

Draft  
November 6, 1974

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MPSC COUNTER-OFFER FOR MILITARY LAND

1. Method of Acquisition: 50 year lease with option to renew unilaterally exercisable by U.S. for a second 50 year period for all or part of the land covered by the lease.
2. Method of Payment: Lump sum for first 50 years payable at time lease becomes effective; lump sum for the second 50 years reflecting just compensation for the rights then obtained.
3. Amount of Payment: For the first 50 years \$32.9 million (adjusted for inflation until paid); for the second 50 years, an amount to be determined at the time the U.S. exercises its option.

Explanation of Proposed Payment for First 50 Years

1. Calculation of Lump Sum Rental

Fair market value of fee: \$34 million (rounded)  
Assumed rate of return to get yearly rental: 8.3% (U.S. Government Bond Rate)

Yearly rental: \$2.8 million  
Assumed discount (capitalization) rate: 8.3%  
Present value of \$2.8 million/year for 50 years at assumed discount rate: \$33.18 million -- rounded to \$33 million.

2. Adjustment for Military Retention Land

Number Acres of Military Retention Land to be Made Available to U.S.: 9,071  
Price Paid by U.S. (\$40/acre for use from 1944-1981):  
\$1.08/acre/year  
Credit to United States for period 1975-1981: \$58,780 - rounded to \$60,000

3. Lump Sum Minus Adjustment: \$32.9 million (rounded)