

THE INSTITUTE FOR ADVANCED STUDY

Minutes

Meeting of Special Committee on Land Development

October 24, 1980

Princeton, New Jersey

Present: Messrs. Dilworth (Chairman), Hansmann, Petersen, Woolf. Also, Mrs. Delmas and Messrs. Linder and Straus. Also, Messrs. Hunt (Secretary), Elliott, Rowe, Weinstein; Mrs. Grisham.

Absent: Messrs. Forrestal and Taplin.

Presiding officer: Mr. Dilworth opened the meeting at 3:30 pm.

Minutes: The Minutes of the meeting of the Special Committee on Land Development which was held at the Institute on April 25, 1980, were approved.

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At Mr. Dilworth's request, consultants Donald Elliott and Richard Weinstein presented a status report on the land development project. Among the principal points which emerged from the report and the discussion which followed were these:

- The total number of units now under consideration is approximately 500, of which 40 to 50 units will represent low-cost housing.
- The financial return to the Institute even with the reduced number of units is such that the project remains feasible.
- The burden of negotiating with the community will now shift to the Collins Development Corporation.
- The next detailed presentation to the Princeton planning board will probably take place before the end of 1980.
- A new financial chart should be prepared by the consultants, incorporating the new assumptions and showing new financial projections.
- A proposal for the husbandry of the Institute woods should now be prepared.

Mr. Elliott distributed to the Committee a revised version of the Memorandum of Intent between the Collins Development Corporation and the Institute. Mrs. Delmas noted that one of the changes in the memorandum involved the reduction of the interest

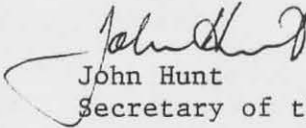
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rate to be paid to the Institute from 12% to 11%. At her request, it was agreed that this point should be maintained as an item for discussion before the final draft of the memorandum is approved.

Mr. Dilworth suggested that the Committee recommend to the Board that the process continue along the present lines of development. There was general agreement with this proposition, and it was further agreed that a new chart should be prepared and distributed to the Board with a covering note, and that a plan for the husbandry of the woods should be prepared.

There being no further business, the meeting was adjourned at 4:00 pm.


John Hunt
Secretary of the Corporation

THE INSTITUTE FOR ADVANCED STUDY

Meeting of the Special Committee on Land Development

Friday, October 24, 1980

3:00 - 3:30 pm

West Building - Second Floor Seminar Room

AGENDA

1. Minutes of the April 25, 1980, meeting
2. Report of the Chairman
3. Report of the consultant
4. Recommendations for Board action
5. Other business

MEMORANDUM

October 16, 1980

To: Harry Woolf
From: Richard Weinstein
Re: Land Development



From conversations with Chairman Penick and Allan Porter, counsel to the Planning Board, we can draw some tentative conclusions:

- o We will be encouraged to meet informally with the members of the Planning Board before we make any official presentations;
- o We will have to revise our density sharply downward;
- o We would do well to provide an arable buffer along Quaker Road.

The process of consultation with the community will probably begin in November.

Conversations with Arthur Collins indicate the following:

- o He is prepared to proceed with drawings and planning studies, and to begin discussions with the community on a more intensive basis, but would prefer to do so within the framework of a contract with the Institute;
- o As a prelude to contract discussions, the Letter of Intent has been reworded to reflect lower densities. A final draft showing changes will be available before the Development Sub-Committee meeting.
- o We have agreed that we should seek 500 units.
- o The last projection established a present value for the land, assuming 1,000 units, of \$8 million. The new Letter of Intent established a present value of \$6.5 million. Total cash payments which exceed this amount vary with several assumptions which will be discussed in the memorandum Donald Elliott is preparing to accompany the draft.
- o Collins has expressed some concern about Venturi's ability to come up with a marketable plan. Venturi, on the other hand, is sensitive about his professional prerogatives. We will have focussed on these issues with all parties before the Sub-Committee meeting.

We anticipate an increased need for work with the community as the specifics of the project are developed and negotiated, and recommend that the burden of this work be carried by the Collins organization whose office in Princeton has successfully developed a network of relationships with the community. New Sources of Funding would continue to represent the Institute, and monitor the work as it progresses from time to time. This modification of responsibility for the community effort is reflected in the new draft Letter of Intent.

I would like to make a further recommendation which addresses the concerns expressed by both the community and faculty with regard to the farm land and the woods. I suggest that the Institute retain a landscape architect and environmental consultant to assist in the planning for the husbandry of the woods, and also to respond to the impact of the Collins plan on these areas of concern as it emerges in detail. I believe this would also be perceived by the community as a good faith effort on our part, and assist us in advancing our relationship with the Planning Board.

cc: D. Elliott
J. Hunt

THE INSTITUTE FOR ADVANCED STUDY

HARRY WOOLF
Director

24 October 1980

Memorandum

To: The Trustees

From: Harry Woolf

Subject: Revision of the Memorandum of Intent

Attached you will find the original memorandum of intent as signed by the Institute and the Collins Development Corporation. For reasons which will be set forth at the meetings of the Special Committee on Land Development and the Board of Trustees by our consultants, it is recommended that the memorandum of intent be revised. It is suggested that the material in brackets be eliminated and the underlined material be added.

Also attached are two estimates of the sale price which will be received by the Institute on the basis of developing 400 units or 500 units. The major differences from the earlier projections are (1) the decrease from 1,000 units and (2) the increase in the land price per unit from the current maximum price per unit of \$9,000 to \$13,000 and (3) the reduction of the interest rate to be paid to the Institute from 12% to 11%.

MEMORANDUM OF INTENT

The Institute for Advanced Study, Princeton, New Jersey ("Institute") intends to sell to Arthur Collins or his assigns, 1445 East Putnam Avenue, Old Greenwich, Connecticut ("Collins") the land shown as "development land" on the annexed Schedule "A" and to restrict the future use of the forest, historic land and the wetlands shown as "restricted land" on Schedule "A" to permit Collins to construct, sell and/or lease approximately 500 units of housing [no less than 600 and up to 1,000] on the development land.

Venturi & Rauch have been retained by Collins and have prepared a preliminary site plan. Collins intends to construct [approximately 200 rental units, 400] townhouses, semi-detached houses and [400] free standing houses. The Institute must approve the architect, and will have general approval of the allocation between building types, the site plan, the design concept and the development program for each purchase of land. Said approvals will not be unreasonably withheld or delayed.

The Contract of Sale ("Contract") will provide that Collins is to carry out and pay for all necessary architectural, planning, engineering, legal and other services that may be required to properly develop the project, except as otherwise provided therein.

Collins and the Institute are cognizant of the proposed Master Plan for the Township of Princeton. The Institute will seek to obtain permission to develop the units specified herein. Collins will cooperate with the Institute in this effort. If the Institute is successful, Collins will then seek, with the assistance of the Institute, to gain all other necessary federal, state and local approvals ("Governmental Approvals") so that approval to build will be obtained as soon as possible. In the event that approval for less than [600] 400 units is achieved either Collins or the Institute may elect to terminate the Contract.

Collins and the Institute agree that the present value of the land if [600] 500 units may be developed is not less than [\$5,600,000;] \$6,500,000 [if 800 units are permitted not less than \$6,800,000 and if 1,000 units are permitted not less than \$8,000,000.]

After the Government Approvals are achieved, the land will be appraised at the approved density.

The appraisal shall be based on the number of units permitted by the town and the site plans, distribution of buildings, size and potential market value of the houses as agreed upon between the Institute and Collins. Collins and the Institute shall jointly choose the appraiser.

Collins shall then have the option to purchase at least one-third of the land for its then appraised value or the present agreed value, whichever is greater. To exercise this option, Collins must pay at least 20% of the purchase price in cash and, if Collins adequately guarantees payment, the Institute will give him a purchase money mortgage for the balance, for a term not to exceed five (5) years at [12%] 11% interest providing for subordination to any construction financing obtained by Collins.

Within four (4) years after his first purchase, Collins may purchase no less than an additional one-third of the land at the price of his original purchase plus interest at 12% a year, compounded to the date of the second purchase.

If Collins purchases at least two-thirds of the land within four (4) years after his first purchase, he may purchase the balance within eight (8) years of his first purchase at a price determined in the same way as the second purchase. Collins agrees to pay at least 20% of the purchase price in cash each time and the Institute agrees to give him a purchase money mortgage for the balance on the same terms as the original mortgage.

Collins also agrees to pay, as an additional part of the purchase price, the following percentages of the selling price per unit for each unit that he sells.

[First one-third of the houses permitted
by the Government Approvals 1%]

Second one-third of the houses permitted
by the Government Approvals [2%] 1-1/2%

Third one-third of the houses permitted
by the Government Approvals [4%] 1-1/2%

In no event will Collins pay less than the appraised price plus interest, or 11% of the total sales price, whichever is greater.

However, in no event will Collins pay any total (including appraised value, interest and percentage payments) more than 15% of the total gross sales price if 1,000 units are permitted or more than 17% if 600 units are permitted.

The percentage payments shall be made in the following manner: for each one-third of the land developed ("partial development"), quarterly payments shall be made based on a pro rata projection of the total amount which would be due at the end of the partial development period. Each quarterly payment shall reflect accumulative results of the adjusted projections so that if an overpayment has been made in one quarter each overpayment shall be a direct credit against future payments due in subsequent quarters for that partial development. In no case, however, shall the Institute be required to refund any percentage payments made by Collins, and each partial development shall be considered separately.

If purchases are made in phases, then the Institute agrees to grant all licenses, easements, rights of way necessary for the proper development and users of the phase under development.

The Institute may purchase or lease any of the houses which Collins will sell so long as its intention to do so is manifested in a timely manner, and provided that such purchases or leases do not jeopardize any permanent financing for the project. Any such purchases or leases shall be made at fair market value.

The land will be subject to certain restrictions and covenants which are to be negotiated and which are designed to achieve development and operation compatible with the purposes of the Institute and which will include:

- (a) The initial phase of construction will not be in the enclosed fields adjacent to the woods.
- (b) Provision for the forest and a buffer strip remaining open space in perpetuity.
- (c) Approval by the Institute of the rules and regulations governing operations of the condominium association or other owners' governing body, with the Institute having a veto over changes in certain enumerated sections, to the extent legally permissible.

- (d) An option of first refusal for the Institute to purchase any unit offered for sale at any time, to the extent legally permissible.

If subsequent to the receipt of all necessary approvals Collins fails to pursue the project diligently for a period of one hundred twenty (120) days, the Institute may terminate the Agreement by written notice giving Collins one hundred twenty (120) days to cure his default and again commence diligent work on the project. Collins obligation will be conditioned with an appropriate force majeure clause. The Agreement may also be terminated by either party if no purchase of land has been made by Collins within six months after the receipt of all Government Approvals, or regardless of any approvals, by September 1, 1982.

The Institute and Collins will each pay their own expenses and not seek reimbursement from the other. However, the Institute agrees to reimburse Collins for expenses actually incurred including fees of Collins personnel or affiliated entities in case of any of the following:

- (a) the refusal by the Institute to consummate the sale because it plans to use the land for other purposes or because it has failed to receive a favorable Internal Revenue Service ruling as described below;

(b) the failure of the Institute to diligently pursue the adoption of any required zone change or other local zoning regulation required to accomplish the development program.

In no event, however, will the Institute be required to reimburse Collins for any sums in excess of \$150,000.00.

This letter is intended to set forth the intent of Collins and the Institute with respect to the sale of the Institute's land. The sale is conditioned upon the Institute receiving a ruling from the Internal Revenue Service that the proceeds of the sale will not be taxable to the Institute. It is further conditioned upon the Institute and Collins negotiating a mutually acceptable Contract based on this Memorandum of Intent but no legal obligations on the part of either party will arise until such contract is formally executed by both parties. The parties will diligently pursue negotiating a formal written contract and intend to execute such a contract no later than [April 1, 1980,] three months after site plan approvals, unless extended by mutual agreement. Failure by either party to execute a contract shall give no cause to the other for damages of any kind.

Estimated Sale Price to be Paid to the
Institute for Advanced Study for Residential
Land by Collins Development Corp.*

Development of 400 Units

Assuming land value of \$6,500,000 when approval to build is achieved and development of 400 units, with the land purchased in thirds over an eight-year period. Land price escalating 11% annually compounded until purchased.

			Total
<u>Year 1</u>	Land for 133 units at \$13,000 per unit	\$1,730,000	\$ 1,730,000
<u>Year 4</u>	Land for 133 units at \$19,000 per unit	2,500,000	
	1-1/2% of est. selling price of \$130,000 per unit	260,000	2,760,000
<u>Year 8</u>	Land for 133 units at \$29,950 per unit	3,890,000	
	1-1/2% of est. selling price of \$200,000 per unit	400,000	<u>4,290,000</u>
	Total estimated price		\$ 8,780,000

*Collins has the right to refuse to purchase the land in year 4 or year 8, even if he makes the initial purchase.

Estimated Sale Price to be Paid to the
Institute for Advanced Study for Residential
Land by Collins Development Corp.*

Development of 500 Units

Assuming land value of \$6,500,000 when approval to build is achieved and development of 500 units, with the land purchased in thirds over an eight-year period. Land price escalating 11% annually compounded until purchased.

			Total
<u>Year 1</u>	Land for 166 units at \$13,000 per unit	\$2,150,000	\$ 2,150,000
<u>Year 4</u>	Land for 166 units at \$19,000 per unit	3,170,000	
	1-1/2% of est. selling price of \$130,000 per unit	215,000	3,385,000
<u>Year 8</u>	Land for 166 units at \$29,950 per unit	4,970,000	
	1-1/2% of est. selling price of \$200,000 per unit	500,000	<u>5,470,000</u>
	Total estimated price		\$11,005,000

*Collins has the right to refuse to purchase the land in year 4 or year 8, even if he makes the initial purchase.