



NEWSLETTER

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JUNE, 2002

Executive Board Meeting

The next Executive Board Meeting will be held on June 5, 2002 at 4:45 pm. The meeting will be held at Arizona State Land/3rd Floor Conference Room. For more information, please visit www.irwaaz.com

June Chapter Luncheon

-June 11th @ 11:30am at The Holiday Inn Select, located at 4300 East Washington Street in Phoenix.

-The cost of the Luncheon will be \$14.00 for members and guests. *(Please have exact change or your check made out to IRWA Chapter 28).*

-Menu: Chinese Stir fry buffet to include Chicken Stir Fry; Sticky Rice; Chow Mein Noodles; Tossed Garden Salad; Warm rolls with butter; Vegetables; Dessert; and Tea or Coffee.

-Reservation deadline is 3:00 pm, Friday, **June 7th**. You may RSVP online through the Chapter website, or call Pam Hicks at 602.236.5948.

-Guest Speaker: Eric Dahl, Owner of Canyon Digital Solutions located here in Phoenix.

Luncheon Guest Speaker

Need help with your computer at work or home? Come to the June luncheon to hear "Tips & Tricks of using Microsoft Windows to its fullest". Find out about:

- Why Windows runs slow
- Why Windows crashes
- Troubleshooting Errors
- Organizing your System
- Windows Tools—MS Office
- Access Databases explained
- Utilizing Windows shortcut keys
- Windows Security

Eric Dahl of Canyon Digital Solutions will provide the answers. Eric is a self-described long-haired computer geek. His company was formed in 1999 and focuses on creative and affordable Internet solutions for small and medium sized businesses. His company designs web sites, including our own IRWA Chapter 28 site, as well as web-based databases for large users. Examples include a database used for tracing claims for class action litigation and tracking product for various businesses as well as audio enhancements for other sites.

Please join us June 11th for this very informative presentation. RSVP through the Chapter website or call Pam Hicks at 602.236.5948.

EDUCATION

Dwight Davis, MAI, Chair

Upcoming Courses

901 – Engineering Plan Development and Application

June 21, 2002

Coordinator: Doc Sterling at 480.736.0944

Location: SRP Mohave East

Instructor: Lee Aitken

214 – Skills of Expert Testimony

July 12, 2002

Coordinator: Doug McLaughlin at 602.506.4648

Location: SRP Mohave East

Instructor: Ralph Brown

Annual Education Seminar

September 20, 2002

* 212 – Creatively Solving Problems in Groups

Coordinator: Jill Trompeter

* 902 – Property Descriptions

Coordinator: Yvonne McCall

Please see the enclosed flyers for Courses 901 and 214.

CHAPTER WEBSITE

- If you would like to be included in the 'Chapter Website Update Email List' please send an email to the effect to: info@irwaaz.com.
- Don't forget to 'OPT IN' if you want to continue receiving your paper newsletter. The form can be accessed from the index page of the Chapter website.
- Please request your database username and password if you want to utilize the Chapter Roster database located in the Chapter website.

Muchas Gracias Amigos!!

Pam Hicks, Luncheon Chair

We had an excellent turnout of 78 guests in attendance for our Mexican Fiesta luncheon. We hope all of you had an enjoyable experience. If only we could have had the pleasure of a siesta after the fiesta!

A special thank you to our Guest Speakers, Paul and Jeff Wright, for their presentation on billboard evaluations; Denny and Vince Davis for their help serving the food and to those of you who helped with clean up!

We also want to thank y'all for your cooperation with making reservations and ask that you continue to do so. We understand that schedules can change daily in this business, so please email or call me if you need to cancel.

INTERNATIONAL LIAISON COMMITTEE RECONFIGURED

Mike Burns SR/WA , Region 1 Representative

It has been determined that the International Liaison Committee will be reconfigured from regional representation to the membership being composed of industry committee representatives. At present the Liaison Committee also includes at-large members but it is yet to be determined if that will continue. This becomes effective after the Seminar in June.

After June I will be joining the International Utility Committee. If you have any questions you can contact me at (602) 236-3108.

The International Liaison Committee will be presenting "Federal Lands And Energy Policy" sessions with the International Pipeline Committee at the Seminar in Mobile AL. There will be 2 sessions on Monday afternoon.

In conjunction with the International Transportation Committee two "Federal Transportation Agencies Update" sessions will be held on Tuesday morning.

On Thursday morning the Liaison Committee will do a program on the "Moving of Burial Ground Sites for Acquisition and Relocation".

MEMBERSHIP COMMITTEE

Rebekah Louis, Chair

The following people were read for 30 day consideration at the May 7th Executive Board Meeting:

- Allen Corbett
- Russell Cauley, Data Mapping Solutions
- Patrick Mitchell, Maricopa County Assessor's Office
- Diana Cunningham, MC Flood Control District
- Drew Gabler, Acquisition Sciences

The following person has requested a membership transfer from Chapter 20 to Chapter 28:

- La'Mont Knazze III, City of Chandler

For membership information, please visit our website or contact me at 602.236.8195.

Please review the criteria for 'Employer of the Year' 'Professional of the Year' & 'Special Services Awards' and then forward your nomination letters to me at:

Paul Herndon, SR/WA
13337 W Cambridge Avenue
Goodyear AZ 85338

You can also email them to me at:
paul.herndon@aps.com

For current job openings, please visit the Chapter website Job Bank at the following URL:

http://www.irwaaz.com/jobbank_openings.

Any business interested in having a small exhibit in the lobby of the hotel during the Seminar should contact Mark Keller @ 602.236.8164 as soon as possible to make the necessary arrangements. You can also email Mark at: makeller@srpnet.com.

2002 SEMINAR COMMITTEE

Mark Keller, SR/WA

The remaining Seminar Committee meetings will be held on:

- June 26th
- July 24th
- August 21st
- September 18 (Goody Bag Party)

Information is available on the Chapter website.

Everyone is invited to participate in planning what we anticipate to be another successful Seminar.

For additional information, please contact Melita Hillman @ 480.644.2671 or melita_hillman@ci.mesa.az.us or Mark Keller @ makeller@srpnet.com or 602.236.8164.



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VALUATION CORNER

Jared Huish, MAI, SR/WA, Valuation Chair

Who Needs Appraisals Anyway?

On May 14, 2002 I attended an open meeting sponsored by the ASU--MBA for Executives. It was held at the Embassy Suites Hotel in Tempe. The topic of the meeting was "The Baptist Foundation of Arizona (BFA) - Perhaps the Largest Affinity Fraud Case in US history. Hear this bankruptcy case explained by the attorneys working on it!" The panel consisted in James E. Cross and C. Taylor Ashworth of Osborn and Maledon, PA, and Judge Randolph J. Haines.

The first hour was spent by the panel presenting a 'power point' presentation on how the BFA came into being and what seems to have been going on within the extended organization for the past decade. The panel was of the opinion that BFA may have started out years ago with good intentions of lending on real estate, but it evolved into a Ponzi Scheme in order to keep interest payments going to the investors. There were almost 100 different corporations under the BFA umbrella, which were all involved in insider transactions and lack of disclosure of the true condition of the entire 501 (c)3 organization.

According to the panel, BFA became insolvent about 1989 or 1990, about the same time as the TRA (tax reform act) sent the entire real estate community into a tailspin. For the past dozen years, BFA operated as though everything was going along fine, when in fact, it was insolvent, and continued to issue misleading statements via their accounting firm, Arthur Andersen.

BFA operated by taking short-term funds from investors, and putting them into long term assets. Any good banker will tell you that this is not good business practice to borrow short and lend long. This is further acerbated when the accounting firm you have hired to audit your books and financial statements, puts out reports to the investors saying that 'all was well'. This is why the investors sued Anderson and reached an agreement with Anderson, to have their insurance company pay out about \$217 million to the investors, in settlement of several pending cases.

Also, in today's Tribune, the "State OK's \$18.5 million in BFA payout" from the former law firm representing BFA. Jennings, Strouss & Salmon did not admit any wrongdoing as part of the settlement. Further quoting from the Tribune. Preliminary terms of the settlement had been negotiated last summer, when the law firm agreed to pay \$21 million to settle allegations that it was negligent in its failure to detect the foundation's questionable financial dealings.' The attorney for the law firm was quoted as saying.., his client had no desire to be dragged through the negative publicity surrounding Arthur Andersen.' The Tribune went on to say,...'Investors may get as much as 73 percent of their initial investment back, once the money from Andersen settlement, the Jennings, Strouss & Salmon settlement and the proceeds from the sale of the foundation's remaining real estate holding are combined.

During last nights meeting, the panel explained that one of the reasons why the Ponzi scheme was perpetrated so long was due to the 'poor controls over the valuation of the assets held by the pools'. Later, during the question and answer period, I rose and asked the question,... 'what kind of appraisals were done for BFA and the almost 100 entities under the umbrella organization?' The answer back was that,..'there were very few appraisals in the files, and none in the later years.' It was explained that BFA did not have to have appraisals since it was a non-profit organization, and did not have any government over-sight.

One person in the audience asked what the government was going to do to stop these abuses. The panel response was unclear as to what, if anything, the government could do, given the type of organization involved. It appears that BFA exploited and abused their trusting investors. I am convinced that this same situation will happen again.

Now I ask the question, had BFA been required to have real property appraisals before proceeding with any and all of their loans or transactions involving real estate, might the long-term pattern of deception been discovered much earlier, and the losses been much less (?). I would think that had there been credible appraisals in the files, between the accountants and the attorneys, they should have picked up on the serious valuation issues much sooner than they did.

It seems quite clear that the leaders of BFA were reluctant to recognize the loses on their real estate holdings, and having appraisals in the files would have only called attention to a deteriorating condition. It is a huge case of thousands of investors in an unregulated niche, being severely damaged.

As I read about the BFA case, I become more convinced that credible appraisal services by State Certified Appraisers, is the best auditing function that officials of real estate oriented companies and entities can have. I am saying that every real estate transaction should have an appraisal, particularly when public or investor funds are at risk. It makes for prudent oversight, to have every real estate transaction proceeded by a professionally prepared appraisal by a State Certified Appraiser. This applies also to the R/W industry. No real estate transaction of any kind, should be consummated without some form of valuation services being rendered first by 'certified appraisers'. And so my message to R/W people is, be grateful for the audit function performed by the appraisal community, and work with them, not against them as you fulfill your responsibilities to your organizations.

For additional information or to ask questions, please contact Jared Huish at 480.610.5600 or jhuish@cox.net.

SURVEYOR'S CORNER

Gregg Tuttle, Survey Chair

This is a continuation of our previous article from the May issue of this newsletter. The originating question had to do with the (AZ) State Plane Coordinate System.

Last time we discussed that Arizona state plane GRID coordinates can appear in two main "flavors" (those based on the North American (Horizontal) Datum of 1927 (the original version) and the "new and improved" North American Datum of 1983, NAD-27 & NAD-83, respectively.) We further mentioned that TRUE state plane coordinates are on a GRID and are not "on the ground" (i.e., not exactly 'real-world'). That in itself can create many potential problems for the uninitiated and the unwary. GRIDS to GROUND distance conversions are one of the main boggy boos in dealing with state plane coordinates.

The original justifying concept of the state plane coordinate system (SPCS) was to develop and use *just one*, "universal" coordinate projection system. If only life would have stayed that simple (if it ever was that simple!). However, as noted there are really two versions competing for the hearts and minds, (and resource dollars), of the various originators and users of AZ/SPCS. The original NAD-27 (now referred to as 'legacy-data' by its defenders), and the NAD-83, which is supposed to be 'official' system via AZ state statute, code, and regulatory rules. If this schizoid tendency of two 'competing' systems were already not bad enough, both systems have been fractured into a myriad of subsets of bastardized coordinates. We have gone from the two faces of Eve, to the many, many personalities of Cybil. Cybil is much more troublesome than Eve.

Remember the GRID to ground conversion difficulties? Many users (abusers?) of the SPCS have devised 'solutions' (corruptions) for SPCS in an attempt to create AZ State Plane GROUND Coordinate System. What they have really created are traps and pit falls for the unwary and the careless.

Whenever and wherever a PROFESSIONAL surveyor received a set of *alleged* AZ/SPCS data, the requisite due-diligence is to also request the META-DATA (the data about the data) associated with the recently received coordinates. WHO created these coordinates? WHEN did they create these coordinates? HOW were these coordinates created (WHAT methodologies, software, procedures, processes, etc.)? WHY were these coordinates created? WHAT "factors" are to be used with these coordinates? IF the coordinates are in FEET - then are they based on the metric conversion using the International Standard (SI) or the U.S. Foot conversion? (That difference alone is good for 2' to 3'+ of difference in location dependent on the answer.)

I want to be clear here. I am NOT saying that people can not modify AZ/SPCS datasets. What I am saying is that when many of the (marauding) modifiers do make 'revisions' (aberrations) to the original version of AZ/SPCS - that they do so in such a way that it is not obvious (just by looking at the coordinates) that they are now NOT AZ/SPCS-based. What I am suggesting (REQUESTING) is that when any coordinate dataset is given to anyone that the coordinate listing contain appropriate qualifying information as to the 'pedigree' of the coordinates. There are accepted practices within the surveying / cartographic / mapping / GIS communities to display coordinates in such a way to make it very obvious to even the slightly knowledgeable individual that the coordinates are NOT on/in the AZ/SPCS. The easiest way is to (either) noticeably reduce (or increase) the number of digits left of the decimal in each coordinate of the coordinate pair. This should place the receiver / user of these modified (mutant) coordinates on notice that just maybe some questions should be asked and some additional research and investigation is necessary before just ASSuming that they are 'normal' AZ/SPCS.

IF the recipient surveyor receives coordinates that at first appear to be AZ/SPCS, and maybe there is the minimal information that the coordinates are 'based' on (either) NAD-27 or NAD-83; BUT, there is no additional documentation (metadata) giving additional information (as discussed above) - AND then the surveyor still ASSumes that they are what they may appear to be... Oh well... now know why I partially capitalized the 1st 3 letters of that presumptive verb.

Certainly, without the necessary background documentation, (and even sometimes with less rigorously prepared 'certifications'), the surveyor many times has to perform extensive, additional field work to VERIFY the coordinates supplied. This, unfortunately, can add time and costs to projects, which could have been significantly reduced, eliminated, or avoided, only if the creators and suppliers of coordinate datasets had done their own due diligence and provided meaningful, accurate and correct metadata on the coordinates so delivered.

Even more unfortunately, currently, there are little or no standards, guidelines, rules, or regulations governing the creation, modification, transfer-ence, acceptance or rejection of coordinate datasets. Also, once a perfectly acceptable set of coordinate data has been transferred, there are no protections or restrictions against unreasonable (stupid) coordinate manipulations (tricks). (Stupid Coordinate Tricks, appearing on the Later Show, with Donny Legerdemain!) "Why these must be Great Coordinates, because old Donny got them from the Ditch Company, and we know they put out GOOD stuff!" What was not mentioned was that in the interim, good ole Donny modified (mangled) the Ditch Company coordinates, and even morphed the "D" into a "B".

The reason that I have spent two articles on this specific rant is that these coordinates are becoming (actually have already become) ubiquitous. They are everywhere you want perform some type of professional land related procedure. They will, (or already are), effecting (infecting) much of what land agents, and land consultants, do with spatial data, and geometric data, related to land description, concerning current, and increasing exponentially in the future, land transactions themselves!! Be forewarned! Every GIS in AZ, whether federal, state, county, municipal, a political subdivision, utility, local, or private, will have a plane coordinate system as its basis for computational operations. In all most all cases, it will be the AZ State Plane Grid System, (or something MORPHED there from). And, governmental entities exchange coordinate data all the time among themselves, and to private entities (engineering firms, title companies, etc.), and receive input back from private sources.

Maybe varying, and constantly mutating, coordinates can be viewed as just a necessary evil, and a part of doing business. But they should be better understood, and viewed as something to be corrected and standardized, and made to improve productivity, not reduce efficiencies.

In the short term future, for those who know what to look for and what questions to ask, these problems will generate a tidy source of additional income for the professional problem-solving, problem-avoiding surveyor. Those professionals who are fluently conversant in coordinate communications will be sought out for this expertise. They will charge accordingly.

For those coordinately challenged registrants - it may mean multiple visits to a certain regulatory oversight Board, and possibly, after enough financial damage is inflicted on the coordinate incompetent, then those persons will no longer spread substandard services and opinions in the land related communities, such as IRWA. *But how much damage was suffered as a consequence of the coordinately negligence?* Guard against the coordinate charlatans. Avoid coordinate calamities. Prevent coordinate catastrophes. Obtain coordinate catharsis. Don't become a coordinate causality. (yes, I like alliteration, why do you ask? J)

In closing: We have previously discussed HOW to Consultant a PROFESSIONAL Registered Land Surveyor. Now, please add "coordinate competency" to the list of pertinent questions to be asked, when you perform your due diligence, in obtaining the services of such a PROFESSIONAL. Find your own Coordinate Champion!

As always, THANKS!

Here is wishing that all of your coordinates be Accurate, Correct and True (ACT).

Gregg Tuttle, manager, SRP LAND-Surveys Division