughes had a lot of money back then, after he had been forced to sell his interest in TWA [Trans World Airlines].

Yes, for cash

It was at the time supposedly the largest commercial check ever written. And he had that money burning a hole in his pocket and he wanted to invest a lot of it in Las Vegas, which he did.

So was there the rumor at that time or the belief that he legitimized Las Vegas; that he took it from that family ownership to corporate?

A lot of people think that he did. Number one, it's my understanding that he was the first individual to be granted multiple gaming licenses and he also was the first to be granted a corporate gaming license in Nevada. This is the folklore within the company, anyway.

Apparently, he was really concerned about the influence of organized crime in the gaming business, and a lot of people believe that he did begin to legitimize the Las Vegas gaming industry. I wasn't around then, so I don't have personal knowledge, but it looks like that may, in fact, be what happened.

So which development was the first one? After the Summerlin Parkway and the Meadows

School, which was it?

Before we get into that, I just remembered another critical step that made a major contribution to Summerlin's success. I mentioned several key factors, but I neglected to mention one that may be perhaps more important than any of the others. That was the land exchange between my

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Business

Summa Corp. unveils Summerlin, announces land swap with BLM

By Mike Robison
SUN Business Editor

Summa Corp. unveiled detailed plans for the development of the 25,000-acre Husite on Tuesday and renamed the master-planned community Summerlin.

The property, which encompasses approximately 39 square miles and stretches west from the existing edge of urbanized Las Vegas to the edge of Red Rock Mountains, is one of the largest undeveloped parcels adjacent to a major metropolitan area under single ownership in the country.

The initial phase of 5,600 acres was annexed into the city of Las Vegas in 1987. Within 15 years it is expected to encompass nearly 18,000 homes. Twenty percent of phase one will be reserved for green areas — parks, trails for biking and hiking and golf courses.

In announcing the new, mixed-use community, William R. Lummis, president and CEO of Summa Corp., said, "We intend to make Summerlin a community identified as the very best in land use, urban planning and community design."

John L. Goolsby, president of Summa's Real Estate Group, said there years have been devoted to planning the community and to addressing transportation, recreational, employment and commercial needs.

Goolsby said construction began a week ago on two highway projects for the community — the expansion of the Rainbow Boulevard interchange at U.S. 95 that will feed the major thoroughfare, Summerlin Parkway, which will be a 3½-mile limited access parkway designed to interstate standards.

"We're actively under construction of the parkway, the extension of Lake Mead Boulevard west of the interstate that will provide access to the Del Webb community and Meadows School and also have begun active construction of all major utilities in the area," he said.

Completion of the interchange expansion will leave residents only 10 minutes from downtown Las Vegas, he said.

Goolsby estimated it will take 50 years to complete the entire development and \$100 million will be spent on construction of streets and utilities in the next 18 months.

Another major announcement for the project was that an exchange of land is being negotiated with the Bureau of Land Management to create a buffer zone for Red Rock Canyon and insulate it from the development.



SUN photo by TONY BLEI

Summa's John Goolsby unveils Summerlin.

Summa Corp. will swap nearly 5,000 acres closest to the recreation area and receive approximately 3,800 acres of land directly south of the Summerlin parcel.

Goolsby said one of the reasons for the delay in getting started on the first phase was the negotiations with the Professional Golfers Association for a Tournament Players Course at the heart of the community. Summa has obtained an option for the golf course but final negotiations are continuing and expected to be completed sometime this year.

He said construction also is under way on Del E. Webb's Sun City community, a 1,050-acre parcel on the northern edge of Summerlin. Webb is planning an 18-hole golf course, club house and recreational complex to complement the 3,100 single and multi-family homes planned in the age-restricted retirement community.

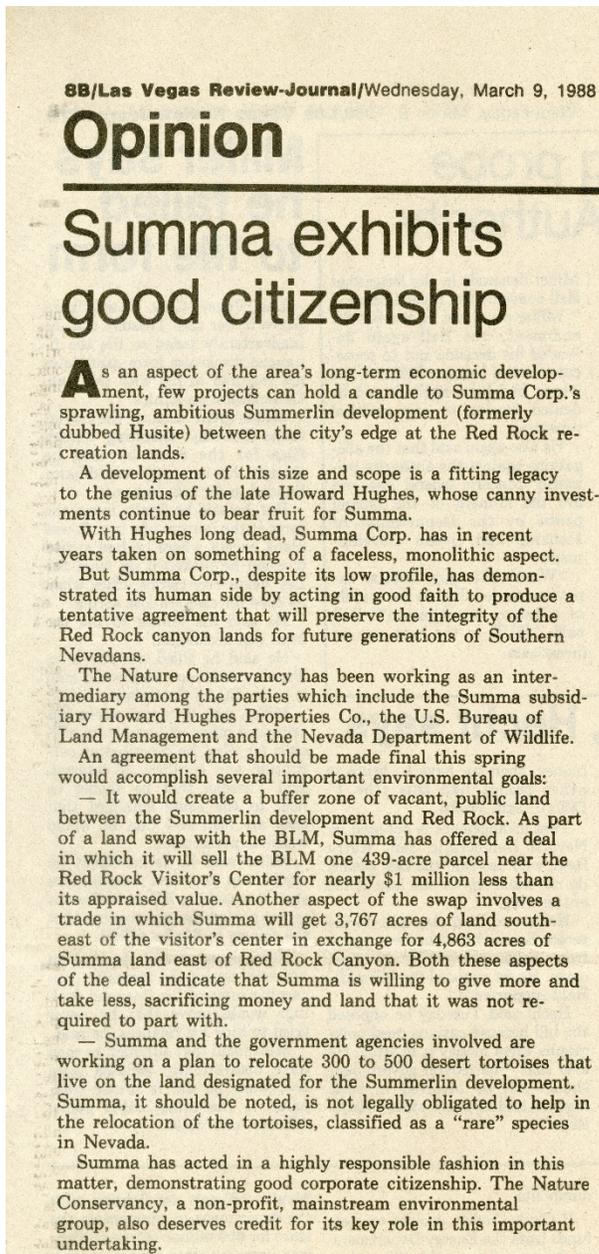
Upon completion, which may take 50 years, Summerlin will have an estimated population of 200,000 living in about 85,000 dwellings from entry level homes to golf course estates, Goolsby said.

The name, Summerlin, was chosen after an exhausting search, he explained. It was the maiden name of Howard Hughes' grandmother.

Hughes originally obtained the 25,000-acre parcel through land swaps with the federal government in the 1950s.

company (Summa Corporation at the time) and the Bureau of Land Management. The original Summerlin property was then called Husite. It contained about 5,000 acres at the entrance to Red Rock Canyon, very close to the site of where the Red Rock Visitor Center was later built. There was great concern from the environmental community that the development of that property as part of a master-planned community would encroach on Red Rock Canyon and negatively

impact a Southern Nevada treasure. After a negotiation that took several years, an exchange of property was completed, which protected the 5,000 acres in perpetuity.



The Nature Conservancy, a well-known environmental organization, assisted us in arranging this very important exchange, as did our Congressional delegation and many city and county leaders. Summa received approximately 2,000 acres and BLM received approximately 5,000. It was a win-win and insures that this beautiful property will be protected in perpetuity.

To answer your question, we first developed the Hills Village, a residential village, and that was just north of the Tournament Players Club. It is where the Ernie Becker Middle School and the William Lummis Elementary School are located. And that leads to another important early step in the planning of Summerlin, which was a concentrated focus on traffic planning that has really paid dividends as the community

has grown.

Before we get too much into the Hills Village, one of the things we did when we did the master planning for Summerlin, we organized it into a series of about thirty villages and each

village was going to have its own distinct character; at least, that was our vision, and to some extent we were successful in doing that. But each would have a park of some sort, some major amenity unique to that village. We had a hierarchy of parks, some regional parks with athletic facilities and others all the way down to tot lots and smaller. So we had a hierarchy of recreational opportunities for people who lived there. A trail system ran through the entire community for pedestrians and bikes. I understand they have now over a hundred and fifty miles of trails out there now. And they're beautifully done. They're big enough for bikes and pedestrians. They're all landscaped with natural desert landscape, so they don't require any cost to maintain the water and all that. The cost is just keeping it clean. So those are all a part of the overall vision when we started this.

We actually brought Clark County School District into our planning team to plan the school sites, and together we decided where all the schools would go before we even got started, which was a great benefit for the Clark County School District because they knew what they could depend on. We then reached agreement with them early on concerning the acquisition of school sites. Initially, we would give them a large discount on the cost of the school properties. So in each village we'd typically have maybe an elementary school. Middle schools wouldn't have to be in every village, of course, and then there would only be a couple of high schools. But we developed a strategy, a policy for educational institutions that would apply to any school, public or private. We'd give them this discount on the land for the same reason we talked about the Meadows School. We thought that would help accelerate the growth of the community and we'd eventually recover whatever money we might have lost by discounting the sale of the property.

The Hills was the first village to be developed besides TPC, which was our first upscale

community. The TPC was a part of the Hills Village, but it also was where Tournament Hills was located. It's part of the Hills Village. The Pueblos, east of the Meadows Village, was the next village to be built after The Hills. Tournament Hills was the exclusive custom lot community around the golf course and the rest of the Hills Village was somewhat more affordable. So Tournament Hills was the first custom lot community and was very successful. When we opened up Tournament Hills, we had a lottery and the lots were almost all sold the first night. I was happy I already had mine.

You wouldn't have been able to afford it.

That's it exactly. But then besides the Meadows School, part of what helped Summerlin be successful is a lot of other private schools took notice as well and we worked with them. We didn't make all of them the same deal we made with the Meadows. It got a little more expensive later for them, but still we sold land at a discount. We provided a lot of assistance to the schools like Faith Lutheran [Middle School & High School] and Alexander Dawson [The Alexander Dawson School at Rainbow Mountain] and...

Jewish community. [Ed. Note: The Milton I. Schwartz Hebrew Academy opened in Summerlin in 1988; with a large donation from Dr. Miriam and Sheldon G. Adelson, this facility was enlarged and renamed, and in August 2008, it reopened as the Adelson Educational Campus.]

Jewish community. I don't know how many. I think there's eleven or twelve private schools in Summerlin and eventually Bishop Gorman. They came on much later. That was after I had left. But we really wanted to get the community established.

Another thing we did was concentrate on job creation. We didn't want to be a bedroom community of people just driving back to Las Vegas to the Strip or downtown just to live in Summerlin. We wanted to create a jobs-housing balance. So we started actively recruiting, with

the assistance of the Nevada Development Authority. So we continued to focus more intentionally on economic development. Some of the first developments out there were facilities for HSBC [Holdings], Bank of America, and several others in The Crossing Business Center, which is now completely built out. There are a lot of jobs in Summerlin. I read recently where there's estimated to be over fifteen, twenty thousand jobs in Summerlin. There's over a hundred thousand people who live in the community. So it turned out to be successful.

But it was a combination of all of those elements that make it a real community. So we spent a lot of time working on that. We spent a lot of time planning. There are many people who contributed to the success of Summerlin. We had a great team that worked there over the years. You remember Russ Dorn, used to be the city manager of Las Vegas? He was the first head of the Summerlin community. We hired him really early in the planning stages, probably in '83 or '84, because he had been very successful as the manager of the City of Las Vegas. I thought what we needed at that time was a big-picture guy who understands how public facilities benefit a community and can work with the various constituencies.

The property at that time was actually in Clark County. It was so big geographically that parts of it seemed to lend itself more to an extension of the City of Las Vegas than Clark County. That was another reason I wanted Russ on board, to help advise us on how to determine the type of public structure we wanted to create.

We ended up dividing the property, generally in two, with Lake Mead Boulevard as the dividing line. Everything north of it is the City of Las Vegas. Everything to the south is unincorporated Clark County. So we had to work with both entities. But Russ was very helpful in that initial process, and he spent several years with us.

After the initial big picture was established, we felt like we needed somebody who had

real master planning experience and understood what that involved. I'm probably going to forget some people, but we had some good ones. Dick Bonar was one of the first guys that we brought in with experience in large-scale master planned communities, and he led us through the next steps.

Then a developer from Houston by the name of Phil Conway, who also had good master plan experience, joined us. He was really a terrific guy for us, but his wife never warmed up to Las Vegas. He only stayed a short time, but he helped us make enormous progress while he was here.

So why Texas? Why all these Texans?

Well, just because that's where they came from. We didn't hand pick Texans, but a lot of them just showed up because Texas was a very vibrant real estate market.

How did the other wives try to help those wives who didn't like Las Vegas? What did you do to try to keep them there?

Nothing. To be perfectly honest, not really anything. I got some of them into Assistance League, involved and showed them what to do. I can remember one of the couples were coming in and we said, "Well, you want to be home by two thirty in the afternoon because that's when shifts start changing at all the hotels and that's when traffic picks up. So whatever you do, do from ten o'clock in the morning to two thirty or three in the afternoon and then get yourself home."

I wonder what they would tell them now about the traffic. I love it.

So Judy, what was your first impression? I mean, you had gone house hunting. But when you found yourself actually living in this beige place, what did you think?

Well, I was awfully involved with the kids, which helped. I was trying to make them... They were not happy campers when we moved there. The first thing we told them when we said we were

going to Las Vegas is, "We bought a house with a swimming pool in the backyard," and that kind of helped a little bit. They weren't pleased and I can understand why. We had moved several times as they were growing up as his career had changed. They really liked where we were in San Antonio. So we had to work through that with them.

Like I say, Tom was a sophomore in high school and we put him into Chaparral. He was a really good student and had taken freshman algebra in the eighth grade and all this kind of stuff. So we got him into Chaparral and they said, "Well, we don't have any room for him in the academically talented program right now. We'll move him over when the semesters change." Well, the first of December, John and I go to the school to talk to them about getting Tom into the academic... They said, "We still don't have room for him." So John was on the phone talking to one of the company's attorneys there in Las Vegas and he was telling him our problem with Tom. He [the attorney] said, "Let me make a phone call." So he called Gorman and then got back to John and he said, "Tom has a new school."

Yes. That was Joe Foley. I don't know if you know Joe because Joe died several years ago. But he was really helpful in getting us settled.

Any of the Foley brothers?

I don't know any of the brothers. I just knew Joe. He was an attorney. He was partners with Bill Morse. Morse was one of the attorneys who represented the Hughes estate. When Hughes died without a will, it took eight years to finally settle his estate. So during this time we were operating under the supervision of a probate court. So any major transaction had to be approved by the probate court. Morse and I had to go into court several times to have a transaction approved and he seemed to struggle with some of the details. I usually had to identify everything to the judge, and I questioned Lummis about Morse. Lummis said, "Look, those judges respect

Bill so much. I don't think the details are as important to the judge, but he is going to approve it because Bill brought it in." In any event, we enjoyed an excellent relationship with Morse and Foley.

Oh, interesting.

I want to know about some of the developers that you used, who they were and how they qualified to put a housing development into Summerlin area.

At first we were having to sell real hard because everybody questioned whether or not we really would follow through and what kind of commitment we really had to this, what kind of resources, and whether they could work with us, and whether or not people would want to live way out there. So it was hard to get builders in the first place, because we were really pioneering.

First of all—let me back up just a minute and I'll get to your point. But before we started Summerlin, in addition to the—I mentioned the most important thing being the extension of the parkway. But more important than that was raising money up front because the Hughes organization had huge demands on its limited resources. We were still in the gaming business. All the hotels needed money to help finance and keep improving those properties. We had major projects in Los Angeles we were still actively working on. So my board basically said, "Yes, you can start that community out there, but you will have to raise the money to do it." And there was no public money for large-scale community development, for infrastructure. So we had to find the money to do it. So two major problems that we had to address were the long distance from infrastructure, roads and so forth, and the other one was the money.

The way I decided to raise the money was to identify properties that could be sold in bulk without interfering with the long-term master plan. I arranged to sell a thousand acres to Hal Ober along Lake Mead Boulevard for what turned out to be Desert Shores, a very successful

water-oriented community. Number one, we sold it for cash, and he had to extend all the infrastructure. So we're getting a mile closer to Summerlin now with all the infrastructure. He had to size the infrastructure so that it would support development beyond, west of him.

We then made a similar sale to Mart and Al Collins on Sahara for what is now The Lakes. That was all a part of the original Summerlin property. The same deal, they brought infrastructure a mile and a half out even further west than Desert Shores had done.

Then we brought in Del Webb. We thought that Del Webb would be a real—we thought that Las Vegas was the kind of community that their age-restricted product would be successful in. So we worked with them for several years before we finally got them comfortable to do it. They initially bought 18,000 acres from us. Del Webb's Sun City was developed adjacent to [and west of] Desert Shores. So we were marching west with development. Now we had two miles of that infrastructure taken care of. Then they [Webb] ultimately exercised an option to buy an additional six hundred acres, completing the build-out of Sun City at 24,000 acres. They had started work immediately. One thing we liked about them, one of the reasons we selected them, was their practice of putting in all of the community infrastructure in up front. They put in the golf courses, community centers, and other improvements so people knew exactly what they were going to get. So by doing that, this became the most successful Sun City community they ever erected. They sold over five hundred homes the first year, which was unprecedented. So they also built roads and infrastructure that would benefit the rest of Summerlin. It brought demand for retail and other uses. It didn't bring any demand for schools, which was good because there were no public schools in the community yet. So that was a perfect complement to us.

The combination of the three bulk sales (Desert Shores, The Lakes, and Sun City) raised

enough money that now we had sufficient capital to begin to develop. As far as I know, I am not aware of any other master plan development of this scale that was essentially self-financed.

And the developers?

Developers, okay. So we had proven the community somewhat because of the success of Ober, the Collins Brothers, and Sun City. So that made our job a little bit easier. But then we begin to attract home builders. Woodside [Homes] was one of the first builders who agreed to build there in the Hills Village. It's been so long I can't remember all the home builders, and since then many have combined or sold off. So I can't even remember all of them. But we brought in about five or six leading home builders into that first village.

What we were doing back then was called pod sales. We would sell a developer, say, fifty or sixty acres of vacant land. One of the reasons we did it that way—again, we had limited funds to deal with then—we didn't want to have to put in all the infrastructure. So we would put in the major community infrastructure, the backbone infrastructure, bring it to a parcel of, say, sixty acres, and then within that parcel that developer would pay for all of the on-site improvements and then he would subdivide his own lots. So we did that for a number of years and in doing so reduced our investment and risk. Later on we became so successful we didn't have to do that. We would actually develop the finished lots and sell individual lots to builders, but we weren't doing that in the early years.

But we would have restrictions on what kind of landscaping they had to put in. We insisted initially on really extensive landscaping, lush landscaping, which you can't do anymore. Now it's more drought-tolerant landscaping. But it gave the community a finished look up front. It looked like the kind of place people could see themselves living in and much different from most Las Vegas neighborhoods.

After Summerlin became established, it became a competition, and most builders wanted to be there. We developed a preferred builders list that we screened and prequalified so that when we had a new group of properties ready to open for development, we would go to this preferred builder list and give them the first right to come in and make an offer to buy property.

Another important thing we were able to do early on was to bring in a hospital. That's another thing that a lot of new communities don't have because it needs a lot of medical-related infrastructure as well as a population to support it. So we brought it in real early. I had a relationship... I told you I was in the hospital business once in my career. One executive that I worked with when I was in the hospital business had become very successful and developed a hospital company that became a national, publically owned company. Universal Health Services already owned a couple of other hospitals in Las Vegas. So I talked to Alan [B. Miller] about Summerlin. After about a year or so of them doing their market studies and feasibility studies, they made the deal to develop Summerlin Hospital, but they wouldn't do it unless we agreed to partner with them. He said, "I'm not going to go out there unless you've got confidence in this thing, too." So we formed a partnership with Universal Health Services on the Summerlin Hospital. Many years later they bought us out after we had sold the company, for mainly technical reasons. Now Universal Health Services owns that hospital and it's been one of their most successful developments anywhere. Those things helped to create the nucleus then for the community to really thrive and created the demand for housing and the retail and other commercial uses that's out there now.

Another thing we did early on may have hurt us initially, but eventually paid off, was that we wanted this to be a—people laugh now when you say this in Las Vegas—we wanted this to be a gaming-free community, because that was one of the objections that we had when we first

went out there. Many people were turned off by having gaming in their neighborhoods. They didn't mind working there, but they just weren't comfortable with the industry as a neighbor. In fact, the people who owned my company weren't comfortable with the gaming industry and that's one of the reasons we ultimately decided to exit that business. They just weren't comfortable with the business. I personally didn't like having to go in a grocery store and walk past a line of slot machines when I went to buy bread and milk. I thought many others would have similar reactions.

Anyway, we decided to start Summerlin as a non-gaming community, but we wanted to have a non-gaming resort out there. We sought to attract a non-gaming resort and we sought to bring in grocery stores who would agree not to put in slot machines. On the grocery store, as the community started to develop and it became clear that we had enough rooftops to warrant a grocery store, we tried in vain to attract a leading store. But we weren't able to do that. They kept going somewhere else.

So I finally went to—back then Smith's was the predominate chain in Las Vegas—so I went to Salt Lake City and sat down with Jeff Smith to talk about why we couldn't reach some kind of an accommodation with them to come into Summerlin. He said, "Look, John, I'd love to do this. I love the community. I like what you're doing." He said, "Let me show you this." He put down a spreadsheet and it basically showed that he makes enough out of the slot machines to pay for his entire facility's cost. So he said, "If I could put slots in, my building doesn't cost me anything." So he said, "I can't do it in Las Vegas without the gaming."

Wow. So that's ironic then.

So after that we finally said, "Maybe that's one hill we don't need to climb." So we didn't make the first deal with Smith's. We made it with somebody else. But we ultimately decided we

needed to allow gaming in grocery stores.

But we still didn't want to have a gaming resort. We didn't want this to be a typical extension of the Las Vegas Strip. At first, we couldn't get anybody domestically interested. We went to Hyatt and Hilton, Marriott, all the typical hotel operators that would be interested in a resort in a city like Las Vegas and were unsuccessful for the same reason, they wanted to have the gaming. So we found a company in Switzerland, Seven Circle Resorts, and they built the Resort at Summerlin. They loved the idea of a non-gaming resort and they loved the site. They loved it so much that I think they had a budget of—these numbers are probably wrong—but I think they had a budget of something like a \$100 million to spend on this resort and they ended up spending \$200 million because the guy who owned the company fell in love with it. In fact, he built himself a suite on the top floor of the resort that they said cost \$5 million. This is back in the early nineties. He lived there part-time.

But ultimately, they couldn't make it either, and they filed for bankruptcy. While they were in bankruptcy, things had changed. Summerlin had begun to mature. We didn't think that gaming stigma was as big an obstacle as it once was, or what we perceived it to be. So we consented to allow gaming to be brought in there if that was a condition of the new owner. And ultimately that's what happened; somebody came in and built the casino. And the hotel and casino, I understand, have been very successful since then.

Then after that—this is actually after I had retired—but that's when they made the deal with Station Casinos to build Red Rock Casino, which has been enormously successful. But they had some difficulty with the residents, too. The residents decided they didn't want a big casino out there. We had agreed in the initial planning to a height limit of a hundred feet on any commercial buildings out there. Of course, the Resort at Summerlin was below a hundred feet,

but Station Casinos wanted to build a three-hundred-foot tower. So they finally compromised on about a hundred and fifty or two hundred-foot limit provided that we agreed for the rest of Summerlin no buildings would exceed that hundred-foot limit. So that's what the company did. So we didn't achieve the initial goal of the non-gaming community, but I think we delayed it long enough to let the community become established for itself and they can coexist now, and gaming is only in a select few areas.

So you bought your first house in Quail Ridge—or built your first house in Quail Ridge.

Quail Ridge, yes.

You were right around the corner from Mark Fine. So how did Mark Fine end up coming out to Summerlin?

This was after Phil Conway had decided to leave the company and return to Houston. And so I had put John Kilduff, our Chief Financial Officer, in charge temporarily to run Summerlin, and I was in the process of searching for a new executive for Summerlin. Mark and I were traveling back east for a meeting of the Urban Land Institute. Mark happened to end up sitting next to me on the airplane. So as we're flying back to Urban Land Institute, he questioned me about Summerlin. He said, "I understand Phil has left. I haven't heard what you're doing out there." So I said, "Well, we're in the process of a national search. In the meantime, John Kilduff is doing a great job running it." So I said, "We're doing fine."

So he talked a bit. Then I asked him what was going on with Green Valley. He said, "We've already been through a lot of these things you're going through." He said, "I know exactly what you're talking about when you're talking about these problems in getting things going, getting started, getting the builders committed, and all that." He said, "I've done that." He said, "We fought that battle in Green Valley, and we're doing pretty well out here now." And

they were. He said, "What do you think about us putting our companies together, maybe merging the companies and merging those properties?" I said, "That's not going to happen." I said, "We've got too many other diverse interests." I said, "It's also about compatibility. I know something about the Greenspun family and they're fine people, but I'm not sure we want to be in partnership with them." I said, "I just don't think that would work."

And so the more I thought about it, I called him up after I got back and we agreed to meet. I said to him, "I don't think merging our companies would work, but what if we hired you to do that? Would that have any interest to you?" I think that was about the time he and Susan [Greenspun], his ex-wife, were separating and he was, I think, concerned about where he was going to end up in the Greenspun hierarchy. So I think his personal situation may have helped motivate him to decide. I don't remember exactly what happened, but it was something like that.

After a few weeks of talking, we talked about all the issues, looked at the property to see what we were doing, and he was comfortable with what we had, and I liked what he had to offer. So we agreed to come together, and he worked for us for about four years and did a good job. He had great builder relationships and they seemed to be comfortable working with him, and it worked out really well. But he was the kind of guy who always wanted to be independent and really didn't seem to be comfortable in the corporate environment. So eventually he decided to go off and do his own thing again. But, yes, we had a good four-year run with him.

After Mark left, Dan Van Epp came in, and Dan was the guy that really put it all together. Much of what you see at Summerlin is Dan's work. Great at planning, great at execution, good organizational guy, good with people. He did just a wonderful job for us out there.

And his wife wasn't comfortable in Las Vegas.

What is this? Why don't women like Las Vegas?

They came from Virginia and she loved animals. She was one of the few people, I understand, in the state of Virginia who was certified to care for injured American bald eagles. I mean, she was the real deal. She loved animals, she loved horses. She had dogs and all that.

And it wasn't green.

But it wasn't green. They built this beautiful home in Summerlin and she never seemed comfortable from the day they moved in.

But Summerlin had all this lush greenery.

I know. I know. And they had it. They were there. They were right in the middle of it. Actually, I think they now have a ranch in Montana, which is where she always wanted to be. So that's where she spends most of her time.

She has horses and dogs and all of her animals.

And greenery, real greenery.

Yes, real greenery.

Not planted greenery.

But Dan did a great job. And then Kevin Orrock took his place after he left and Kevin is still there running the company.

Rouse Company acquired our company back in 1996 and when we were doing that deal, we couldn't agree on a value for the Summerlin property. So we agreed not to agree. We merged the companies, but we created a separate entity for Summerlin. For the next approximately fifteen years, the owners of my old company would receive one-half of the cash flow generated by the Summerlin community during that time and then Rouse Company would retain the other fifty percent and Rouse would operate it. So it was a form of earn-out arrangement. Then at the end of that fifteen-year period, if there was any property remaining, we would bring in an

independent appraiser to appraise the property and Rouse would pay us half the value of that property. So it turned out to be a tremendous deal for the Hughes owners, because they received a lot of distribution from that earn-out arrangement. It was also a great deal for Rouse, as I'll explain later.

After I retired from the company in 1998, the Hughes owners appointed me as one of three managers to oversee that earn-out agreement. So I continued to work with the company even after I retired for approximately twelve years, until 2009 roughly, kind of just managing that group to insure that the Hughes owners were receiving what they were entitled to. As a result of that, we were reviewing all the company's plans and meeting with Kevin Orrock, who was now running the project for the company. So it worked out well for the Hughes owners, also for Rouse.

In fact, Rouse owned the Howard Hughes Corporation for maybe five or six years and then they were able to sell themselves to General Growth Properties for a huge number, with the Hughes assets making a significant contribution. So it turned out to be a great deal for the Rouse Company. And then General Growth took over and ran it until they ran into the collapse of the real estate market and filed for bankruptcy in 2009 right in the middle of this earn-out arrangement. So we got mixed up with their bankruptcy and had to work through that.

Anyway, after that was resolved, everybody's gone their separate ways now. Now Summerlin is actually owned by a spinoff of General Growth. When General Growth emerged from bankruptcy, they created a new company that they decided to cleverly name the Howard Hughes Corporation. So that company is now a separate public company.

But it has no real roots in the Howard Hughes Company.

No, except for Summerlin. It owns Summerlin. It owns Columbia, Maryland, which is a planned

community back on the East Coast between Baltimore and Washington. That was the Rouse Company's deal. It owns the Woodlands in Houston, which is a big successful master-planned community. It owns a number of regional shopping malls that General Growth had either just built or were having problems. So basically it was their under-performing assets, including malls that hadn't matured, like the one in Summerlin. They started construction on that and stopped it because of the market and it just sat there vacant for about two or three years before they could finally go ahead and begin work to complete the Town Center.

So anyway, it eventually worked out for all of them. The Rouse guys were happy. Most of their executives retired and went away. General Growth still has an interest in the Howard Hughes Corporation through this separate public company.

Now, another piece of the infrastructure out there is the library, the public library.

That's another thing we did early on. We worked with the [Las Vegas-Clark County] Library District on the site and design. The District paid for its contribution, but it wasn't a typical library. They agreed to enhance it by putting in an auditorium, because we wanted to have a community facility out there for events, plays, and etc. So we did make a contribution toward that and we made a special deal with them on the land. They came in very early as well. Then we helped to bring in the Donald W. Reynolds Foundation to build their headquarters adjacent to the library. By having Reynolds out there, they also took a special interest in the community and they ended up funding several other charitable organizations. They funded the Nevada Dance Theatre's facility out there, but if they hadn't been located out there, I'm not sure that deal would have ever happened. Nancy Houssels was also a great salesperson. Anyway, the Foundation gave them most of the money for that facility. They made a lot of other contributions to organizations in Summerlin and all over Las Vegas. So they've made a big positive impact out there as well.

Oh, yes.

So you have ballet.

Not me. Not me. I preferred Assistance League and Boy Scouts.

So you worked with the Boy Scouts, too.

Well, we did it together.

You had time for the Boy Scouts?

I was on the board of the Boulder Dam Area Council for most of the time I was in Las Vegas. I was a Boy Scout when I was young. Loved scouting. I think it was a great thing. My son was in scouting. So I was active in it. I was on the board for a long time. But unfortunately, my secretary at the time happened to be married to the guy who was the executive director of the Boulder Dam Area Council and she and he persuaded me to agree to be president for about two years. So I was president of the Council back in the early nineties.

After it was over with, John said, "I am so glad this is over with." He said, "I hated being the boss of those two people." His secretary was one thing, but having to be the boss of her husband, too...

But Dan said it made him nervous because we held the control of both of their purse strings.

Oh, that's funny.

So we've interviewed Mr. Orrock.

Did you? Okay.

Yes. And he spoke so highly of you. That's one of the major reasons we are here today. What is Walt—

Tom Warden.

Tom Warden, oh, sure, sure.

Yes, both of them spoke so highly of you.

Well, Kevin, gosh, Kevin and I worked together for over twenty years. Yes, he's a terrific guy. *John says he realizes that he's not Howard Hughes anymore because when he calls Kevin and the receptionist says, "Well, Mr. Orrock is not in right now. Who should I say is calling?" And he'll give his name and she'll ask him to spell it. [All laughing]*

Yes, I knew the fame thing was over.

How quickly they forget, right?

She's only about twenty. So that might make you feel a little better.

Oh, that's funny.

So have you seen Summerlin recently, the two of you?

I have not been—she hasn't been in a long time. The last time I was over there has probably been three or four years.

So when are you going to see it again?

Oh, I plan to go soon. I want to see the new—I haven't been since the opening of the new Downtown Summerlin. I want to see that.

Oh, it's nice.

I talked to Kevin recently on the phone about coming over and doing that. I'd just like to see what's happened to Las Vegas. A lot's happened on the Strip since we were there.

Exactly. So are you ready to see it again, Judy?

Yes, but I wasn't... We were busy and we were active, but it never really felt like home. So when he retired and we left, no one was surprised.

So what year did you leave?

Nineteen ninety-nine.

So you were there from '80 to '99, almost twenty years.

Almost, yes.

But you haven't been back since '99?

Oh, yes. Oh, yes.

Oh, yes. We go back for things, yes.

Yes, but he would go back for the meetings he had to go back and a couple of other times some of the other wives would go, too, and I would tag along.

But I can remember the first time when we stayed at the Wynn. I hadn't gambled. I hadn't played anything since they were two-dollar tables. That showed you how long ago it had been since I had done any gambling. We were at the Wynn and—

We didn't gamble at all when we lived there because I was licensed, for one reason, and we weren't comfortable gambling. So we never gambled. Anyway, go ahead.

We were staying at the Wynn. We had a little time one afternoon and we decided we'd go sit down. I kept looking around for the two-dollar table. They weren't any.

You didn't look far enough, did you?

She was in the wrong hotel.

Exactly.

I was in the wrong hotel. I said, "John...?" And he said, "Yes, I know." So we each took our hundred dollars and we sat down and we bought our chips. I was playing like I had thought that is the way you play. This young lady was sitting next to me and she said, "Would you like for me to show you how to really play this game?" And I said, "Sure." I didn't know. So she started showing me how to bet and I started winning. Ten thousand dollars later... I had done in about three hours. John was down there losing and he saw this big pile of chips out on the table and he

said, "Judy, what in the world are you doing?"

We sat down at a ten-dollar table and I looked over there and she had three hundred dollars out there in front of her betting. That's when I said, "What in the world are you thinking?" She said, "Well, that's what she told me."

Who was this woman?

It was a nurse. She and a friend—

A nurse?

A nurse from Miami. She and her friends came. It was the first week in December. They'd come out for... until they all lost their money. She had lost. She was through because she didn't have any more money. Anyway, so she was helping me and I was raking it in. Well, John finally lost all of his hundred and he got up and he just came over and he just scooped most of it up.

Ten thousand dollars.

I wanted to make sure we got home with some of it.

So anyway, he would cash it in. I didn't even know how much I had and I kept playing. I finally got tired. I had had all I wanted. So I gave the dealer five hundred and I gave her a thousand dollars' worth of chips. She said, "I can't take this." I said, "It's Steve Wynn's money. Take it." I said, "You've got another couple of days to lose this money." And I said, "It doesn't mean anything to me because it's Steve's money." So I got up and left.

We met these friends for dinner that night and we were at Steve's big dining room. I said, "Dinner's on me."

Dinner's on Steve.

I said, "It's really on Steve." So we had dinner. Anyway, as we were walking through the casino going to dinner, the same dealer was at a table and he said, "There goes that woman that got the

money."

Oh, wow.

That's the one. Oh, what a great story.

But the next afternoon we sat down at a table. He gave me my hundred bucks and I sat down and it took me five minutes to lose it.

Okay, yes.

Well, that was very efficient. How long did it take you that time?

Not long. It's not my strong suit.

Well, that's why there's all those big pretty buildings there.

Yes, it is. Yes, it is.

That's exactly right and I knew that.

We understood that when we lived there. But we did love going to those dining rooms and those hotels.

Oh, yes. I love the movie theaters.

Yes, we sure miss those. Yes.

When we first moved there, people dressed.

Tell us about that.

People got dressed up to go. John didn't go to a show without a coat and tie.

Oh, yes, you didn't go to a showroom without a coat and tie, yes.

What happened if you did?

Well, nothing. They'd let you in, but you'd just look out of place.

In the evening you dressed.

We never got kicked out, but that's just the way they dressed.

We went to the Dome of the Sea Restaurant. Do you remember that? It was in the Dunes.

Oh, yes, yes, the Dunes.

It was quite elegant. My husband had a tie on, but no jacket.

And they gave him a coat?

They gave him a coat. It was monstrously huge for him. They said, "It doesn't matter. You have to have it at least on the back of your chair. It has to look like you came in with a coat."

Yes, yes.

Now it's shorts, tennis shoes.

Oh, whatever.

Oh, whatever. It's just a mess. I want to go back to the old where people—well, I'd like for people to dress up to go to church.

When I began to lose my love for the Vegas Strip was when I went back after they opened the CityCenter project, after that opened that and they opened the Aria Hotel. I was out there on business and I said, "Well, I'd like to just see what it's like." I just felt like I was in the middle of New York City or something. It was just so dense. Everywhere you look is a high-rise building. I said, "This is not Las Vegas." I just hated it. I hated everything about it. The restaurants were so formal. I didn't even feel comfortable in the restaurants. It was just a strange feeling.

So what about the Red Rock, though?

I love the Red Rock. I love it. It's a fun place. It's a fun place.

And it's beautiful.

It's beautiful. And the Fertittas are always very nice when I go out there. They would always give me a nice room and I appreciated that and loved that.

Didn't have to spell your name for them.

He did have to keep his card.

Well, yes.

It was good, yes.

So where do you see Summerlin ten years from now?

Well, Summerlin is nearing build-out. We went through all this during the bankruptcy because we had to decide exactly what was left. I think we determined it was probably maybe ten or fifteen years or so of inventory out there at the current pace. It depends on whether they speed it up or slow it down. What they actually did for a while is actually slowed down the sales because they found they could get more revenue by selling fewer lots than by accelerating it and selling it to appeal to a broader market. I don't know what Kevin's plans are right now, but I would guess that maybe ten to twenty years would be a complete build-out, but it's getting pretty close now. They're planning, I know, the last few phases.

I don't see the character of it changing. There's probably going to be more high-end property sold, because there's still some really incomparable lots that are still remaining when you get out toward the Red Rock Canyon area. You go up over four thousand feet in elevation, you can see the entire world from up there. So I can see some more high-end properties being developed there, like they had been recently. But I don't think the character of the community is going to change.

One of the things I think we did a really good job with is, in the early stages, the transportation planning. Even today—now, as I say, I haven't been there much lately—but you don't see the kind of congestion in Summerlin that you see in most neighborhoods, not just in Las Vegas, but in any city in the country. It's because of the way we planned. We had a lot of

good traffic planners early on in the whole process develop the hierarchy of streets where you've got collector arterial streets, and then the distribution streets into the neighborhoods and all that, so that you're separating a lot of local traffic from the through-traffic and the regional traffic. And we also worked with the Regional Transportation Commission (RTC) to accelerate the building of that roadway, the Beltway, CC-215. We actually donated that land. Normally they would condemn it and pay us fair market value. But in exchange for us donating it, they let us work with them on the design and the location of all of the interchanges. So we got to put the interchanges where we wanted them. It was worth it to us so that it didn't interfere with our planning and it also accelerated the schedule. So I think the traffic out there just moves extremely well for such a dense community. There are over a hundred thousand people living out there now and, as I said, almost twenty thousand employed there. So generally you'd think that would create a lot of congestion, but it really doesn't. Something like the Red Rock Casino, they generate more traffic than the rest of the community combined, I guess.

Oh, yes. I can't remember if it was in 2010 or 2011—Claytee, you might know—but the Urban History Association met in Las Vegas and they offered three tours. One was out to Hoover Dam. It was 2010 because the bypass bridge had just opened. One tour was of the Westside, which Claytee conducted. The third tour was of Summerlin, and it was about the transportation networks. That tour sold out. It was the first one to sell out.

Good.

Greg Hise guided that one.

Exactly, yes.

We went out there and met with Tom Warden and—I can't remember who else—to get the tour mapped out and the commentary set. But that was what the urban historians wanted

to see.

Well, good. It's good to hear that.

Your interview is also going to be very valuable to urban historians as well.

So is there anything else that either one of you want to add?

I could talk all day about it.

I have one question, though. It has nothing to do with Summerlin. A few minutes ago you said something about starting Hughes Helicopter. Tell me about that.

Hughes Helicopter Company? That was one of Howard Hughes' companies. In fact, it's still in operation today, but it's part of Boeing. If you remember, the first Iraq war where they used the Apache Helicopters? Well, those were made by Hughes Helicopters. That was the one transaction, frankly, that really enabled everything to happen that I've been able to do.

Remember, between 1976 and 1984, we didn't know who owned the company because Hughes died without a will. So it took that long for the courts to decide it. They had to deal with over fifty phony wills that were submitted for probate. So they had to resolve each one of those issues before they finally decided on legal ownership. During this time, Hughes Helicopter Company was a small helicopter manufacturing company from Culver City, California. It used to be just a division of Hughes Aircraft Company, but it was a separate company by then. And they were making what were called the 500-D. It was probably the most popular commercial helicopter of this type. It was about a two- or four-seater, but a very successful commercial helicopter. But it wasn't making a lot of money because there just wasn't that much demand for commercial helicopters. I mean, you might sell one a month or three a month. So the company was struggling and it needed an enormous infusion of capital. It also happened to sit right in the middle of probably the most valuable piece of real estate in Southern California, a place called

Playa Vista. You've seen Playa Vista that's developed?

I have, and it was like the last open space in Los Angeles County.

Yes. So one of the projects I was also responsible for while I was in Las Vegas was Playa Vista and Howard Hughes Center, which is a big commercial mixed-used development project on the I-405, right there on Sepulveda [Boulevard].

So in any event, Hughes Helicopters was struggling to make money. They needed a lot of money to be able to expand into the military business. That's where the money was, in military aircraft. So they were bidding on a major contract for the U.S. Army; it was called the Attack Helicopter Project. So we literally—Lummis—I can't say “we;” I wasn't involved with it—but Lummis literally bet the company on going after that project. He borrowed an extensive amount of money from our banks, all that the banks would loan us, and he really put his entire effort and energy into building an organization over there that was capable of executing that should we be successful in getting it. It took several years. A big military procurement like that takes years to develop. So we developed this Apache Helicopter, AH-64 Apache, and it was doing great in all of the trials. We still didn't know if the [U.S.] Army was going to accept it.

So when they finally agreed to award the contract to us, one of the stipulations was we had to have a new plant. The plant that we had over in Culver City was not nearly adequate for that. We had to have a new plant up and running within, I think, about year, which is just unheard of for something this complicated to put together. So they came to me, the helicopter guys, and said, "We can't do this in Culver City." They said, "Just getting the approvals alone will take more than a year." So they said, "We've got to go outside." So we put together a site selection team. I would have preferred to have brought them to Las Vegas. We had land in North Las Vegas that would have been perfect.

That would have been wonderful.

North Las Vegas would have loved having it there. We could have gotten approval in two days probably compared to a year, year and a half in California. So anyway, we brought our team. We looked at Las Vegas. We looked at several other sites. But we ultimately decided that Las Vegas—this was in 1983—we ultimately decided Las Vegas did not have the kind of skilled labor force that we needed. If we had a tight time frame like that, we just couldn't build a plant and hire and bring up to speed that kind of... So anyway, we ended up building it in Mesa, Arizona. So Mesa, Arizona, became the headquarters for the new helicopter company.

But as soon as we earned the contract and moved into that facility, Lummis worked out a deal with McDonnell Douglas to sell the company. We had tried to sell the company two or three years earlier for less than \$50 million. After we got the Apache contract, we moved into this plant and started building the Apache, we sold it to McDonnell Douglas for \$500 million. That was about the same time that we had learned that the estate had finally been settled and we knew who the owners were. We had not been able legally to make a distribution to these people for eight years, [to people] who we knew were the legitimate heirs of Howard Hughes.

So anyway, with that \$500 million we got from McDonnell Douglas, we were able to pay off all the debt that we had incurred to build that plant and to develop the contract, pay off all the debts that the company had, and make a substantial distribution to the owners that made them very happy.

Oh, I'm sure.

It freed us at Summerlin then to really begin executing, because the money that I was planning to raise from the Collins Brothers and Hal Ober and Sun City then could be invested in Summerlin and not have to be distributed, which probably would have been the alternative if that hadn't have

happened. So the sale of Hughes Helicopter Company is really what solidified the whole estate and allowed us to unwind the estate and operate it successfully for a number of years.

Then, of course, in the late eighties, then we began to exit the gaming industry and completed that in 1989, I guess. I became president of the company, 1988, actually, and Lummis was able to retire and go back to Houston, which is where he wanted to be all along.

He came down here for three months.

When Hughes died he thought he would come out to Las Vegas and spend a few months and settle the estate. At the time he had four children all at home in Houston, all school-age children. His wife and he moved to Las Vegas and put the kids in boarding schools or made other arrangements. Like I say, he started to stay a few months and ended up staying fourteen years.

And they went back to Houston.

Yes.

And she never liked it?

They were so happy to get back. But Fran actually liked Las Vegas.

Did she? Oh, good.

Oh, yes.

They lived very modestly there. They lived in—

A suite?

No, no, no. They lived in one of our hotels for a while—but they lived in...Is it Spanish Oaks right there off West Sahara?

Spanish Oaks.

Yes, they lived in Spanish Oaks in a little modest zero-lot-line home. She loved to play tennis.

She had a tennis group that she played with all the time there. He liked it because of the privacy.

He loved his privacy. So she kind of liked living in Las Vegas. There were times we would have dinner with them, which was pretty often. I would say to Will, I'd say, "In other words, you want me to come and be interrogated again." Because she was always—he was such a quiet guy even at home. He would never talk business at home. Fran said, "The only time I can find out what's going on with the company is when we have dinner with you." So we'd sit down there and she'd just have this... She was like a reporter. She would have a list of forty questions she wants to ask me about what the company is doing. I'd say, "Well, didn't Will talk to about this?" "He won't talk to me about the company."

Somebody would say—they had all the big prize fights and stuff.

Oh, that was great.

We'd get tickets to go to the prize fight and John would say, "Well, let's have dinner before or after or something." And he'd say, "Well, where?" She'd look at him and she'd say, "Will, you own five hotels with numerous restaurants in each. I think we can find a place to have dinner."

He was just that unassuming.

Wow. What experiences.

Yes. Oh, I met Cary Grant.

Yes, it was an interesting time.

Did you?

Oh, yes.

Tell us about that.

They had moved—

Remember the Flying Boat?

The Flying Boat, the Spruce Goose?

Yes, the Spruce Goose.

Not the Spruce Goose. He hated that name. It's the Hughes Flying Boat.

Oh. The Hughes Flying Boat, okay. I stand corrected. Thank you.

It was stored in the harbor, Long Beach Harbor, and they wanted to expand the harbor. So they told Hughes that they had to move the plane.

It had been in this harbor since 1947.

Since it had flown that one time.

The one time.

The one time. But the story goes that we heard that the engineers that had designed and developed this plane were still on staff, and once a month they would go in and they would start the engines to make sure that they ran. And they kept that plane just like Mr. Hughes was going to walk in there, get on the pilot seat, and fly it. So anyway, that was one of the first things we did was to move the plane over to where the Queen Mary is anchored.

It was costing about \$2 million a year just to maintain this hangar and this staff of people for something we knew we'd never... So the company made a deal—Lummis did this—he made a deal to donate the aircraft to the Southern California Aero Club. And he made a separate deal with the Rather Corporation, who operated the Queen Mary, to build a facility to house the Flying Boat for an exhibit. So he arranged all that, really, so we could get rid of this two-million-dollar obligation. He gave all this stuff away. We didn't get anything out of it, but we got rid of this long-term obligation and preserved an aviation treasure. The Flying Boat is still on exhibit at a museum in Oregon.

So anyway, everybody gets all dressed up and we go over for the opening of this [Flying Boat] exhibit and Cary Grant is there. There was a fellow that worked for the company that had

worked, I guess, at the movie company. Anyway, he knew everybody, and so he would get all these people to come. Anyway, so Perry took me and he went over to Cary Grant and introduced me to Cary Grant. I was standing there talking. Then pretty soon up came a friend of ours. Her name was Judy, too, and she was introduced to him, too. He went, "Judy, Judy, Judy." He said, "I never said that." [All laughing]

But he did then.

He did then. I said, "Well, you have now." He said that was the only thing that the people... What were they called?

The PR people?

Paparazzi.

No, no. The people that mimicked voices.

Oh, impersonators.

Impersonators. Thank you, Dear. Impersonators. He said, "That's the only thing they could make sound like my voice."

Oh, the name Judy?

Judy. "Judy, Judy, Judy." And so I said, "Well, you've now said it and—"

And it sounds like you.

"—and it sounds like you."

Oh, how funny.

But we met people like, just kind of off chance, stuff like that, during all the years they had the hotels and stuff.

What a great experience.

It was.

It was fun.

And now you get to just enjoy your life.

Yes, and we have. We have.

This is fabulous. Thank you.

Well, did you get what you needed?

We sure did. Thank you so much.

Thank you so much. This is more than we ever dreamed. So thank you so very much.

Yes, both of you.

Some of it's true. [All laughing]

I'm going to erase that.

No, I think we need to leave it. Oh, thank you so much.

[End of recorded interview]

APPENDIX

Selected Articles, Documents, and Photographs from the John Goolsby Papers



1983–84, L to R: John L. Goolsby; President Robert Maxson, University of Nevada, Las Vegas; William R. Lummis, CEO Howard Hughes Corporation and Summa Corporation. Maxson accepting \$2 million donation by Howard Hughes Corporation on behalf of UNLV's Howard R. Hughes College of Engineering. The College's civil and mechanical engineering

programs were certified in 1984 by the National Accreditation Board for Engineering and Technology.



1991: Annual Real Estate Forecast sponsored by the Greater Las Vegas Board of Realtors. "There's only one modern planned community that compares to Summerlin!" From Left: [?] Gibson; M. Collins; D. Stout; Richard Plaster, and John Goolsby at podium presenting Summerlin's plans for 1992.



May 1992: John L. Goolsby honored by the Board of Regents of the University and Community College System of Nevada as a Distinguished Nevadan. Pictured at UNLV's Howard R. Hughes College of Engineering next to a replica of Hughes's racing plane (original plane pictured on p. 80 is now at the Smithsonian Institution).



May 1998: John L. Goolsby awarded Honorary Doctor of Laws degree by the Board of Regents of the Nevada System of Higher Education and presented by Dr. Carol Harter, President of the University of Nevada, Las Vegas (UNLV).



1990: John Goolsby with Lee Trevino 1990 playing in the Las Vegas Senior Classic at the Desert Inn Country Club



1996: John Goolsby receiving trophy for winning Pro-Am portion of Las Vegas Senior Classic with Tom Hartley and Ted Weins.



1994: Judy Goolsby; Lee Iacocca; John L. Goolsby, UNLV Foundation Chairman, and Barbara Greenspun at the UNLV Foundation annual dinner.

Letter to the Heirs
August 12, 1988
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ESTATE OF HOWARD R. HUGHES, JR.

P. O. BOX 14000
LAS VEGAS, NEVADA 89114

August 12, 1988

To the Heirs and Others Interested in the Estate of Howard R. Hughes, Jr.:

Since the first of the year a great deal of time and careful thought have been given to the essential yet very difficult task of downsizing the Hughes Estate business organization as we transition the Estate in accordance with our agreed strategy to one engaged solely in the business of real estate investment and development. Important decisions have been made and actions taken to bring about this drastic adjustment as rapidly as possible without causing harmful interruption in the conduct of the Estate's business or undue disruption in the lives of our many affected personnel whose careers are undergoing dramatic change as a result of the process.

To give you some idea of the magnitude of what is happening I offer the following information. At June 30, 1988 our employee headcount stood at 1,015 representing a reduction of 5,782 employees in only the six months which have elapsed since December 31, 1987 when our employee headcount was 6,797. Most of this reduction, of course, has come about as a result of our concluding the sales of the Desert Inn, Sands, and Frontier Hotels in Las Vegas and of Harolds Club in Reno but there have been significant reductions in the Corporate Office support areas as well. As dramatic as these reductions are, I am pleased to be able to report that practically no significant unemployment of our former employees has resulted thus far or is expected to result as we continue the process.

This personally distasteful and sometimes painful process is an ongoing one and I expect that by year end we will have dropped total headcount from 1,015 at June 30 to under 200. The drift will continue downward thereafter as well but at a slower pace.

In the context of the foregoing you all should know that from our senior ranks James A. Cox, Jr., our Executive Vice President who has had primary responsibility for the operations of our Hotel/Casino and Aviation activities; John W. Alderfer, our Senior Vice President, Controller and Chief Accounting Officer; Thomas L. Morgan, our Vice President and Treasurer and Carole A. Carter, our Vice President in charge of Computer Services, will all be leaving the organization at year end. Partially offsetting the void in certain areas which will result from these departures, we are bringing on board next week as Senior Vice President and Chief Financial Officer, M. Rex Baird who comes to us from Houston where he served as Chief Financial Officer of Cullen Center, Inc., owner, developer and operator of some 3 million square feet of commercial office space and of a 275 room hotel in the downtown Houston area.

Of paramount significance as we near the completion of the transformation of our business and the principal reason for my writing to you at this particular time is to announce the election, effective September 1, 1988, of John L. Goolsby as a member

August 12, 1988: William R. Lummis letter to the Heirs in the Estate of Howard R. Hughes Jr.

Letter to the Heirs
August 12, 1988
Page 2

ESTATE OF HOWARD R. HUGHES JR.
1000 W. WASHINGTON AVENUE
LAS VEGAS, NEVADA 89102

of the Boards of Directors and as President and Chief Operating Officer of the principal Estate companies, including Summa Corporation, The Hughes Corporation and Hughes Properties, Inc. All of you know John, I believe, but to give you further information about him I am enclosing in this regard a press announcement which will be released to the media on Monday, August 15.

As you are all aware, John Goolsby has had primary operating responsibility for the Hughes Estate's real estate activities for a number of years now. He has performed exceptionally well for us in every way, has proven himself to be a highly competent executive and has firmly established himself as an outstanding leader in the Las Vegas community. It is appropriate at this time that we recognize not only his achievements of the past but also the extremely important role we expect him to play in the future as we continue our Playa Vista and Howard Hughes Center projects in Los Angeles and our Summerlin, Hughes Center and Hughes Airport Center projects in Las Vegas. This promotion is extremely well deserved and John assumes his enlarged duties and responsibilities with the complete confidence and support of all of us. I hope many of you will be able to find time to drop him a note of congratulations and support.

For the time being it is our plan that I will continue as Chairman of the Boards of Directors and as Chief Executive Officer of the Estate companies.

Yours very truly,



William R. Lummis

WRL:js
Enclosure

Nutty old Howard Hughes gobbled up every piece of land that came on the market in a remote desert spot. We should all be so nutty. The spot is called Las Vegas.

Thanks, Cousin Howard

By Robert Lenzner

IN HIS LATER YEARS the reclusive billionaire Howard Hughes *was* the real estate market in Las Vegas. He acquired virtually every piece of property that came on the market. By the time he died in 1976, Hughes held

35,000 acres, including six hotels and casinos, and undeveloped prime turf on the Strip.

Talk about smart investments. Thanks to his obsession with Las Vegas realty, Hughes' 22 cousins and

their descendants will pocket \$1 billion from his estate. Yet, because Hughes left no will, this vast real estate holding became part of the meanest, most protracted estate battle in American history. It took the



OLIVER PICTURES

Howard Hughes with one of his racing planes, sometime in the late 1930s

When he died in 1976 his estate was a mess—but the values were there.

better part of two decades and an estimated \$100 million in legal fees to resolve.

"No one knew who owned the estate or where Hughes was [legally] domiciled," says William Rice Lummis, a Houston lawyer, whose mother, Annette Gano Lummis, was Hughes' aunt and his closest remaining relative.

"Texas and California both wanted the estate. It was a potential gold mine for them," says Lummis.

Lummis, a lanky Texas lawyer who once bore a striking resemblance to Hughes, moved from Houston to Las Vegas in 1976 to take over the estate as court appointed administrator.

Lummis found that the Summa Corp. (today, Howard Hughes Corp.) was a badly run mishmash of 26 operating companies in 16 businesses, including a television station, gold and silver mining interests and a sports network.

The helicopter operation was worthless. "We couldn't give it away," says Lummis. There was an \$80 million default judgment against

Hughes himself, related to the acquisition of Hughes Airwest, a regional airline. The five gambling casinos were losing money, and the real estate, mostly undeveloped land, was illiquid.

What was it worth in 1976? Merrill Lynch said \$168 million. The IRS thought about \$400 million and demanded a minimum of 77% in death taxes. Where would the tax money come from? Las Vegas in the early Eighties was in the midst of a recession.

Lummis quickly convinced the cousins to sink their differences and agree on a potential division of the spoils. "Otherwise, we'd still be fighting among ourselves," he says. The Houston Group, which he led, took 71.5%. The rest went to two groups of cousins—one group, from Los Angeles, got 19%, and the other, from Atlanta, got 9.5%.

Some of the cousins were teachers, educators or ministers without substantial resources. So they offered their lawyers a piece of the estate if they won. Law firms like Los Ange-

les' Kindel & Anderson and Houston's Andrews & Kurth L.L.P. got their stake that way.

Lummis borrowed \$190 million to reinvest in the helicopter business. He was able to turn it around and sell it to McDonnell Douglas for \$470 million in 1984.

He settled with the IRS, Texas and California for around \$225 million and still had enough capital left to develop the real estate. "Hughes had some good inflation hedges in that real estate," says Lummis. "But we had to unlock the values. There were obstacles. For instance, the largest parcel was well outside the city limits and 4 miles from the nearest utility."

Lummis also sold the casinos, including the Desert Inn Hotel & Casino, which Hughes had purchased in 1967 after management tried to evict him from the quarters he occupied there.

Next, he sold to Steve Wynn undeveloped property on the Strip, where Wynn built the Mirage and Treasure Island hotel-casinos. And he brought in John L. Goolsby, a burly Texas real

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estate developer, to develop the other raw property.

Goolsby saw through the building of the first retail mall on the Strip to exploit the growing invasion of visitors. The numbers have been climbing 8.3% a year, to 29 million in 1995. In 1990 Goolsby also began selling 20- to 40-acre lots to home builders in Summerlin (named after Hughes' grandmother), a 22,000-acre area outside the city limits and extending to the foothills of some rocky mountains.

Goolsby's timing was perfect. Real estate values took off as retirees and other émigrés began flooding in from California, Arizona and Texas. They got an uncluttered spot in the desert

in a state blessedly free of income or estate taxes. In 1995 alone almost 70,000 new residents moved to Las Vegas. Twenty-four hundred new residences were sold, mostly in Summerlin, the fastest-growing master planned community in the U.S.

At the same time, the Las Vegas economy was booming in other ways, too. Construction outfits, bank back offices, distribution centers for mail order houses are popping up everywhere. "It was a small town that was just emerging when I arrived," says Lummis. "Now, there's traffic jams."

Lummis brought in Morgan Stanley, which organized an auction. The Rouse Co., based in Columbia, Md., won. It acquired the Hughes Co. for

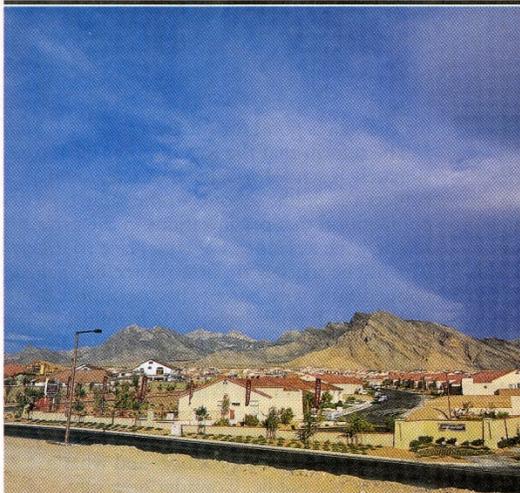
\$232 million in cash and Rouse stock. It also assumed debt of \$328 million, making the deal worth \$560 million. Rouse had pioneered new communities like Columbia and malls like Faneuil Hall in Boston, and wanted to move to faster growing parts of the country. "The country is moving south. That's where the population is going. And we're going there, too," says Anthony Deering, Rouse chief executive.

Among the bigger winners were the Houston-based Lummis and Gano families, plus the partners at Andrews & Kurth, and Kindel & Anderson, each of whom owns part of the estate. But that isn't the end for them.

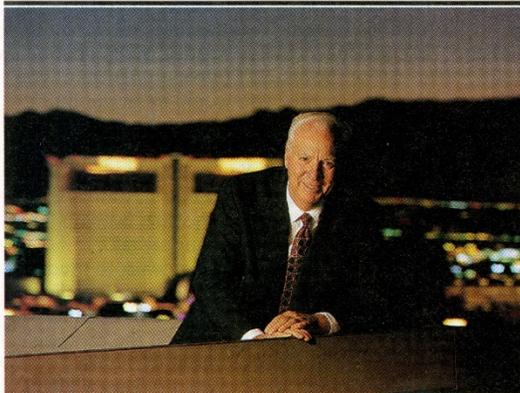


William Rice Lummis, Hughes' first cousin, under a model of Howard's *Spruce Goose*

Lummis met Hughes only twice, but he got to know the entrepreneur's businesses intimately.



PHOTOGRAPHS BY ALAN LEVINSOHN



New homes in Summerlin (top), 22,000 acres near Las Vegas named after Hughes' grandmother; John Goolsby, president of the Howard Hughes Corp.

Lummis brought in Goolsby to develop the raw land. Their timing was perfect.

Lummis shrewdly opted to keep a contingent interest in the undeveloped property, especially the 16,000 raw acres of Summerlin, slated to become 25 distinct villages around a central business core. Scottsdale, Ariz. has nothing on Summerlin.

Lummis reckons there's another \$250 million on the come from the Hughes patrimony. As Summerlin keeps growing, Lummis and the other Hughes heirs will get more Rouse shares.

They already own 14% of Rouse, which ranks them among the company's largest shareholders. Plus they've realized a quick profit. The deal spiked Rouse stock 48% in four months, adding \$430 million to Rouse's market capitalization.

The Las Vegas holdings should

help Rouse's earnings grow 20% this year, Deering hopes. An obstacle to future growth is the lack of infrastructure. More people want to move there than it can absorb. Frets Deering: "One problem is schools. There aren't enough. They've fallen behind providing them. To keep up with the growth in Las Vegas they need a new schoolroom every day."

Lummis, who met Hughes only twice, is proud of his legacy and serves on the board of the Howard Hughes Medical Institute. The other members of the clan, though happy to get the money, don't want to broadcast their newfound wealth.

"Family secrets are family secrets," says David Elkins, Lummis' friend and former law partner. "It's just their style. They don't want attention." ■

Forbes ■ November 4, 1996

Air Travel ■ Car Rental

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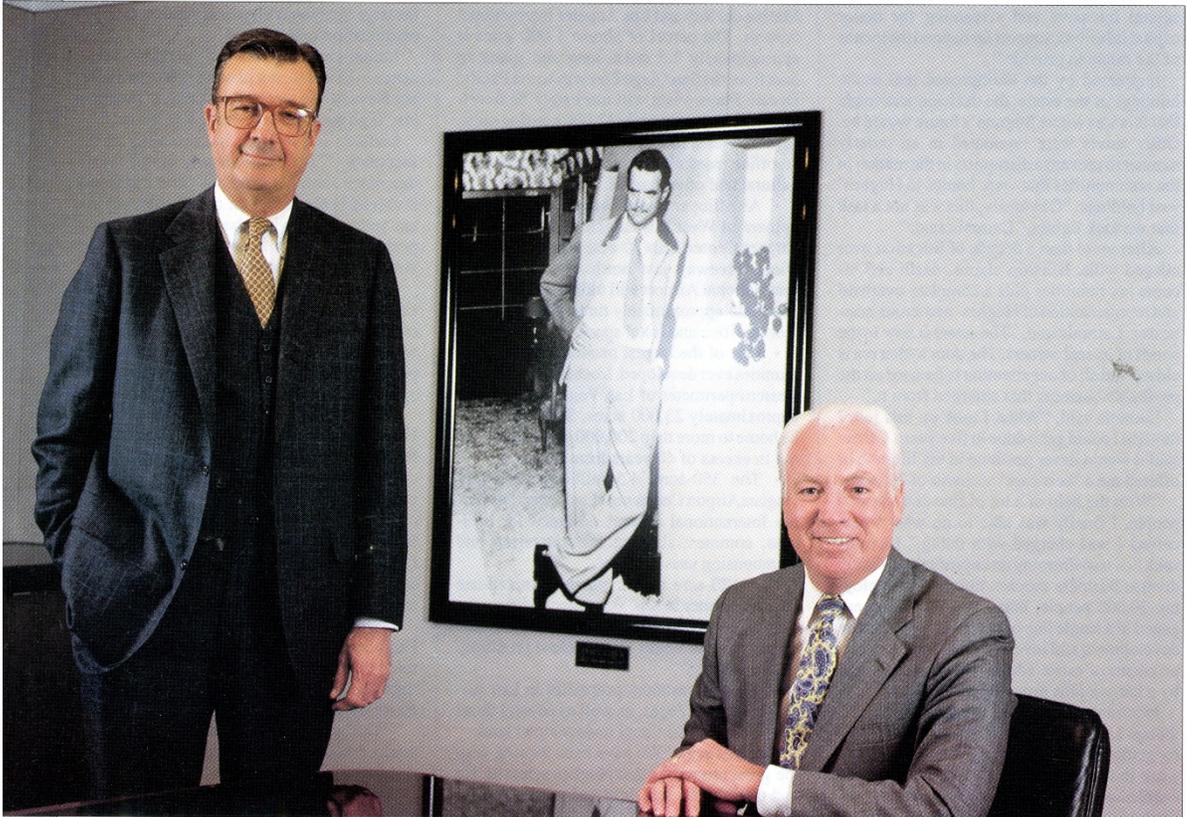
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EXECUTIVE PROFILE



Howard Hughes' portrait overlooks retiring Howard Hughes and Summa Corporation CEO, William Lummis (standing) and his successor, John Goolsby.

The Changing of the Guard

William R. Lummis recently announced his retirement as chief executive officer of The Hughes Corporation and Summa Corporation, a position he has held since the death of Howard Hughes 14 years ago.

Lummis, 60, who informed the Hughes heirs of his intentions a year ago, announced his retirement, effective March 31, at an employees meeting held in Las Vegas. He will be succeeded as CEO on April 1 by Summa president and chief operating officer, John L. Goolsby, 47. Lummis will remain a member and chairman of the boards of directors of the corporations.

Lummis, a first cousin, bears a striking resemblance to Hughes and was the man called upon to unscramble and navigate the deceased billionaire's estate following Hughes' death in 1976. Reflecting on his tenure as the overseer of the businesses that arose from the Hughes

estate Lummis comments, "I've not had a boring moment in 14 years. When Howard Hughes died, none of us who have since dealt with the estate anticipated — or could have been prepared for — the extremely complex, difficult and bizarre experience which lay ahead."

Of the corporation's extraordinary evolution during his leadership Lummis comments, "The company is in a completely different business than when I took over. At that time, it had 16 diverse lines of business involving 26 operating entities."

They included a 4,000-employee airline, over 30 personal aircraft, numerous hotel/casino operations, a television station, a publishing venture, an architectural planning firm, a helicopter manufacturing company, mining, ranching and immense real estate holdings.

Lummis said, "These money losing businesses had one thing in common: they were all

As seen in Nevada Business Journal

March 1990: Announcement of William Lummis's retirement as seen in *Nevada Business Journal*.

capital intensive and screaming for major capital infusions, support far beyond the means of the estate to provide."

Impressed by the unimproved real estate holdings of the estate, the decision was made that this was where Summa's future would be. Other assets were liquidated in an orderly manner to prevent a disruption in the market in the communities that were homes to Hughes' vast holdings. "Obviously, this was not a task that we took lightly," Lummis said.

After more than a decade of litigation over alleged wills, heirship claims, death and income tax liabilities plus a complete overhaul and reorganization of Hughes' numerous businesses, Lummis said, "The estate is now in the hands of its real owners. The door to that era is closed and all of our attention is focused on the profitable business that emerged from it."

Lummis said, "When I took on this job, I thought I could get it done in five years. Others said it would never get done in my lifetime or offered me a 'best case' scenario of 20 years.

"With the help of a lot of fine and talented people, I finally was able to do what I perceived I was charged with doing," Lummis said, "... transforming an unprofitable, widely diverse business empire, ultimately employing 20,000 people, into a lean operation engaged in a single line of business — real estate development and investment — unfettered by problems of estate administration and owned by a harmonious group of shareholders."

Incoming CEO, John Goolsby, said, "Although Lummis modestly does not take credit for getting the 200 to 250 heirs/shareholders to work in concert, it was his leadership which enabled us to continue to operate without the kinds of distractions that could have interfered with the orderly management of the company. Rather, Lummis prefers to credit the Hughes family who have been very patient and cohesive. They allowed us to do those things which permitted the company to arrive at the point where it is now."

Lummis said, "The heirs are owners who are long-term players. Every property we have will take years to develop and require major capital outlays. The fact that we are still a privately held company is very beneficial in many ways."

Goolsby said, "The company is very sound financially. Our balance sheet is strong, with large, valuable assets and very little debt. It is highly profitable and is expected to continue to produce significant cash flow as it has for the past several years."

The "large valuable assets" referred to are real estate assets which are among the largest private real estate holdings in the United States. Among them are:

- An interest in the largest undeveloped urban land parcel in West Los Angeles near

Marina del Rey and Los Angeles International Airport. The parcel of almost 1,000 acres is approximately 3.5 miles long and spans an area from the San Diego Freeway to the Pacific Ocean. Playa Vista will ultimately be developed into approximately 12,000 housing units, several hotels, retail centers, office buildings, an office research park and a variety of civic, cultural and other uses.

- An office and hotel complex under development in West Los Angeles called Howard Hughes Center. This 70-acre parcel on the San Diego Freeway just north of Los Angeles International Airport will ultimately be developed into approximately three million square feet of office and hotel space.

- One of the largest master planned communities ever developed. Located on the northwestern perimeter of Las Vegas and totaling approximately 23,000 acres, Summerlin will be home to more than 200,000 people at build-out in excess of 40 years from now.

- The 350-acre, 4.5 million-square-foot Hughes Airport Center near Las Vegas' McCarran International Airport designed for business, commercial, light manufacturing and warehousing uses.

- A 120-acre master planned, mixed-use business center in Las Vegas anchored by the First Interstate Tower. Hughes Center is just east of the Las Vegas Strip in close proximity to the airport.

- Other investment properties in Los Angeles and Las Vegas, as well as several thousand acres of additional undeveloped land.

Lummis said, "We have been blessed with the great properties that Hughes selected. He had tremendous foresight and a good eye for where to buy."

Lummis was a partner in a Houston law firm when the monumental task of administering Hughes' estate fell to him. Since then, he has chaired the boards of Hughes Helicopters, Inc. (sold in 1984), Hughes Airwest (sold in 1980), Hughes Entertainment Corporation, Hughes International Corporation and Howard Hughes Realty, Inc. Lummis has also served as chairman, CEO and president of The Hughes Corporation, Summa Corporation and Hughes Properties, Inc.

Currently, Lummis is a director of the Nevada Power Company. In addition, in the past he has served as a director of Texas American Bancshares, Inc., Texas American Bank/Galleria in Houston and Republic Airlines. He is a member of the board of the University of Nevada Las Vegas Foundation and was formerly a member of the board of trustees of the Desert Research Institute Foundation and Nevada Museum of Fine Arts.

Lummis also continues as a trustee of the \$6 billion Howard Hughes Medical Institute. Based in Bethesda, Maryland, the Institute is

the largest privately endowed medical research organization in the world.

Lummis has reestablished a permanent residence in Houston, but plans to return to Southern Nevada one week each month to maintain his "high personal interest in Las Vegas."

Lummis is confident in the ability of his successor, "There is continuity in this transition since John Goolsby has been intimately involved in the direction of the company for ten years. He's what the company needs; a professional in the business we are now involved in — real estate," Lummis said.

Goolsby joined Summa in 1980 and has had overall operational responsibility for all real estate operations in Nevada and California while moving through the ranks from vice president of real estate to president and chief operating officer of Summa Corporation.

He is a member of the board of directors of First Interstate Bank of Nevada and Desert Research Institute Foundation, executive committee member of the Nevada Development Authority and Boulder Dam Area Council of the Boy Scouts of America, a member of the board of trustees of the University of Nevada Las Vegas Foundation and a member of the dean's council of the UCLA School of Architecture and Urban Planning.

Goolsby said, "Under my direction, the Hughes companies' objectives will be to continue our commitment to architecturally distinctive, quality, profitable, long-term real estate development and investment.

"We'll continue to conduct business in a manner that's ethical and sensitive to both the community and environment."

Another group intimately affected by the Hughes/Summa transformation is the corporations' employees, "We've implemented programs that allow employees to make significant contributions on how this company is managed and what it does. This was impossible prior to the estate being settled and affords us a luxury of openness with employees that we've never experienced," Goolsby said.

"The 'openness policy' is relatively new for Summa and extends to its relationship with government entities, too," Lummis said. "Gone is the secretive organization in existence during Hughes' life. I believe we have a new and deserved reputation for credible, open cooperation with the government and local planning officials.

"Today the transformation is complete. The Hughes business is efficiently and profitably operated by a relatively small number of employees (only 11 of whom were employees at the time of Hughes' death). These individuals are dedicated to the company's success in creating a distinctive real estate company destined to be a leader in the communities in which it is involved." ■

As seen in *Nevada Business Journal*

March 1990: Announcement of William Lummis's retirement as seen in *Nevada Business Journal*.