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Arnold B. Peinado

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THE UNIVERSITY OF TEXAS AT EL PASO INSTITUTE OF ORAL HISTORY

Interviewee: Arnold B. Peinado

Interviewer: Homero Galicia

Project: Hispanic Entrepreneurs Oral History Project

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Date of Interview: n/a

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Transcriber / Summary: Daniel Santana

Arnold B. Peinado, owner of Wildwood Developers, LLC and Franklin Self Storage, LLC, describes his upbringing in El Paso as well as his various projects throughout the city. His parents, who were both Mexican immigrants came to El Paso under various circumstances to flee the violence that ensued during the Mexican Revolution. Peinado, a valedictorian of El Paso High School, received his Bachelors Degree of Science and Engineering at Johns Hopkins University and later attained his Masters degree in the same field at MIT. His brothers also attained civil engineering degrees at Lehigh University as well as Cal Tech. After Peinado graduated with his Master's degree, he returned to El Paso and was drafted into the military to fight in the Korean War. After returning, he went on to establish his engineering company, Peinado & Peinado, in 1975. He initiated various contracts throughout El Paso to construct structures such as El Paso Civic Center, Basset Tower, and various high schools. His business was unique because it was the only engineering company in the area that was Hispanic-owned. Peinado discusses some shortfalls, such as the failed construction of a \$2 million structure that forced his company to declare bankruptcy. He also became involved in the El Paso Chamber of Commerce as well as other local organizations. Peinado also discusses the values he learned from his father and mother that contributed to his success. His three children, two boys and one girl, each went to college and attained successful careers. Throughout his time living in El Paso, Peinado notes that he believes the city's economic base is expanding and that it has been increasingly simpler to work with banks. He concludes the interview by encouraging future entrepreneurs to not be fearful of their endeavors and to be trustful, yet professional.

Length of interview 60 minutes

Length of Transcript 30 pages

Name of Interviewee: Arnold B. Peinado Jr.
Date of Interview:
Name of Interviewer: Homero Galicia

This is Homero Galicia in an interview with Arnold Peinado. And Mr. Peinado, I appreciate you giving this time and your attention. And I want to start by asking you the present company that you operate.

AP: Well, I am involved in two companies right now. One is called Wildwood Developers, LLC and they were the ones that recently finished building—well, recently in '06 and the Wildwood Park which is located on Westwind halfway between Escondido and Thunderbird. A group of us got together. We used to own the land a long time ago and it was sold to somebody else. Nobody had developed it. To me it seemed like an ideal location. It's an infield piece of land, twenty-six acres that sat where I described it. And so we bought the land, these investors together with my partner, Gustavo Quintana. I designed it myself. I had several (civil??) engineers put it in drawings and then, of course, we had the financing to pay for all that work. And then we graded and built the lots. There are seventy-three lots. We have sold, already, fifty-two and so we sold enough to pay off the bank and so the other remaining twenty-one lots are all free and clear. So that's one company. The other one is called Franklin Self Storage, LLC and we—again, it was Gustavo who just went by. He arranged for some investors. He's from Mexico. He's now an American citizen. His friends from Chihuahua came in; we convinced them that this self-storage facility would be a worthwhile investment plus our own contributions. The address is 995 Resler. The property is actually behind El Paso Fitness and behind the Wal-Mart, between those two buildings and the mountain. There's little mountain that sits out there. So, we bought five and a quarter acres that sits in between and we're already in the process of getting ready to place concrete on the slabs. So that's the current project that we're working on.

HG: Now, you're an engineer?

AP: Yes.

HG: Where did you get your engineering training?

AP: I got my Masters at MIT and I got my bachelors at Johns Hopkins University.

HG: In—?

AP: Well, the bachelors was a Bachelor of Science and Engineering (Civil Engineering) and MIT was Masters of Science and Engineering, Specialty Structural Engineering.

HG: Let me ask you about your family. If you don't mind telling us about your mother and your father.

AP: Sure, by all means. Well, both of them came here as children. My mother was born in 1908 and she crossed in 1911, which means she was only three or four years old. And my father was born in 1903 and he crossed when he was about eight years old, eight, nine years old. There's a story behind those two people coming across, which I can tell you some other time.

HG: That was during the revolution?

AP: Because of the revolution, yeah. Particularly, Mother left with my grandmother immediately left (after Villa attacked Juárez??) in 1911. My father's father left because, well, it looked like they were trying to catch him or do something with him— the Villistas or somebody. So he felt it was better to come North. My grandfather on my father's side set up a wholesale grocery business here in El Paso and whereas my father and my uncle Alfonso, they didn't go into that business. They did miscellaneous jobs around town and then went to Chicago and opened up a taxicab business. They came back to El Paso with some eight

thousand dollars cash. Was it then? Yeah, it was in 19—it would have been 1928, I think, they came back, just before the crash.

HG: Is that your father and his brother?

AP: My father and his brother Alfonso.

HG: Your father's name?

AP: My grandfather's name was Atanacio Peinado. My father's name was Arnulfo Peinado and my uncle's name was Alfonso Peinado. And they made a deal, which was a fabulous deal. They made a deal to rent a gasoline station that was located at 1000 Texas Street and the reason they made so much money with that place, was that just being a gas station, was that north of Texas Street and north of the block, half a block north there, was a railroad siding. And so, they bought all of their gasoline by railroad tank car. They could sell their gasoline two and three, even five cents cheaper than anybody else. There were only two places that could do that. There was the Firestone one block down the street and, their station. So, they had clients from all over the place that would come in because it was cheaper. Of course, cheaper in those days was, fifteen-cent gas for thirteen cents.

HG: And was that when you were a—?

AP: A child. I grew up at the station. I'm trying to remember. Yeah, all my brothers went there, Charles, Robert, I think, Raul also. We all went there and worked.

HG: And where did you live at that time?

AP: We lived at 1517 Nevada Street; on the corner of Nevada and Grant, I think it was. Something like that. Father bought a house by virtue of the business and he

said he bought one of the first FHA houses in El Paso. So anyway, that's how they got started. Both my father and my uncle Emilio used to work at hotels as— what's the word? What do those boys do? They were bag boys or something. I don't know what they call them now or then. But Emilio decided that wasn't the way to make a living, so at the age of seventeen he went to high school. He graduated in 1920—I mean 1930, no '40. Because he was there – I'm sorry – yes. No, I'm sorry. I got that backwards. He graduated in 1937 because then he went to Texas College of Mines in '37 and graduated in 1940 and went to work in Mexico as a mining engineer.

HG: Okay, he went to the School of Mines?

AP: Yeah. So I guess the impetus for doing things on our own was always there.

HG: Wow, and did you know your grandfather and the wholesale grocery business?

AP: No, he died when I was a baby.

HG: Okay. But your father always had a business.

AP: Well, not always. Like I said, he used to work as a bellhop and then after that, he started doing the taxicab here in El Paso and then they decided to go to Chicago and do it there, Alfonso and him. And they worked twenty-four hours a day. One would work, say, the morning shift from twelve to twelve, and the next one would take the afternoon shift, and on Sunday they'd take off the morning shift, and the other guy would start the afternoon shift, rotating the position. And they did that for, like about three years and they saved eight thousand dollars.

HG: Wow, that's good.

AP: Which at that time was a lot of money.

HG: Then what schools did you go to?

AP: I went to Johns Hopkins University.

HG: I mean, elementary and high school.

AP: Oh, elementary. I went to Lamar School and to El Paso High School.

HG: Okay and then out of El Paso High you applied to Johns Hopkins?

AP: Yeah. I was number one in the class, the valedictorian and I don't know if I should even mention this but it always bugs me. And that is that I wanted to go to Columbia University and I kept asking my counselor to get me in contact with Columbia because I knew I was doing well and she just wouldn't help me. One day I was walking down the hall and I saw some information, promotional information for Johns Hopkins, so I applied to them, and I got accepted. Well, we graduated and during the graduation ceremonies, it turns out that what she was doing, she was helping the salutatorian go to Columbia.

HG: Wow. And any reason for that?

AP: Who knows? I can put things to it, but—

HG: And, now your—

AP: So I went to Hopkins.

HG: Yeah, and your brother—

AP: After that, Charles went to Hopkins. He did very well, too. In fact, I was number one in my class, engineering classes.

HG: Really, at Hopkins?

AP: At Hopkins. And my brother Charles went on and he became, what they call, Chairman of the Honor Commission that insisted on honesty and no cheating on tests. Then Bob went on later and he became the prosecuting attorney of the Honor Commission. And, I guess, that was really it. There was actually two other brothers who went, but unfortunately they flunked out.

HG: Robert went to Johns Hopkins?

AP: Yeah.

HG: Did he get a masters, too?

AP: He got a masters at Lehigh University and Charles got a masters at Caltech.

HG: And Charles—

AP: Pasadena.

HG: But Charles, was he also an engineer?

AP: All three of us are civil engineers.

HG: Okay. And so after you got your masters then, did Robert get a masters too?

AP: Yes, Robert got his masters at Lehigh and Charles got his masters at Caltech, California Institute of Technology, which is also very hard to get into.

HG: What years were that?

AP: Well, I graduated from MIT in 1953, so I think he graduated, probably—Charles about 1956 more or less, or '58. And Bob around I'd say around 1959 from Lehigh.

HG: And after graduation did you come back to El Paso?

AP: Yeah, I came back to El Paso and I started to help Father in the construction business and then I got drafted by the army. I spent two years in the army. Fortunately, I was drafted, for the Korean War, just at the time that the Panmunjom talks began, so there was no more fighting. I was sent to Okinawa and I was there for nine months. Then I came back and went to school at the University of California at Berkeley to get an MBA but we got pregnant, so—

HG: You were married before you went to the service?

AP: Yes. So I went to work, and then I worked in California for three years as a structural engineer and structural engineering is part of civil engineering, it's a specialty within it. Then I came back to El Paso and Bob came back to El Paso; so then we started to build houses with my father because Father—well, that was his business and he needed some help. And then there was a recession in—I think it was '67, '68 or something like that, I don't remember for sure, and houses weren't doing very well. So, I figured I knew structural engineering real well so I started contacting architects to give me contracts to do the structural engineering. And Bob agreed to stay and work with me and so we both worked trying to get jobs. The first job we got was with Bob Garland. Up to that time, it was very difficult, and I still think it was partly because of ethnicity, but Garland said, "You think you can do it?" I said, "Yes." And [he asked,] "What process will you use?" [I replied,] "I'll use concepts like plastic flow and things like that." He

said, “Are you sure you know what you’re doing?” I said, “Darn right.” And so he gave us a job to do the McDonald Observatory building. And we did it; we designed it. The only problem was, and they finished their work and we finished our work, the architects finished their work, the mechanicals—everybody finished their work. Then they decided they didn’t have enough money to build it. So they never built our first design. But then after that he saw what we did. We did all of our work, Bob and I did all of the structural work.

HG: You didn’t work for him; you were a contract—

AP: We were the consultants.

HG: What was the name of your first business then?

AP: Well, we actually used the first name of Avy Peinado and Sons Consulting Structural Engineers. My father didn’t do anything, but we used that. Later on, we became Peinado and Peinado. Then fortunately, we picked up a fine young man, Bob Navarro as an employee. Basically, he had just graduated from New Mexico State. Basically, I’ll take credit that we trained him in how to do the work and he’s done very well with it.

HG: He’s got his own business now.

AP: Yeah.

HG: And so, you stayed—you got other contracts with other—?

AP: We got contracts with a bunch of architects. We did the Civic Center, for example. That’s our design. We did the Bassett Tower office building. We did all sorts of schools, like, for example Andres High School and Bowie High School. Anyway, we did buildings all over town. We did one here, Moorehead

School. We did that. Anyway, there's a bunch of buildings that we were responsible for.

HG: At that time, were there other Hispanic engineers doing what you do?

AP: No, we were the only ones.

HG: So, you broke in.

AP: Yeah.

HG: As you started the business, were there challenges that you faced?

AP: Oh, yeah. We didn't face any financial or ethnicity problems because all of the architects realized that we were probably the best ones in town. They had some older gentlemen who had done their job when they were young, I guess, but they didn't have the procedures that I had learned. When I went to work in California, I went to work for a firm called Simpson & Strata, who were consulting structural engineers in San Francisco. So, what I learned about structures was with them. I was with them for three years and that's what I brought with me to El Paso. And those procedures, those concepts, we used here and they had never seen it before. The difference is that in earthquake country, you design every single connection. Here, people used to let just the fabricated design. But over there, no, that was in the hands of the engineer all the way through. When we came here, not really knowing what was going on in terms of past practice, we just designed everything and the fabricators thought we were great because we told them what to do and how to do it.

HG: How long did you keep that business?

AP: We kept that business til about 1975. We began buying land and doing land development. In '75 we bought Casitas Coronado land and my brothers Bob, George, and I, and Raul, the four of us, we had some architects from California design the project for us. And then we built it. That turned out to be a very successful duplex condominium project. We built a hundred and forty-eight units and sold all of them.

HG: And that was under another company?

AP: That was under the name of AVCA, V as in Victor, AVC Development Corporation. We did that and then we did Jardines Coronado. We designed that and built it; and we did Quintas Coronado, which was next to Jardines. We had various projects going on. We built apartments. There are some apartments, I don't remember what they call them now, but there's one up on Doniphan and—not Doniphan. One on Montana, a very large one with four hundred eighty units, I think; and there's one on Dyer Street and—my memory is failing me.

HG: Were those your projects or were they projects you were contracted to do?

AP: We were partners with some people from Arizona that came in and said, Can you all do this work for us? Because we had just finished Casitas and we said, sure. But we only entered the business if we had a share in it. We don't want to work just as employees or as simple contractors. And so we found the land and we got a share of the business. We built them.

HG: So that was your business model, to take part of the project. And then were you basically the general contractors?

AP: Yeah. Sometimes what we do there is that we'll say that we want a share of it and we won't charge a construction management fee and we'll take it in the form of interest in the project.

HG: And you did that for years.

AP: Yeah. We also did the subdivision design for Coronado Crest and Coronado Oaks. At that time, like I said, the economy went bad. Also, our original partner, which was Richard Thomas, who was president of, I think it was First Savings, I'm not sure, to be honest with you. But anyway, they financed us on Casitas Coronado and Jardines, and all those, and then Maury Kent bought it and he turned around and told us that he wasn't gonna continue anymore. So he went on to work with John Livingston instead of us. But in those days, we couldn't really control who would stay with us. But he just, you know, off the cuff, he just really just kicked us out and that was it.

HG: And so as the economy got bad, did you have to readjust?

AP: Yeah, we had a bad situation at that time also. We did—what do you call this here, off of Sunland Park, those little offices at the top? Anyway, we built those and we were about two thirds through, and we owed two million dollars of money that we were using to build with. And the company that loaned us the money when the savings and loans businesses were killed, he said he wanted his money back. I said, "We can't do it. It's all in the buildings here. So we want the buildings." I said, "Well, let's make a deal here. You gotta pay us so much money for having built them and you can have the buildings." I guess he was under pressure. He was from San Antonio. So, finally he decided he was gonna take them over just by foreclosure. And we owed him two million and foreclosure was just an impossible thing. We couldn't come up with two million. But he went on. Hector Delgado said, "Well, the best thing you can do, I recommend, is just declare bankruptcy." So we declared bankruptcy and the reason you declare is not because you want to, but because according to the IRS rules, we would owe 35 percent tax money on two million. That's money earned. When the debt is cancelled, that becomes money earned on the other side. So

according to the IRS, we had earned two million dollars. So 35 percent tax was \$700,000 and we didn't have \$700,000.00 either, cash. We had some money but not that kind. So we just said well, we'll declare bankruptcy and walk away from it. We talked and talked and talked but he wanted the whole thing not to cost him anything. He could have paid us at least project management money but he didn't want to pay anything.

HG: So how did that affect the rest of your activities then?

AP: Well, instead of construction, we shifted over to making contracts with the maquilas. What happened was, unfortunately (~~fortunately~~?), we met this fellow from the maquilas in Mexico who needed wastewater treatment plants for his maquilas, [inaudible] for that. Packard Electric buildings and they were dumping all of their waste in the local sewer system and they wanted to be able to say we are not contaminating your sewer system. And so we designed about thirty small plants that handled anywhere from ten thousand gallons a day to two hundred fifty, three hundred gallons a day. We designed the plants and we joint ventured with a guy from Chihuahua. He would build them for us, and we would design them, and we would work a deal out with the maquila. And so we built plants all over.

HG: What kind of plants were those?

AP: Wastewater treatment plants.

HG: For individual plants?

AP: Yeah, for individual industrial complexes.

HG: And how many years did you do that?

AP: Let me think here. I guess it was about from about '86, '87 to about '92, '93. And in the process of which they realized that we were structural engineers so then we began to do the structural design for their buildings. And the big Delphi Center in Juárez, we did the entire structural framework for that building.

HG: Now, how did you do business in Mexico? You're an American company and did you also have a Mexican company?

AP: Yes, we had a Mexican company. The services were done by the American company for the benefit of the Mexican company. The Mexican company would be paid and then the American company would charge them for the work.

HG: Did that come to an end?

AP: That lasted until about 1998, I guess, something like that. Actually, no, probably a little longer. Probably to about almost 2000 we were doing that.

HG: Now, in all that time you were involved, too, locally.

AP: Yeah.

HG: What kinds of organizations were you involved in?

AP: Well, originally, they were mainly charitable organizations. There was the Boy Scouts. I was the vice president with the GI—what do you call them? The Y, the GIY, the military Y, I was a vice president there. I never took some of these presidency jobs because I just didn't have enough time to really be in charge. But I was willing to go to the board meetings and help out with the sickness, where the kids are all—cerebral palsy. I was president of that one. And we had, you remember, some telethons. This guy would come in from out of town and the two of us would run the telethons and put them on. Yeah, we did that.

HG: Any business organizations?

AP: Business was the Chamber of Commerce. I was fortunate that Fred Hervey was interested in me and so he got me active in the Chamber of Commerce.

HG: What year was that?

AP: I wish I had those dates because I don't know the years. But anyway, it was about 1968, '69.

HG: And were there Hispanics involved in the Chamber at the time?

AP: Well, really none. But like I said, it was really Fred Hervey who, I guess, saw some possibilities in me and he kept putting me in there, helping me get to different positions. Finally, I became president of the Chamber of Commerce.

HG: What year was that?

AP: Again, I don't remember the years exactly.

HG: I remember your being chairman—I think—but I'm not sure. I think it was around '83, '84.

AP: No, I think it was earlier than that but I'm not sure. I was about forty-eight [years old], something like that, which would have been about '79, '80.

HG: What was that experience like that for you.

AP: It was very invigorating, very interesting. Fortunately or unfortunately, there wasn't much going on at that time. It was very calm, the economy was in very

good shape and there was nothing drastic. So, I guess, the biggest thing I tried to do there was to get Mexicans involved and try to get a committee of Mexicans to go out into the community and find more Mexican members. And either I just failed in convincing them or they just weren't that interested. But I don't think we got more than another ten or twelve, at the most, that year.

HG: And what did you learn in that process with the Chamber?

AP: Well, I learned about the variety of things that they do. For example, Fort Bliss which is very important now. At that time, I became aware of some of the things that were going on there and that was worthwhile to help over there. In terms of transportation there wasn't any real program being promoted. And I did try to talk to some people but at that time, I think almost all of the decisions were being made in Austin. We tried to promote over here and were like somebody lost in a distant country.

HG: Did that put you in a position of leadership in El Paso?

AP: Yeah, people thought that I should have gone on to run for mayor but I don't know what the explanation could be other than the fact that I just didn't want to get into the politics of it. To me politics has all been pretty dirty and I don't like that. Maybe it wouldn't have been but some of the things that have happened since and before, particularly before, didn't entice me to get into it.

HG: Were there Hispanics in political office at the time?

AP: I'm trying to remember. I think, maybe, Ernie Ponce was. Ernie Ponce and Bob Salazar. I don't remember too many to be honest with you.

HG: Let me ask you about—

AP: Of course, everybody knew about Raymond Telles.

HG: Yeah, in the fifties. Let me ask you about your father. What kind of a man was your father? What kind of values did he pass on to you? What do you remember most?

AP: I guess you would say he was a very honest man. He was just always very upset with corruption in Mexico. And also, he was very proud and he felt like his kids could only go to the best schools. In fact, he and my mother would argue about the fact that he wanted me to go to Notre Dame and she wanted me to go to SMU. But the point is not what school we were going to go to. But the point was that he never, never, even though he had this gasoline station on 1000 Texas that he had from 1930 until 1947 when he went to start building homes, he always felt that the only way to accomplish things was hard work. And, as a consequence, I can remember at the age of six years old walking from the house in Nevada across the tracks to go the gas station after school and working until seven o'clock.

HG: So you grew up working. I remember you moved to Mesa Street.

AP: Yeah, 2222 North Mesa. We moved there because Father's—his concept was that he wanted us to get as close as was possible to school, to a university. Texas Western College I guess it was then or TCM, I'm not sure. But anyway, he built the house there he said, "You guys can walk. You can walk to school." The funny thing is that the first three of us never went to school there.

HG: Wow, and that's where the Wienerschnitzel is now, right, that corner on Kerby and Mesa?

AP: Yeah, well, you lived there(??).

HG: Yeah. And your mother? Tell me about your mother.

AP: Mother, I think, was a very, very intelligent woman. She was involved in a lot of things like the programs particularly like childbirth, unwanted childbirth. That women's group—I forget what they call it. But anyway, she was a member of that. She was a very active member of her church, the Methodist Church. She's a Methodist. Father was Catholic and I was baptized Catholic but all of that is something else. I don't know all the committees that she was involved in. I didn't follow it quite a way. I left home when I was sixteen so I didn't know what else she did after that. Just a little bit, not much. But I do remember her being very active with some groups, mainly women's groups.

HG: And how many brothers did you have and sisters?

AP: I have five brothers; we're six brothers.

HG: And no sisters?

AP: No sisters.

HG: And how many of your six brothers are engineers?

AP: Four are engineers, number five is a CPA, that's George, and number six, Arthur, is a lawyer. Both of them flunked out of Hopkins and Arthur went on law school at Harvard.

HG: Wow, he did?

AP: And I think he's probably the smartest of us all.

HG: And where is he now?

AP: He's a lawyer in California. In San Diego.

HG: How many children do you have?

AP: I have three, two boys and a girl. The oldest is an attorney. He went to Harvard for eight years. He got his bachelors there and he got his JD and his MBA both, in the second four years and then he went to work in New York City. He's a lawyer in New York City in securities. His specialty is securities. So he issues IPOs and all that sort of stuff. He's living well.

HG: And your other children?

AP: The other is Steve. I don't know if you know him or not. He got his degree at SMU and he went on to graduate school at the American International Graduate School in Glendale, is it? I think it's Glendale.

HG: In Arizona?

AP: In Arizona.

HG: The Thunderbird?

AP: Yeah, the Thunderbird school. He got his masters there and he's been in finance ever since. That's what he does.

HG: And your daughter?

AP: Melissa is a teacher, graduated from New Mexico State in teaching. She's a teacher in Ruidoso.

HG: And now, after having to declare bankruptcy because of that savings and loan collapse—

AP: Tax problem.

HG: What did you do? How did you recover?

AP: Just by work. Like I said, we went to work with the wastewater treatment plants; we got paid with that, then we began to do structural work in Mexico. We did design buildings all over Mexico. Our biggest one was the one here at Delphi in Juárez.

HG: So how long did it take you to recover?

AP: Oh, I'd say about four years.

HG: What effect does bankruptcy have on a business?

AP: Well, it didn't have any effect on the business. We just closed the business down as far as that goes. There was no sense in keeping that business open. I guess the biggest effect was that George went to Dallas and Bob and I stayed here and began to make the contacts with the maquilas and we got busy that way. Like I said, we were doing that up to about [the year] 2000. No, actually, we were doing—I'm wrong there. We were doing maquilas, structural engineering with—my brother Charles joined us and we started to get contracts. Yeah, that's when it was, we started to get contracts at Fort Bliss and we did a bunch of remodeling for Barracks, redid them completely. This was in 1996,'97,'98. We did a lot of that kind of work at Fort Bliss, and then Charles wasn't too happy being here because his wife was in California. So he left and went back and under the same name, which we called Peinado—no, we called it Coronado Engineers International. So we did work here as contractors and also in California he got various projects up

there. We designed a lot things over there and built them mainly for the navy because there's a lot of naval facilities over there. We did a lot of it.

HG: Were you an 8(a) contractor for the—

AP: Yeah.

HG: You were?

AP: We were an 8(a) contractor for both the Fort Bliss and the California projects.

HG: Was that a good program for you?

AP: I think it was very good program. We did quite well and we made some money off of that. But then, like I said, Charles wanted to go to California and we began to lower the work down. We did have problem with another project and that is that it was underbid. And so we had to come up with some money and also the bonding company had to come up with some money. I guess that was probably the end of the SBA work there.

HG: What happened there? Did you have to complete the project at your cost?

AP: Yeah, right. We completed the project at our cost.

HG: So the final costs were more than—

AP: Yeah. It's just one of those things, where does the blame lie? We think it lies mainly with the superintendent that Charles hired to do the estimating. I was too busy doing some other things and I didn't check it out. And so maybe the mistake was mine and Bob's part not checking this guy out. And Charles part, the three of us. We didn't check this guy out when the bid was submitted.

HG: So did that change any business practices after that?

AP: Charles, like I said, was at that time really in California even though he was in charge of the construction part. At that point, I guess the biggest thing we decided to do was not to get into construction anymore. Well, I finished several jobs. I bid a demolition work at Holloman Air Force Base for \$750,000 and we made money on that. I bid several little jobs we made money on after that happened. And that worked out okay. Actually, I think it gave us the footing to do some of this work that we did in Mexico. We were able to work on that.

HG: And in [inaudible], what are the largest projects you've done?

AP: The largest project that was done in construction? I guess the largest one was probably—it was about eight million dollars of it, I guess it was.

HG: One project alone?

AP: Yeah.

HG: Did you also have another company that did lumber?

AP: Yeah, we had another company called Coronado Wood Products and we financed a guy who was laid off by a family up the valley who used to make dowels, round dowels. Rudy Peña, my sister-in-law's husband, said he knew this guy who had been making dowels for this outfit, it's a family that there's by—anyway, it's a big building there off the side off of Doniphan towards the west. Anyway, he lost his job there and that's all he knew. He wanted to know whether we would finance him except we needed to build two machines that were gonna cost, he estimated about fifteen thousand dollars each. So we financed the machines. Fortunately, they cost us about twelve thousand dollars each and they were unique

machines and I often thought I should patent the darn design but being tied up in other things and he was running the business. What was unique about them is that, can you visualize sanding a round stick?

HG: No, I don't know how you do that.

AP: Yeah, well he and his brother designed a machine that would sand a round stick. They would come out polished. It was really something, quite a design. Anyway, we started to buy rough sticks from Mexico and then we would sand them and paint them and at first, we had great success selling wood handles for brooms and mops and then also small handles for different things like toys, things like that. So we had quite a business going there for a while. And the little think was making, at gross, close to four million a year. Good little company, but what killed it was the Italians(??) learned to make round tube painted. You see, a lot of handles are now metal and then later on came the plastic handle and we couldn't compete. Just plain [inaudible] economics.

HG: What year did that close?

AP: In 2004.

HG: But meanwhile you were doing at that time—?

AP: During that time we were—after the fiasco about the project up here that we lost money on – we lost close to \$1 million on that thing.

HG: Was that the federal government, the White Sands?

AP: Yeah. But the thing that we began to do there was – at that time there was Bob's son who was very much involved with Binswanger real estate, commercial real estate, mainly warehouses which is what we had been designing and building in

Mexico. They were just a brokerage firm and so they wanted us to get contracts for them in Juárez. So we sold a few building and got some contracts but it wasn't any aggressive thing, unfortunately, because I was really down after we had that problem with the building in Holloman, the eight million dollars. Actually, the total project cost us eight million and it cost the bonding company another million. It was in total a nine million dollar job, if I remember the numbers.

HG: So that took a toll on you?

AP: Yeah, that wiped us out literally.

HG: But I mean, emotionally.

AP: Yeah, emotionally.

HG: And so how did you recover from that? What did you do?

AP: Well, like I said, we were doing the stuff over there in—

HG: In Juárez.

AP: —in Juárez, selling units. I guess that lasted for about 2002, something like that. Then Gustavo came around with a friend of his. He had money. They had some money and about whether or not we could do some projects here. And I showed them the land and so in 2003 we began to decide if we could work together and we finally decided we could. We entered into an agreement and we bought the land in 2004 and built it, and finished it in May of 2006. The city accepted it, then, and then we started selling them, fortunately, by May 2007. Out of seventy-three lots we had sold fifty-two.

HG: And you had to work a lot with the city on that?

AP: Yeah. Like I said, I actually designed the layout of the lots and I took it to Brock(??) and Bustillos to convert it to a design drawing that the city would accept. So we bought the land in 2004, the drawings were finished, that was about May or June and we finished the drawings in December and we started construction in '05.

HG: And how many houses per acres?

AP: What?

HG: How many houses per acre on that?

AP: Well, it's twenty-six acres and actually, we only built on twenty-four because the other two acres we left natural. But we built on twenty-four acres and we built seventy-three so it's almost like say three and a half per acre.

HG: So it's big houses?

AP: Yeah. They have eighty foot frontages.

HG: Yeah, what kind of selling price on those houses?

AP: Well, that varies. At that time, we were selling them for between seventy-five and ninety-five [thousand dollars], depending upon location. And right now, basically, we have not the best lots left so we're willing to sell them for sixty-five or seventy-five [thousand dollars].

HG: Those are just the lots?

AP: Yeah. We didn't build any houses. I don't want to build houses anymore.

HG: Now, this building that you're in, you bought this when?

AP: We bought this building when Charles was with us back in '46, I think.
Something like that.

HG: It was a bank before.

AP: Yeah, yeah. We were in it until '06, I guess. It was ten years, we had the building and Steve (Cooley's??) father came around because he wanted—they were actually our tenants for that big space over here, the mortgage company. Bob and I just had the backside or rather that end of the building and they had this – most of the buildings on this end which is over there. And this one we rented out to a mortgage company also. So Bob and I just said, “Oh why keep it? Why not just sell it and put the money in the bank instead of fighting, trying to collect the rents and all that.” Because even though they bought it, they were slow in paying. But anyway, we finally made a deal with them and they wanted it so we made a good deal. Sold it to them and then we moved out and then moved into this space.

HG: And now what are you doing?

AP: In '04 we started The Park at Wildwood subdivision and we finished that in '07 and then we started talking about another project. And I kept talking about the fact [that we ought to] find some land to build a self-storage and we found that. We checked the whole city. What really started us, though, was two guys that were friends of Gustavo's from California. They were friends of a friend, rather. They heard that he lived here so he came here because they wanted to build some self-storages here. So for about a year-and-a-half we searched properties, we made proposals and all of that. So that kept us busy doing that. But we weren't making any money at that time. So they finally said that they decided not to build

in El Paso. So we said, Okay, we're just gonna use what information we gathered here about projects and locations and all that and we'll do it ourselves. They said, Well, go ahead. If we want to, we may come back and buy you out. But, fine. So that's how we got started with the self-storage.

HG: How many units of self-storage is this gonna be?

AP: It's a big one. It's got seven hundred eighty-three units. It's five acres. I can give you a little plan.

HG: Is it the metal type building?

AP: Yes, it's just behind El Paso Fitness and the Wal-Mart. It is the better [inaudible] looks of the project; and what we're gonna do is build a big entry sign to attract people. It's kind of interesting. It's a panhandle lot, so to speak. It's got a long alleyway to get to the big center (chunk of ??) land and we're gonna build a nice, big sign at the entry and then a nice office once you get in there. But the rest of it will be metal building.

HG: Now, over the years as you've been growing your business, how has El Paso changed? What kind of changes have you seen?

AP: Well, I think two things. Mainly, it's become more Hispanic. The guy that we deal with at First National Bank is a Hispanic vice president. It's easier to work with him than it is with going to a gringo bank to put it frankly. We tried to go into one of the other banks and they said no.

HG: How long ago was—

AP: We started looking for money for the subdivision in '04 and until we ran across Ruben Martinez at the First National Bank, nobody wanted to talk to us. But

apparently their board at the First National Bank, it's really First National Bank of Fabens, their board has some Mexicans on it, and all that, so it was more amenable to our request. And really, they took a (real??) gamble on this (Park at Wildwood??)

HG: And what about before that, in your relationships with banks; what has that been like?

AP: We had a hard time. I should back off of that. One of them, which was State National Bank, when—what was his name, the guy who drank a lot?

HG: Elroy.

AP: Yeah. I mean, we could get things done but things sort of changed after that. And then, the Waltons (?) bought it and a lot of changes. Then Wells Fargo bought it and who was it before Wells Fargo? It was—

HG: Norwest.

AP: Norwest, yeah, they bought it. We have troubles with them, and we needed some extra money to finish the project, and we couldn't seem to get it out of them.

HG: Where did you go for the extra money?

AP: Well, we finally just put it up ourselves. So, what can you do? So for the last two projects we're working with the same bank, First National Bank. They're very pleased because they made good money on the interest and all of that, on the wood products. I mean, on the subdivision. And we pay them their interest. Everything is working fine and hopefully it will rent well.

HG: That's exciting. Your next project after you build, what are you foreseeing?

AP: I think I probably want to do another savings and loan; and the main reason is I think that the biggest advantage to that—well, my partner says we ought to build some apartments. And I said, “No, I don’t want to horse around with people.” Here you don’t have the big maintenance problems you have in —

HG: Storage units.

AP: Right, you don’t have the big rental problem. If they don’t rent, you close it. I mean, if they don’t pay, you close it and if they don’t pay enough, then you put it on auction. I mean, your solution of problems with tenants is reduced to a minimum and you make good money. In fact, it’s become one of the nation’s most—what’s the word? Popular type construction among certain people. A lot of people don’t like them, still, but there’s a big bunch now that thinks that’s the safest, best place to go.

HG: Any thoughts you’d like to share that might encourage other young business people, Hispanic business people, to grow their business?

AP: I guess the most applicable statement of all is what Franklin Roosevelt said, fear can conquer you, so you have to be able to, like he said—how did he put it? Well anyway, it’s about fear. Because you’re trying to do something that you don’t know for sure is gonna work and you have to analyze the risks, you have to think that it’s got possibilities. Like the self-storage, we had a market survey done in order to make sure that we were doing the right thing. We had a market survey that was citywide and local, based on where we are. The biggest thing you should fear is fear itself. If you believe in what you want to do, and if you don’t believe in it, well you shouldn’t do it. That’s really what it boils down to. You can just see something there that you think you want to do but, God, what if it goes wrong? And you’ve got to some way or another figure it out and make sure that it goes. And like that darned bottom project we did at Holloman that caused a loss.

The other thing is you've got to really check your numbers, be very careful and check your numbers. And if you're overseeing people, to check their numbers. I mean, that's very important. Don't believe in anybody, almost. When it comes to numbers, don't believe in them until you have done them yourself. Now, you may not have time to do it, and that's bad, but if you have somebody else that has time that you can trust, let them do it. But you gotta check the numbers.

HG: And what would you say about trust?

AP: Well, like I said, sometimes even your family you can't trust, so you just have a—I don't know, a second sense of whether you can trust the person or not. I guess the biggest thing there is I would use the word professional. How professional is that person? Is he truly professional in what he does? I don't mean he has to have a degree, but how much of a responsible and stable and thorough a person is.

HG: Wow, that's fantastic. Well, I appreciate your time Mr. Peinado. It was very, very helpful.

AP: I'll send you that stuff. Do you have your card? Did you give me your card? Yes you did.

HG: Yeah, yeah.

AP: ¿Dónde la puse?

HG: This is the end of the interview with Arnold Peinado. Thank you.

End of Interview

DRAFT