MAKING SMART GROWTH SUSTAINABLE:

REAL WORLD FINANCIAL IMPEDIMENTS

Makeover Montgomery II
Breakout Session 2: Track C
May 9, 2014

Jonathan M. Genn
Percontee, Inc.
Silicon Valley’s 5 Steps to Innovation

[The “Scientific Method” of Discovery]
Preliminary Disclaimers & Disclosures/Confessions

1. Politically Agnostic: (ala Simpson/Bowles Deficit Reduction Commission)

2. Only One Person’s Perspective: From experience in dealing with equity capital and debt financing, as well as tax-exempt bond financing of large-scale mixed-use community developments around the Country.

3. Have a current financial interest: In a proposed mixed-use community development presently before the County Council (White Oak, MD)

4. Very Preliminary: Not vetted with all stakeholders (e.g., capital markets, institutional lenders, bond underwriters, and others)
IDENTIFY THE PROBLEM
(A Three-Part Analysis)

1. **Macro/Mega-Trend Challenges:** We have little to no influence or control (short-term or long-term)

2. **Naturally Occurring Financial Impediments:** We have little to no influence or control in short-term (but perhaps in long-term)

3. **Policy-Created Financial Impediments**, over which we have the most control both short-term and long-term (e.g., Ellen Harpel’s strategies and eliminating policies that “shoot ourselves in the foot.”)
IDENTIFY THE PROBLEM

Three Macro/Mega-Trend Challenges

1. >95% of County’s developable land has already been developed; thus, most growth will be infill development.

![Mont Co Land - circa 1950's](Image)

- Land Already Developed
- Remaining Developable Land

![Mont Co Land - circa 2010's](Image)

- Land Already Developed
- Remaining Developable Land
IDENTIFY THE PROBLEM

Three Macro/Mega-Trend Challenges

2. [Dr. Steve Fuller/CRA] Percentage of moderate and lower income population will likely continue to grow; thus, Mont Co risks facing the challenges of a vanishing middle class.

3. Consequence: Much of Mont Co’s future sustainable communities will need to be financially viable for infill redevelopment of older, more moderate income neighborhoods.
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

The Financial Cost-Benefit Disconnect

Social & Economic Benefits of Smart Growth

- Reduced VMT
- Reduced SOV Use
- Greater Transit Efficiency
- Conserves Natural Resources
- Improved Air & Water Quality
- Reduced School Impacts
- Creates a Real Sense of Community
- Spurs Economic Development
- Increased Property Values
- More Fiscal Benefit to County
- Essential Services Efficiencies
- Diversity of Housing Options
- Revitalizes Older Neighborhoods

Sprawl  Smart Growth
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

The Financial Cost-Benefit Disconnect

Added Financial Burden Placed on Developers of Smart Growth Communities

- Demolition Costs
- Added Structured Parking
- Added Vertical Construction Costs
- Added Traffic Mitigation Costs
- Added SWM Costs
- Added Utility Costs
- Added Community Amenities
- Added Essential Services
- Added Pre-Construction Costs and Delays
- Added Uncertainties for Lenders

Sprawl  Smart Growth
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

HOW MUCH, IN REAL TERMS, IS THAT DISCONNECT?

Example: Mixed-Use Community in Hyattsville, MD (within 1/3 mile of Prince Georges Plaza Metro Station)

Program:
~2,900 residences; ~225,000 sf office; ~60,000 sf retail; ~40,000 sf other

ADDED cost over suburban sprawl model for same program:

Over $121,000,000.00

“Sprawl” IRR (Est.): 9.7% (lower risks/faster absorption/more certainty)
“Smart Growth” IRR (Est.): 6.1% (higher risks/slower absorption/less certainty)
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

Cautionary note for next visual:
(Quote from H.L. Menken)

For every complex problem, there is a solution that is simple, neat, ...

...and wrong!
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

SPRAWL ECOSYSTEM
Short-Term

County

Community
- Residents
- Businesses
- Social/Cultural Organizations
- Visitors

Developer-Builder

Equity & Debt

Bond Holders

Suburban/Exurban Sprawl Development

SPRAWL ECOSYSTEM
Long-Term

County

Community
- Future Residents
- Future Businesses
- Future Social/Cultural Organizations
- Future Visitors

Future Developer-Builders

Future Equity & Debt

Future Bond Holders

Suburban/Exurban Sprawl Development
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

SMART-GROWTH ECOSYSTEM

**Short-Term**

- Equity & Debt
- County
- Developer-Builder
- Community
  - Residents
  - Businesses
  - Social/Cultural Organizations
  - Visitors
- Sustainable Smart-Growth Development
- Bond Holders

**Long-Term**

- Equity & Debt
- County
- Future Developer-Builder
- Community
  - Future Residents
  - Future Businesses
  - Future Social/Cultural Organizations
  - Future Visitors
- Future Bond Holders
- Sustainable Smart-Growth Development
IDENTIFY THE PROBLEM
Naturally Occurring Financial Impediments

SPRAWL ECOSYSTEM
*Short-Term*
- County
- Community
  - Residents
  - Businesses
  - Social/Cultural Organizations
  - Visitors
- Developer-Builder
- Suburban/Exurban Sprawl Development
- Equity & Debt
- Bond Holders

SMART-GROWTH ECOSYSTEM
*Short-Term*
- County
- Community
  - Residents
  - Businesses
  - Social/Cultural Organizations
  - Visitors
- Developer-Builder
- Sustainable Smart-Growth Development
- Future Equity & Debt
- Future Bond Holders
HYPOTHESIS FOR SOLVING NATURALLY OCCURRING FINANCIAL IMPEDIMENTS

SO HOW CAN WE SOFTEN THE NATURLLY OCCURRING FINANCIAL IMPEDIMENTS?

• Hire Ellen Harpel
  (eharpel@businessdevelopmentadvisors.com)
  (1-571-212-3397)

• Have Ellen advise on how to custom-tailor the state-of-the-art best practices to most strategically, effectively, efficiently, and sustainably incentivize smart growth principles
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

TOP THREE PROBLEMS

1. Subdivision Staging Policy: School & Transportation Tests/Taxes

2. Failing to get those who really profit from development to contribute fairly to the infrastructure that helps create sustainable, quality communities (and add value for everyone’s benefit).

3. SSP and Permitting “advance payments” based on 100% inaccurate predictions of future, rather than payment “in arrears” based on 100% accurate statistics of actual past events.
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

Problem #1 w/SSP: **WORST FORM OF REGRESSIVE TAX**

Three Types of Regressive Tax

(1) **A Flat PERCENTAGE** (e.g., 1% transfer tax on raw land)

Not really regressive (actually proportionate); but politically popular to criticize as regressive (although it does have regressive effects on disposable income above minimum living wage)

<table>
<thead>
<tr>
<th>Land Value:</th>
<th>$400,000</th>
<th>Land Value:</th>
<th>$1,600,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Flat % Tax:</td>
<td>1%</td>
<td>Flat % Tax:</td>
<td>1%</td>
</tr>
<tr>
<td>Transfer Tax:</td>
<td>$4,000</td>
<td>Transfer Tax:</td>
<td>$16,000</td>
</tr>
</tbody>
</table>

But as a % of discretionary income over living wage (e.g., $20K/yr over living wage): **20%**

But as a % of discretionary income over living wage (e.g., $200K/yr over living wage): **8%**
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

Second Type of Regressive Tax

(2) A Flat DOLLAR AMOUNT:
(e.g., School Impact & Transportation Impact for SF Detached)

Truly is regressive, further exacerbates the income gap and achievement gap, and renders sustainable community development cost-prohibitive for moderate and lower income residents (Avg Mont Co home = $400,000 home and requires ~$100K/yr household income)

<table>
<thead>
<tr>
<th>Wheaton or Sil Spr SF Detached</th>
<th>Bethesda SF Detached</th>
</tr>
</thead>
<tbody>
<tr>
<td>SF/Det Value: $400,000</td>
<td>SF/Det Value: $1,600,000</td>
</tr>
<tr>
<td>Flat School Imp: $25,944</td>
<td>Flat School Imp: $25,944</td>
</tr>
<tr>
<td>Flat Trans Imp: $6,754</td>
<td>Flat Trans Imp: $6,754</td>
</tr>
<tr>
<td>Percent of Value: 8.17%</td>
<td>Percent of Value: 2.04%</td>
</tr>
</tbody>
</table>

Wheaton & Silver Spring pay 4 times the relative amount
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

Most Toxic Form of Regressive Tax

(3) Low Value Pays MUCH MORE Than High Value!
(e.g., School Facilities Payment disparity, often due to past, historic inequities in past infrastructure investment)

<table>
<thead>
<tr>
<th>White Oak Townhome/Blake Cluster</th>
<th>Park Potomac Townhome/R Mont Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td>Townhome Value: $400,000</td>
<td>Townhome Value: $1,600,000</td>
</tr>
<tr>
<td>$$ Impact Tax: $19,533</td>
<td>$$ Impact Tax: $19,533</td>
</tr>
<tr>
<td>$$ Facilities: $6,710</td>
<td>$$ Facilities: $0</td>
</tr>
<tr>
<td>% of Profit Margin: 22.38%</td>
<td>% of Profit Margin: 3.5%</td>
</tr>
</tbody>
</table>

White Oak pays almost 7 times the relative amount of Potomac
## IDENTIFY THE PROBLEM

Policy-Created Financial Impediments

**Most Toxic Form of Regressive Tax**

Compounded Even More with Transportation Impact Taxes, LATR & TPAR

<table>
<thead>
<tr>
<th>White Oak Townhome/Blake Cluster</th>
<th>Boyds Townhome/Northwest Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Townhome Value:</strong> $400,000</td>
<td><strong>Townhome Value:</strong> $400,000</td>
</tr>
<tr>
<td><strong>% of Profit Margin that goes to SSP payment:</strong> 46.1%</td>
<td><strong>% of Profit Margin that goes to SSP Payment:</strong> 29.75%</td>
</tr>
<tr>
<td><strong>IRR:</strong> 7.51% (4.69% w/1.5 yr delay)</td>
<td><strong>IRR:</strong> 10.74% (6.71% w/1.5 yr delay)</td>
</tr>
</tbody>
</table>

(50% more than Boyds & nearly 7 times that of Potomac)

<table>
<thead>
<tr>
<th>Park Potomac Townhome/R Mont Cluster</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Townhome Value:</strong> $1,600,000</td>
</tr>
<tr>
<td><strong>% of Profit Margin that goes to SSP Payment:</strong> 6.84%</td>
</tr>
<tr>
<td><strong>IRR:</strong> 19.18% (11.99% w/1.5 yr delay)</td>
</tr>
</tbody>
</table>
**IDENTIFY THE PROBLEM**

Policy-Created Financial Impediments

Problem #2 w/SSP: Based on flawed foundation that only new development creates added student population; and thus, should pay capital costs of school facilities

<table>
<thead>
<tr>
<th>250 NEW condos</th>
<th>250 existing SF detached</th>
</tr>
</thead>
<tbody>
<tr>
<td>(mid-rise w/structured parking)</td>
<td>(Of surrounding 1,000 homes, 25% with seniors/empty-nesters who sell to families)</td>
</tr>
<tr>
<td><strong>STUDENT GENERATION RATE</strong></td>
<td><strong>STUDENT GENERATION RATE</strong></td>
</tr>
<tr>
<td>Elem (250 x .042) = 11</td>
<td>Elem (250 x .32) = 80</td>
</tr>
<tr>
<td>Middle (250 x .039) = 10</td>
<td>Middle (250 x .144) = 36</td>
</tr>
<tr>
<td>High (250 x .033) = 9</td>
<td>High (250 x .131) = 33</td>
</tr>
<tr>
<td><strong>NEW STUDENTS = 30</strong></td>
<td><strong>NEW STUDENTS = 149</strong></td>
</tr>
</tbody>
</table>

SSP PMT: **$612,500**

SSP PMT: **$0**
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

Problem #3 w/SSP: Based on flawed foundation that only new development creates the new automobile trip generation

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250 NEW condos
(mid-rise w/structured parking)

TRIP GENERATION RATE

Trip Generation (250 x 1.1) = 275

NEW TRIPS = 275

SSP PMT: $5,034,500

---

250 existing SF detached
(Of surrounding 1,000 homes, 25% with seniors/empty-nesters who sell to families)

TRIP GENERATION RATE

Existing seniors (250 x .25) = 63

Sell to family of 4 w/school age kids:

Resulting trips (1.75 x 250) = 438

NEW TRIPS = 375

SSP PMT: $0
What do these analyses tell us about the SSP?

They amount to a discriminatory surtax that does not bear a rational relationship to their purported purposes.

[A classic definition of taxes that are of dubious constitutionality.]
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

Problem #4 w/SSP: Based on flawed foundation that builder/developer profits are best source for taxing/revenues for infrastructure

WHO REALLY PROFITS FROM NEW DEVELOPMENT?
[Who actually makes the money to be taxed for infrastructure?]

Example of Builder/Developer $$:

<table>
<thead>
<tr>
<th></th>
<th>White Oak Townhome</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Per Home</td>
</tr>
<tr>
<td>Sales Price</td>
<td>$400,000</td>
</tr>
<tr>
<td>Costs B/4 &quot;Smart Growth&quot; &amp; SSP</td>
<td>$252,000</td>
</tr>
<tr>
<td>GROSS PROFIT B/4 &quot;Smart Growth&quot; &amp; SSP</td>
<td>$148,000</td>
</tr>
<tr>
<td>Note: Builder Costs Invested in Quality/sq ft</td>
<td>$110</td>
</tr>
<tr>
<td>Smart Growth Additional Expenses</td>
<td>$30,750</td>
</tr>
<tr>
<td>PROFIT (REPAY LENDERS) AFTER &quot;Sm Gr&quot; &amp; B/4 SSP</td>
<td>$117,250</td>
</tr>
<tr>
<td>Add'l Sm Gr Costs as % of Profit B/4 Sm Gr &amp; SSP</td>
<td>20.78%</td>
</tr>
<tr>
<td>EXISTING SSP School &amp; Transportation Taxes</td>
<td></td>
</tr>
<tr>
<td>TOTAL SSP SCHOOL TAXES</td>
<td>$26,243</td>
</tr>
<tr>
<td>TOTAL SSP TRANSPORTATION TAXES</td>
<td>$27,813</td>
</tr>
<tr>
<td>TOTAL SSP SCHOOL AND TRANSPORTATION TAXES</td>
<td>$54,056</td>
</tr>
<tr>
<td>PROFIT (TO REPAY LENDERS) AFTER &quot;SG&quot; &amp; SSP</td>
<td>$63,195</td>
</tr>
<tr>
<td>SSP Taxes as a % of Profit After &quot;Sm Gr&quot; and SSP</td>
<td>46.10%</td>
</tr>
<tr>
<td>Combined Smart Growth &amp; SSP as % of Profit</td>
<td>57.30%</td>
</tr>
<tr>
<td>Estimated Internal Rate of Return (i.e., Underwriting Risk)</td>
<td>7.51%</td>
</tr>
<tr>
<td>IRR w/ 1.5 year delay</td>
<td>4.69%</td>
</tr>
</tbody>
</table>

So it appears Builder/Developer has profit to tap into for public infrastructure of: $6,319,450
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

WHO REALLY PROFITS FROM NEW DEVELOPMENT?
[Who actually makes the money to be taxed for infrastructure?]

BUT, where is the money really made on these homes (over 20 year bonding period)?

Presume Average Annual Home Value Growth Rate: 3.75%

<table>
<thead>
<tr>
<th>Year</th>
<th>Beginning Value of Home</th>
<th>Value of Home</th>
<th>Annual Gain</th>
<th>Cumulative Gain</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$400,000</td>
<td>$415,000</td>
<td>$15,000</td>
<td>$15,000</td>
</tr>
<tr>
<td>2</td>
<td>$430,563</td>
<td>$455,563</td>
<td>$25,000</td>
<td>$40,000</td>
</tr>
<tr>
<td>3</td>
<td>$463,460</td>
<td>$513,460</td>
<td>$57,000</td>
<td>$97,000</td>
</tr>
<tr>
<td>4</td>
<td>$480,840</td>
<td>$538,840</td>
<td>$58,000</td>
<td>$155,000</td>
</tr>
<tr>
<td>5</td>
<td>$517,579</td>
<td>$575,579</td>
<td>$58,000</td>
<td>$213,000</td>
</tr>
<tr>
<td>6</td>
<td>$536,988</td>
<td>$593,988</td>
<td>$58,000</td>
<td>$271,000</td>
</tr>
<tr>
<td>7</td>
<td>$557,125</td>
<td>$611,125</td>
<td>$58,000</td>
<td>$329,000</td>
</tr>
<tr>
<td>8</td>
<td>$578,018</td>
<td>$629,018</td>
<td>$58,000</td>
<td>$387,000</td>
</tr>
<tr>
<td>9</td>
<td>$599,693</td>
<td>$647,693</td>
<td>$58,000</td>
<td>$445,000</td>
</tr>
<tr>
<td>10</td>
<td>$622,182</td>
<td>$665,182</td>
<td>$58,000</td>
<td>$503,000</td>
</tr>
<tr>
<td>11</td>
<td>$645,514</td>
<td>$683,514</td>
<td>$58,000</td>
<td>$561,000</td>
</tr>
<tr>
<td>12</td>
<td>$669,720</td>
<td>$701,720</td>
<td>$58,000</td>
<td>$619,000</td>
</tr>
<tr>
<td>13</td>
<td>$694,835</td>
<td>$719,835</td>
<td>$58,000</td>
<td>$677,000</td>
</tr>
<tr>
<td>14</td>
<td>$720,891</td>
<td>$737,891</td>
<td>$58,000</td>
<td>$735,000</td>
</tr>
<tr>
<td>15</td>
<td>$747,925</td>
<td>$764,925</td>
<td>$58,000</td>
<td>$793,000</td>
</tr>
<tr>
<td>16</td>
<td>$775,972</td>
<td>$792,972</td>
<td>$58,000</td>
<td>$851,000</td>
</tr>
<tr>
<td>17</td>
<td>$805,071</td>
<td>$822,071</td>
<td>$58,000</td>
<td>$909,000</td>
</tr>
<tr>
<td>18</td>
<td>$835,261</td>
<td>$854,261</td>
<td>$58,000</td>
<td>$967,000</td>
</tr>
</tbody>
</table>

EACH HOMEOWNER'S GAIN: $435,261

BUILDER/DEVELOPER PROFIT FOR 100 HOME COMMUNITY: $6,319,450
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

WHO REALLY PROFITS FROM NEW DEVELOPMENT?
[Who actually makes the money to be taxed for infrastructure?]

BUT, to compare “apples to apples,” one would have to multiply the individual homeowner profit by 100 to match the 100 homes built by builder/developer

<table>
<thead>
<tr>
<th>EACH HOMEOWNER'S GAIN:</th>
<th>$435,261</th>
</tr>
</thead>
<tbody>
<tr>
<td>BUILDER/DEVELOPER PROFIT FOR 100 HOME COMMUNITY:</td>
<td>$6,319,450</td>
</tr>
<tr>
<td>100 HOMEOWNERS' PROFIT (FOR WHOLE COMMUNITY):</td>
<td>$43,526,080</td>
</tr>
</tbody>
</table>

The homeowners thus have >7 times the “bonding power” to finance schools and transportation infrastructure in a development district
IDENTIFY THE PROBLEM
Policy-Created Financial Impediments

Final Problem to Note for this Session: SSP and Permitting Fees paid “in advance” versus “in arrears”

WHY DO WE MAKE LAND USE DECISIONS (and assess development taxes) BASED ON PRONOSTICATIONS OF FAR OFF FUTURE EVENTS (such as automobile trip generation in 30 years) --- which are likely to be 100% inaccurate (especially when modeled off of current conditions that will be obsolete in the future) --- when we could make flexible land use decisions (and tax collections) that adapt to actual future conditions that would be 100% accurate?

Who can say how much gain there will be for Apple Computer in the year 2020? In the year 2030? Who can say what gain there WAS in 2013?**

**APPL gained $11.99 (from $549.03 to $561.02) or a gain of 2.18%
HYPOTHESIS

BECAUSE OF WHO REALLY PROFITS FROM DEVELOPMENT

In our example, County SSP policy would tax developer OVER 40% of profit for school and transportation capital infrastructure investment (simply cost-prohibitive, so never built and County never gets the SSP payment).

SSP Payment of: ~$540,000

On projected profit of: $1,172,500
HYPOTHESIS

BECAUSE OF WHO REALLY PROFITS FROM DEVELOPMENT

But what if we asked the new homeowner’s to contribute just 5% of their profit (after the fact) toward school and transportation investment --- a so-called proposed “Capital Infrastructure Reinvestment Surtax” (“CIRS”)?

Rationale: Hardly arguable that at least 5% of home value’s gain can be attributed to preservation of quality schools and quality transportation mobility provided by the County.
**HYPOTHESIS**

**BECAUSE OF WHO REALLY PROFITS FROM DEVELOPMENT**

Hypothesis: Additional Infrastructure from CIRS Program

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bondable Amount (20 year)</td>
<td></td>
</tr>
<tr>
<td>Per Residence Gain:</td>
<td>$15,000</td>
</tr>
<tr>
<td>Per Residence CIRS Percentage:</td>
<td>5.00%</td>
</tr>
<tr>
<td>Per Residence CIRS Payment:</td>
<td>$750.00</td>
</tr>
<tr>
<td>Aggregate of all Residences:</td>
<td>$75,000.00</td>
</tr>
<tr>
<td>Bond Int Rate/year</td>
<td>4.00%</td>
</tr>
<tr>
<td>Number of Annual Payments</td>
<td>20</td>
</tr>
</tbody>
</table>

**Bondable Amount $1,019,274**

*Compare to SSP Payment of: ~$540,000*
HYPOTHESIS

SAME RATIONALE FOR EXISTING HOMES

Hypothesis presumes Capital Infrastructure Reinvestment Surtaxes would not be assessed on existing homeowners until AFTER 5 YEARS of gain realized. That is, CIRS payments would be paid by homeowners IN ARREARS, based on previous 5 year average annual gain.
# HYPOTHESIS

## SAME RATIONALE FOR EXISTING HOMES

**EXISTING HOMES (Assumptions)**
- Average Annual Gain/20 years: 3.75%
- Percent of Gain Toward CIRS: 5.00%

## MACRO ANALYSIS

<table>
<thead>
<tr>
<th>Type of Property</th>
<th>Taxable Base of ~90% of County</th>
<th>Annual Gain</th>
<th>(Non-Exempt ~85% of Value)</th>
<th>Exempting Homes in Bottom Quartile</th>
<th>Capital Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential</td>
<td>$45,700,000,000</td>
<td>$1,713,750,000</td>
<td>$1,456,687,500</td>
<td>$72,834,375</td>
<td></td>
</tr>
<tr>
<td>Commercial (APTS)</td>
<td>$5,500,000,000</td>
<td>$206,250,000</td>
<td>$206,250,000</td>
<td>$10,312,500</td>
<td></td>
</tr>
<tr>
<td>Commercial (General)</td>
<td>$15,500,000,000</td>
<td>$581,250,000</td>
<td>$581,250,000</td>
<td>$29,062,500</td>
<td></td>
</tr>
<tr>
<td>Industrial</td>
<td>$3,900,000,000</td>
<td>$146,250,000</td>
<td>$146,250,000</td>
<td>$7,312,500</td>
<td></td>
</tr>
<tr>
<td>Agricultural - EXEMPT</td>
<td>$22,500,000</td>
<td>EXEMPT</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
<tr>
<td>Other - EXEMPT</td>
<td>$887,700,000</td>
<td>EXEMPT</td>
<td>$0</td>
<td>$0</td>
<td></td>
</tr>
</tbody>
</table>

**TOTAL ANNUAL CIRS PAYMENT:** $119,521,875

<table>
<thead>
<tr>
<th>Bond Underwriting</th>
<th>75.0%</th>
<th>$89,641,406</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bond Interest Rate</td>
<td>4.5%</td>
<td>20</td>
</tr>
</tbody>
</table>

**5 Year Capital Bondable Amount:** $1,166,049,716

About 25% of 5 Year CIP Budget
TEST (FATAL FLAW ANALYSIS) OF HYPOTHESES

NOW IT’S TIME FOR YOU TO WAKE UP AND PARTICIPATE IN THE CRITIQUE OF THE HYPOTHESES IN THE HANDOUTS AS ALTERNATIVES TO EXISTING SSP.
THANKS TO THOSE OF YOU WHO STAYED AWAKE FROM THE COFFEE!

To criticize, ridicule, lecture, or simply disagree with me (as so many do), please feel free to contact me:

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jonathan@percontee.com (very creative email, yes?)
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Mobile: 410-935-2599