

Memorandum

To: Clients, Associates & Friends of Pro@ctive Advisory
From: Mark L. Wyssbrod, CPA
Date: August 26, 2014
Re: Simple observations

In this memorandum, you will receive information about the following:

- Simple observations

I have noticed a timing difference between knowing something and realizing something. Are you using the all the information you have to make wise decisions?

Simple observations

This month I wanted to share with you a few observations I have been noticing over the past few months.

First, I know a few individuals who are worth tens of millions of dollars. These individuals have several characteristics in common. They all have a passion for work, intelligent, strategic minded and understand complex corporate structures. Additionally, I realized after a conversation last week, none of them trust “the market.” Let’s define “the market” as investments in our financial system (i.e. Wall Street). Although they have investments in the market I have not heard favorable statements. This might be since they feel a lack control of the investment. These individuals are (or were) very hands on and in control of the business which created their wealth.

Second, I have read several Malcom Gladwell books lately (Tipping Point and Blink). I am currently reading Outliers. Outliers suggest mastering a skill requires 10,000 hours of practice or activity on a specific task. I am glad I worked 3,000 to 5,000 hours a year during the past 15 years. I am well beyond the 10,000 hours required. I was able to work these many hours due to my passion of the subject as well as wanting to help others. I hope I am able to help my son find his passion and to have his 10,000 hours in as soon and as early as possible.

Third, I am starting to do more development work for construction companies. The price of land in North Fulton will require local municipalities to change their building code or result in very disappointed investors. The current cost of land requires a developer to build 5-6 stories at a minimum in order to have a good return. The current code pretty much only allows 4 stories, including a basement. If the codes are not changed, investors spending about \$1 million dollars on acre of land (current market value) will not be able to construct anything cost efficient in order to have a return.

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If the price of a completed project is too high, then it will not be able to be sold nor rented as the cost per square foot will be significantly higher than market. My guess is the code will be changed since the cities, mayors and councilmen (and women) do not want to place a cap land prices. Additionally, mix use developments are in favor with the public as well as building creates jobs, neighborhoods and buildings; developing a building causes optimism to the mass public as it's a physical symbol of positive energy and forward thinking.

Conclusion

What are the simple observations you can make throughout your daily routine? How can you use these observations to improve your knowledge and life making decisions? Please contact me should I be able to assist you in any way.

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