

1 D'ANGELO LEE: MR. POTASHNIK.
2 BRIAN POTASHNIK: D'ANGELO, how you doing?
3 LEE: Good. How are you today, sir?
4 POTASHNIK: Doing okay. Hey, um, I've got um,
5 an issue tomorrow that's going before council and
6 I need DON's help on it.
7 LEE: Okay.
8 POTASHNIK: Um, there's um, I'm sure you know
9 about the Walker Consent Decree, right?
10 LEE: Hmm-hmm.
11 POTASHNIK: Okay, well, it really no longer
12 exists. In other words, it's been settled and resolved.
13 LEE: Hmm-hmm.
14 POTASHNIK: So on tomorrow's agenda, the HFC is
15 recommending that all projects moving forward no
16 longer have to have a Walker Consent requirement.
17 Okay?
18 LEE: Hmm-hmm.
19 POTASHNIK: Now, when we closed Scycene
20 and Laureland and, and the Cherry Crest deal in
21 LEO's district, KAREN SCHAFFNER assured
22 us we would fall under that, not having to have
23 Walker Unit requirement, okay? And that's how the
24 deals were underwritten by the investors and
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1 lenders and everything else. Well, the way it's
2 written now, the City Attorney came back
3 and said, "Well, we're going to make it subject to
4 everything from this day moving forward," April
5 twenty-seventh, moving forward.

6 LEE: Was that, was that, was that MADELINE?

7 POTASHNIK: I don't know who it was. It was some,
8 somebody else, some guy, it doesn't matter. Maybe
9 it was MADELINE. I don't know.

10 LEE: 'Cuz she's the City Attorney. Okay.

11 POTASHNIK: But anyway, that doesn't help us
12 because that means that the deals that we closed
13 earlier in the year, you know, are going to have,
14 to have the Walker Requirement. And it doesn't
15 even matter, it doesn't benefit, it doesn't...You
16 know what I'm saying? There's no reason for it.

17 LEE: And, and, and the, the Walker, what is that exactly?

18 POTASHNIK: It's basically, what it is, is
19 replacement public housing and the issue's been
20 settled and resolved so there's no reason to have
21 it. But what it does, is it requires is that you
22 have a certain number of your units at thirty
23 percent of area median income, which is absurdly
24 low. And the investors say that, and the lenders
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1 don't want it, housing authority doesn't want it,
2 nobody wants it, and we didn't factor it into our
3 projections.

4 LEE: Okay. Okay. So if we do away, do away with the
5 Walker thing, then um, you can just charge market rent?

6 POTASHNIK: No, we're going to charge the
7 restricted rent, but the rent, the restricted rent
8 is higher than the Walker rent. You know, we're
9 under the restrictions of the tax credit program
10 and the HFC anyway. All we need to do, and we've
11 talked to JERRY KILLINGSWORTH about
12 this, is to get DON or LEO, and I think LEO is too
13 weak to do it, is to make a motion to have it, not
14 effective April twenty-seventh, but retroactive
15 from, say, January first.

16 LEE: Okay, say that again. Retroactive?

17 POTASHNIK: Make it retroactive, in other words,
18 not just for all the deals from this day moving
19 forward, but from all the deals as of the first of the
20 year.

21 LEE: The time that you're closing.

22 POTASHNIK: Yeah.

23 LEE: The time that you're closing

24 POTASHNIK: From that time that Walker didn't

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1 mean, see Walker went away, so from that time
2 forward there was no reason for the HFC to have it.
3 LEE: Got you. I got you.
4 POTASHNIK: But it takes an act of city council.
5 So what KILLINGSWORTH said is, "They," you know,
6 "There's, they won't do anything without a councilman
7 telling
8 them what to do." So, and we've got the support of
9 you know, the housing authority doesn't want it, we
10 don't want it, the lenders and investors. And
11 what's kind of silly about it is that KAREN had
12 assured us that we wouldn't have to comply with it,
13 but the way that the City Attorney worded it, we
14 would have to comply with it because they're not
15 making it effective until tomorrow.
16 LEE: I got it.
17 POTASHNIK: Where she told us it was going to be
18 effective as of the time that the requirement went
19 away, based on the court's ruling. Does that make sense?
20 LEE: Yeah. Absolutely. Absolutely. But I'm
21 getting ready to see DON in about ten minutes.
22 POTASHNIK: Okay.
23 LEE: But um, I'll, I'll run it.
24 POTASHNIK: If you have any questions about it,
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1 call me back on the cell.

2 LEE: Okay, I'll do that.

3 POTASHNIK: All right, thanks.

4 LEE: Hey, hey, hey, also, did, hey, (UI) what do
5 they call it (UI).

6 POTASHNIK: Oh yeah, that's the other thing I
7 needed to talk to you about. I want to get MATT on
8 the phone with you, MATT MARTIN, um.

9 LEE: Is it, is it a good thing or?

10 POTASHNIK: Well, no, the bid is two-hundred and
11 fifty thousand dollars over what....I'm going to
12 be totally straight with you. This is the way the
13 bids came in. ANDERSON's bid was "X," I don't even
14 know what the number was. S&S, which is the other
15 big subcontractor that we use, was twenty thousand
16 dollars over ANDERSON's. Okay. LCG, or what, what's the
17 name of the company?

18 LEE: LCG

19 POTASHNIK: What's that?

20 LEE: LCG. You're correct.

21 POTASHNIK: LCG was two-hundred and fifty thousand
22 dollars over the second bid. So they were
23 two-hundred and seventy thousand dollars over the
24 low bid.

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1 LEE: Well, it was, it was, it was, I, I saw, the
2 bid and it was my understanding, that it was
3 fourteen percent above the lowest bid.

4 POTASHNIK: No, it was a hundred, it was, I don't
5 know what, about percentages, but it was two

6 LEE: Well, (stuttering) we, they, can work it out.

7 POTASHNIK: It was two-hundred and seventy
8 thousand over.

9 LEE: But what is, what is, the um, I mean, the
10 thing about it is, you know, we were talking, they
11 cannot compete with KENT. I mean, as far as their
12 numbers. They're getting stuff hell of a lot
13 cheaper. They just, that's, I mean, minority comp..., just
14 can't compete with the big guys. And so they're
15 going, they're going to come in and, you know, at least
16 ten percent above what they are in order just to
17 compete. And, you know, he's consenting, you know,
18 we just can't do it. Like, like on this deal, I
19 mean, you know, they're in the, in the rear. I
20 said we got to get this deal done guys. I don't
21 care what it is. Not going to make what you
22 thought you were going to make but, you know,
23 we got to get this deal done. And you know, he
24 said, you know, we just can't compete. I mean,
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1 it's okay to give us the contract, but if we can't
2 compete and we just doing it for our health and our
3 strength, just to say they got the numbers, it
4 doesn't make sense. And so you got to kind of
5 work with them on that, uh.

6 POTASHNIK: And I'm, and I'm happy to do that
7 D'ANGELO, but we cannot be that far apart. Because,

8 LEE: Well, they're, they're ten, they're fourteen
9 percent above the lowest bid, fourteen percent.

10 And I told them I said, you know, I'll talk to
11 Brian and see what, you know, 'cuz the numbers, I
12 mean, like on this, on the past deal, I mean after
13 it's over, after the five months time it take to
14 get that done, we made fifty-one thousand dollars,
15 over six months. You know, and then, you know,
16 that's not even, that's what you end up paying in
17 interest on your credit line. So, the thing, the
18 thing about it is that, you know.

19 POTASHNIK: But, that's why, D'ANGELO, listen, the best
20 thing to

21 do is for me to get a big sub and for you guys to, not
22 you guys, but LCG, or whoever the minority
23 contractor is, is to essentially sub out to them.

24 LEE: Well, I mean, if that works, if that works,

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1 that's great, that's fantastic. The thing about it is
2 POTASHNIK: I mean, that's why you have to
3 piggyback on their efficiencies. Why should
4 LEE: Okay, how do you that?
5 Lee is talking over POTASHNIK.
6 LEE: How do you do that? Okay so, okay, you say,
7 say if it is awarded to the LGC, they sub it out to
8 the other guys.
9 POTASHNIK: Yeah. Yeah.
10 LEE: Okay. And then, what do they do, tax it? I
11 mean, how do they? I mean, how?
12 POTASHNIK: I don't know. What I'm saying is that
13 I cannot....
14 LEE: If they, if they get it cheaper and all the
15 other stuff you, you, you benefit off their price
16 point versus trying to compete with their
17 price point.
18 POTASHNIK: Right, or do another trade, find another
19 area. I mean, like I talked to my landscaper. The
20 landscaping is going to be a big contract, okay?
21 And I said to him, I said, look, chances are I'm
22 going to have a minority contractor sub this work
23 out to you, so be prepared. And he knows that. And
24 that's, you know, I mean.
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1 LEE: Well, let me, let me run it, run it by these
2 guys because
3 POTASHNIK: You know what I'm saying.
4 LEE: I got you. Absolutely, BRIAN.
5 LEE is talking over POTASHNIK.
6 LEE: We, we on the same page. We're going to
7 work together. So I mean, whatever we got to do to
8 make it, to make this happen.
9 POTASHNIK: That's what I'm saying, I can't do a
10 two hundred and fifty thousand dollar hit on the
11 deal, you know.
12 LEE: Yeah, well, the thing about it is that I
13 mean, you got to let, you know, let the guys make
14 some money man. You know, I mean, they, you know,
15 they doing the deal, and you know, they're not
16 asking for anything, and paying everything out of,
17 out of pocket and doing a good job of doing it, I
18 must admit it, but they got to make a little
19 something. So, you know, a minority bid is going
20 to be more than KENT, it's going to be more than
21 the other guy. And, at, at least ten percent, and
22 they're only fourteen percent. So, I say, you know, you
23 got to
24 shave off some more on that in order to be
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1 competitive.

2 POTASHNIK: Well, I've told them.

3 LEE: And even, and even and even um, uh, TIM
4 said, well hell, minority companies, they can't
5 compete with these big guys. They're going to be
6 more, that's why you get the designation. That's
7 why you have that, that's why you compete 'cuz you
8 can't compete with the guys. So yours, you know.

9 POTASHNIK: I know, but I just can't take, on,
10 on one line item, a two hundred and fifty thousand
11 dollar hit. I can't.

12 LEE: I understand that but, but I'm saying, but
13 it's, percentage-wise, it's only fourteen percent
14 above your lowest bid.

15 POTASHNIK: Yeah, I know D'ANGELO, but I mean.

16 LEE: Okay, if they bring that down, if
17 they're able to bring that down to twelve, eleven,
18 ten percent.

19 POTASHNIK: I don't know. We'll have to look at it.
20 I mean, there's another way to skin a cat.
21 Especially if they, I mean, if we can get some
22 efficiencies. If we're doing this just to make some
23 concrete company money, it doesn't pay. If the
24 money doesn't come back to the contractor, then
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1 what difference does it make?

2 LEE: The, the thing about it.

3 POTASHNIK: How much profit are they making on it,
4 you know?

5 LEE: I, I don't know. I mean, the thing is
6 they're making very little.

7 POTASHNIK: Well, that's what I'm saying. So
8 just take that amount and then let's sub it out.
9 They're making very little because they don't have
10 the efficiencies. Well, then let's use a bigger
11 sub and let them be the contractor and sub it out
12 to the larger sub.

13 LEE: I'll consider that.

14 POTASHNIK: They want to make fifty thousand
15 dollars on the concrete, that's cool, you know.

16 LEE: Man, that's kibbles and bits over six
17 month's period, you know. You know, and they, for
18 six months, I mean that's what you've made, after
19 you paid out everybody and you know.

20 POTASHNIK: But if you don't have to do anything
21 other than the paperwork and you let, and you let
22 ANDERSON do everything, what difference does
23 it make?

24 LEE: Well, I guess that is true, I mean, you try
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1 and cut your um
2 POTASHNIK: You know what I'm saying?
3 LEE: I mean, hey, yeah, you're making sense.
4 I'll, I'll run that by them and you know, let them
5 talk about it and then they'll let me know then
6 I'll let you know.
7 POTASHNIK: But that's what I want to do on the
8 landscape and some of the other contracts. I
9 mean, I just want to do it. There's a way to do
10 this, so that, you know.
11 LEE: I got you. I understand BRIAN.
12 POTASHNIK: Okay. All right.
13 LEE: We're on the same page. So what, what
14 I'll do, I'll present that and then um, I'll talk
15 to you tonight once I finish with, with Councilman
16 then I'll probably put you on the phone.
17 POTASHNIK: Yeah. (UI)
18 LEE: 'Cuz we're going to an event right now.
19 POTASHNIK: Let me know. Yeah, 'cuz this is on the agenda
20 tomorrow and I got to get it in (LEE and POTASHNIK talking
21 over one another) someone's gotta make a motion to make it
22 retroactive or it's going to hit our deals.
23 LEE: And we've been over there looking at your
24 deal all day today off of Scyene. And
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1 I ran him by there, I drove him by. He said
2 D'ANGELO this is going to be rough but I, I like
3 the proposal. I haven't told you what the
4 proposal is but I, he said he likes the proposal
5 and you know, if everybody, everybody can agree
6 to it then I can possibly, you know, I can push
7 it, you know. It's going to be rough but I can,
8 you know, seems like the way you positioned it,
9 it can get done. So, when you get back in town,
10 then um, you know, we'll talk about it. I'll
11 be in LA Thursday, Thursday night.
12 POTASHNIK: Well, all right. I'll be back,
13 I'll be back this weekend.
14 LEE: Well, you're going to be there, what
15 part, you going to be where, Sonoma?
16 POTASHNIK: I don't know, I gotta, my mom's in Palm
17 Springs so she's not doing well. So I'm going
18 to go visit her and I don't know how long
19 I'll be.
20 LEE: Well, if you come to LA, I'll be there 'til
21 Saturday.
22 POTASHNIK: All right, well if I'm in LA, I'll
23 give you a ring.
24 LEE: All right man, I'll call you.
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1 POTASHNIK: I'll talk to you later anyway.

2 LEE: Okay, I'll call you later on tonight.

3 POTASHNIK: All right. Okay. Thanks.

4 END OF CALL

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Target:	DAngelo Lee
Line:	214-729-3484
Session:	7825
Date:	4/26/2005
Start Time:	18:03:29 CDT
Duration:	00:11:49
Direction:	Incoming