The Nugget Project: Ask Steve Neighbors: How casino, trust, foundation fit together; plus, why the hurry?

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Q: "I am confused about the various parties and entities surrounding the Nugget Project. Can you explain the Nugget, the Trust, the Foundation, and the history of these entities? It would also be helpful to know their objectives."

A: The Nugget is the operating casino. The Nugget owns the property on which the proposed development, if approved, would be built.

As background, more than a year ago, the Nugget management and employees adopted a "Community First" world view. Instead of focusing on expanding as a casino or on the casino industry's normal process of how to steal market share from other casinos, the Nugget determined they wanted to help the community, given the hard economic times affecting their own families, their customers and their neighbors.

After funding some modest studies, the Nugget determined they could best affect the community if they could change the overall economic basis of the city. Eventually, the Nugget hired a couple of consultants to formalize and present to the Carson City Board of Supervisors the Nugget's conceptual ideas for a public-private cooperation. They would also help drive the process if the concept was approved by the board.

The Nugget is still working to bring further details to the board and public. Once it is known what - if any - real property of the Nugget is needed for the downtown development, the Nugget plans to donate what land is needed to the Hop and Mae Adams Foundation for use in the development, as long as it can continue its own operations.

The foundation will receive any lease payments for that land used in the development. The Nugget will then benefit as the community benefits from a revitalized economic base.

Mae B. Adams Trust

The Mae B. Adams Trust, originally the 1990 Hop and Mae Adams Trust, owned 24 percent of the Carson Nugget, Inc. with daughter Betty Jean Adams owning 26 percent and Alan Adams Trust owning 50 percent. The MBA Trust eventually became the recipient of Betty Jean Adams' stock in the Carson Nugget and purchased Alan Adams' shares.

Other key events were:

- The proactive efforts of the Carson City Office of Business Development.
- The December positive vote by the Board of Supervisors to go forward with the

conceptual downtown development as presented by the Nugget.

• Alan Adams' belief in the project, making it possible for the MBA Trust to buy him out.

If any one of those events, starting with the "Community First" concept, had not aligned, the MBA Trust would not have bought an operating casino. The MBA Trust will focus on optimizing the value and performance of the Nugget, protecting the overall business and its stakeholders. When the demand for what real estate is needed for a downtown project is known, the MBA Trust will allow the Nugget to transfer that real property needed to the Hop and Mae Foundation.

In the interim, the profits of the Nugget will continue to improve the facility, catch up on some deferred maintenance and support the Nugget's "Community First" vision.

Hop and Mae Foundation

After the death of her husband and only child, Mae Adams, through her attorneys Andy McKenzie of Carson City and Ed Ahrens of Boise, set up a foundation for the benefit of the community and youth of Carson City.

That foundation is presently in the process of becoming a 501(c)3 IRS non-profit. It will eventually be funded with assets - after a final IRS audit is concluded over the next couple of years, and the final resolution of the value of the stock in the Carson Nugget.

There are three trustees set up in the foundation: Mae's attorneys, Andy McKenzie and Ed Ahrens, as well as Mae's business manager Steve Neighbors. Aherns has recently determined that it would be best if someone in Carson City, who knows and has a passion for the community, serves on the foundation. McKenzie and Neighbors are in the process of selecting that third party.

The foundation is not accepting applications from charities. It has not been funded yet, nor does it have at this time a vetting process for receiving and managing requests.

If and when it receives the land from the Nugget, the foundation will lease that land to the anticipated developer. Those lease proceeds will then be recycled back into the community again. As to the land for the library, that lease amount will go back to the library for the library to use as matching funds so the library can remain a cutting-edge facility and continue to be a valuable asset and resource to the community.

Q: "What's with the rush for November ground breaking? We need to slow down or we will make a mistake. Why is this being rammed down the city's throat?"

A: There is a no rush, but rather, a drive to keep the project on the front burner. There are a number of reasons for this, but first, let me address the misconceptions I see in this question.

First, the ground breaking will not happen until all the other steps are completed and fully vetted. The Board of Supervisors, its attorneys, the Nugget, etc., are not going have a target date force us all to do something regardless of whether it has been deemed prudent. There must first be the appropriate due diligence.

The second misconception is that this is a new and untried process. There have been thousands of developments like this across the country. The legal templates and procedures have been well documented. There are experts on board to help us deal with the issues.

Third, stops and starts on complex issues lead to more errors than staying focused. A year is a long time to put this three- or four-party agreement together. I just finished a complex five-way agreement - completed in three weeks.

Finally, the pressure is solely on the Nugget. From my perspective, there is not a rush, but a project management timeline set by the Nugget to keep this on the front burner in the Nugget team's mind.

From the Nugget development team's perspective, the lack of a timeline and mileposts would signal a lack of urgency and importance. The downtown development has been kicked around for nearly a decade, so it's easy to see how this project could get sidelined. Time demands and mileposts force action; the front burner gets attention.

The city will respond to what it is given, vetting it internally and taking public views on it all. The city is not going to do something without due process.

Because this project is on the front burner, Carson City has some unique opportunities with the digital media industry as well as other potential industries. Right now, construction costs are a bargain. The cost of money is extremely low. Major developers have no projects on the board. Normally, they would not give a small community project the time of day. Now they are willing to listen to our compelling story and unique opportunity.

We need to respond fast - not recklessly, as others would recast any action on our part - to bring these opportunities to Carson. Given the misconceptions surrounding the project, the Nugget believes it must get the details refined even quicker.

The demand for this project and its concepts could not be more obvious. We are in a time of severe economic distress. The Nugget believes there is a need for jobs in Carson City, not more slot machines or a bigger casino. Studies abound that support this - the future is grim if we do nothing.

Carson City can - and as Nevada's capital should - lead the way as an example to the rest of state. Perhaps a casino is not the ideal candidate to lead the charge, but it finds itself in that unique situation. The Nugget would be delighted to hear or support a better plan for the city.

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