

THE INSTITUTE FOR ADVANCED STUDY

Minutes

Meeting of the Special Committee on Land Development

April 27, 1979

Present: Messrs. Dilworth (Chairman), Hansmann, Petersen, Woolf.

Other Trustees Present: Messrs. Houghton, Linder (Emeritus),
Segal, Straus.

Trustee Members Absent: Mr. Taplin.

Also Present: Messrs. Hunt (Secretary), Donald Elliott,
Richard Weinstein.

Presiding Officer: Mr. Dilworth opened the meeting at 3:30 p.m.

Minutes: The Minutes of the enlarged meeting of the
Special Committee on Land Development held
in New York City on April 4, 1979, were
approved.

Consultants' Report: Mr. Weinstein said that the documents
circulated prior to the meeting covered
most of the points he wished to make. He
then referred to certain tensions between
Messrs. Collins and Venturi, and assured
the Committee that if a major problem
develops, the Institute would have full
control over whatever steps Mr. Collins
might wish to take.

Mr. Elliott then presented the draft Memo-
randum of Intent and described its contents,
explaining that the financial projections
would have to be confirmed by an outside
appraiser.

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Mr. Petersen asked if the Institute could receive a continuing income from rental units.

Mr. Elliott replied that the present arrangement called for all rental income to be allocated to Mr. Collins. Mr. Elliott then stated that if the zoning density permitted no more than 600 units, the plan would be revised to maximize free-standing units.

Mr. Hansmann pointed out that the Institute was pledging to leave open to the public some twice the amount of land that it was actually getting paid for, and asked if this was reflected in the price.

Mr. Elliott said that this factor was the basis for the projected purchase price on an unusually high density.

Mr. Elliott then pointed out that the most serious issue was the inadequacy of the road serving the project, with the resulting congestion when the development is complete. He stated that the position of the feasibility report was that this could be corrected.

Mr. Linder asked if an escalator effect could be incorporated into the contract which would reflect the rising value of the land as it is developed. Speaking to this point, Mr. Dilworth suggested incorporating a procedure which would permit a review of the project at prescribed intervals in the course of its realization.

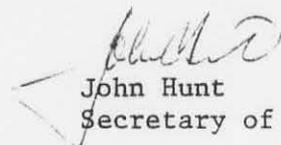
Mr. Segal expressed concern about the changed character of the Institute and particularly of its physical setting as a result of adding 1000 units.

Mr. Dilworth indicated that the project should be pursued since it was likely that development in some form or other would take place sooner or later.

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There being no further business, the meeting
was adjourned at 4:30 p.m.


John Hunt
Secretary of the Corporation

THE INSTITUTE FOR ADVANCED STUDY

Meeting of the Special Committee on Land Development

Friday, April 27, 1979

3:30 - 4:30 p.m.

West Building - Second Floor Seminar Room

AGENDA

- I. Chairman's report
- II. Consultant's report
- III. Review of consultant's recommendations
- IV. Recommendations for Board action
- V. Other business

Following are those non-Board members invited to participate in the "Report of the Special Committee on Land Development" session during the Saturday, April 28, 1979, meeting of the Board:

Collins Development Corporation	Arthur Collins James Harvie III
Venturi and Rauch	Robert Venturi John Rauch Jim Schmidt
real estate firm	Peter E. Pattison Paul Marshall
Webster + Sheffield	Donald Elliott, Esq.
New Sources of Funding	Richard Weinstein

INSTITUTE FOR ADVANCED STUDY

Proposed Resolutions

for

Board of Trustees Meeting

April 27, 1979

Princeton, New Jersey

RESOLVED, that the Director is authorized to sign a Memorandum of Intent substantially as presented to the Board and annexed hereto as Exhibit "A" evidencing the intent of the Institute to sell to Collins Development Corporation, Old Greenwich, Connecticut, sufficient land to construct up to 1000 dwelling units, and further

RESOLVED, that the Director is authorized to contract with New Sources of Funding, Inc. and other professionals to assist the Institute in discharging its obligations pursuant to the Memorandum of Intent with Collins Development Corporation and negotiating an acceptable contract of sale.

Amosell memo

INSTITUTE FOR ADVANCED STUDY

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For
Board of Trustees Meeting

April 27, 1979
Princeton, New Jersey

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REDRAFT
4/27/79

MEMORANDUM OF INTENT

The Institute for Advanced Study, Princeton, New Jersey (Institute) intends to sell to Collins Development Corporation, 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 woods, the historic land and the wetlands shown as "restricted land" on Exhibit A to permit Collins to construct and sell no less than 600 and up to 1,000 units of housing on the development land.

Venturi & Rauch have been retained by Collins [as the architects for the project] and have prepared a preliminary site plan. Collins intends to construct approximately 200 rental units, 400 townhouses and 400 free standing houses. The Institute must approve the architect, the site plan and design concept for the units prior to the sale of the land.

Collins agrees to carry out and pay for all necessary architectural, planning, engineering, legal and other services that may be required to properly develop the project.

Collins will seek, with the assistance of the Institute, to gain all necessary federal, state and local approvals. In the event that approval for less than [600] 400 units is achieved either Collins or the Institute may elect to terminate this agreement.

Depending on the number of units approved for

EXHIBIT "A"

construction, Collins will pay for the land according to the following estimated present values.

<u>600 Units</u>	<u>800 Units</u>	<u>1,000 Units</u>
\$5,600,000	\$6,880,000	\$8,000,000

These values will be verified by an outside appraiser, and that appraisal must be satisfactory to both Collins and the Institute. These prices will be escalated 12% per annum compounded from the date of the governmental approvals noted above until the date of purchase by Collins. Collins also agrees to pay as a part of the purchase price 3% of the selling price per unit actually received for each townhouse or house that he sells but no payment shall be due until the end of the third year after the start of construction.

Collins intends to contract to purchase 10% of the available land in the first year after the governmental approvals are obtained and at least 15% in each subsequent year. Collins may postpone the date of any land purchase, but he will purchase at least one-half of the land within five years and all of the land within eight years or lose his right to purchase any additional land. Payment for the land will be made quarterly in cash for all units where construction has commenced with the balance of the base price adequately secured [guaranteed by an unconditional letter of credit]. The part of the purchase price based on the sales value of the houses will be paid quarterly as received.

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) Provision for the forest and a buffer strip remaining open space in perpetuity.

(b) Approval by Institute of the rules and regulations governing operations, with the Institute having a veto over changes in certain enumerated sections.

(c) An option of first refusal for the Institute to purchase any unit offered for sale at any time.

Collins agrees to diligently pursue this project and seek approval to build as soon as possible. The Institute agrees to assist him in every reasonable way.

If Collins fails to pursue the project diligently for a period of [60] 90 days the Institute may terminate this agreement by written notice giving Collins 30 days to cure his default and again commence diligent work on the project. This agreement may also be terminated by either party if no contract for sale of the land has been entered into for any reason by Collins and the Institute 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 if the Institute refuses to consummate the sale because it plans to use the land for other purposes, but in no event will those costs exceed \$150,000.

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 of sale based on this memorandum of intent but no legal obligations other than those expressly undertaken in this letter 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 January 1, 1980, unless extended by mutual agreement. Failure by either party to execute [such] a contract shall give no cause to the other for damages of any kind.

Dated: April , 1979

INSTITUTE FOR ADVANCED STUDY

By _____

COLLINS DEVELOPMENT CORPORATION

By _____

THE INSTITUTE FOR ADVANCED STUDY

PRINCETON, NEW JERSEY 08540

Telephone-609-924-4400

April 20, 1979

Mr. J. Richardson Dilworth
Room 5600
30 Rockefeller Plaza
New York, New York 10020

Dear Dick:

The meeting of the Special Committee on Land Development will take place on Friday, April 27, 1979, from 3:30 to 4:30 p.m. in the West Building Seminar Room.

I attach an agenda for the meeting, with a summary of the Committee's work to date. This document has also been sent to the full Board.

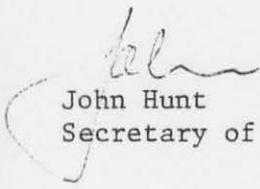
Richard Weinstein will be distributing certain papers of his own to the Committee. Copies will be available for all Trustees at the Saturday meeting if you wish to have this material distributed.

Messrs. Venturi and Collins will not be attending the meeting of the Committee, but will be on hand for a presentation to the full Board on Saturday morning.

Please let me know if there is any way in which I can be helpful.

With best regards, I am

Sincerely,


John Hunt
Secretary of the Corporation

cc: Ralph E. Hansmann
Howard C. Petersen
Frank E. Taplin
Harry Woolf

THE INSTITUTE FOR ADVANCED STUDY

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THE INSTITUTE FOR ADVANCED STUDY

Special Committee on Land Development

Progress Report

1. On April 29, 1978, the Institute's Board of Trustees authorized the Director to arrange for Messrs. Richard Weinstein and Donald Elliott of New Sources of Funding, Inc. to carry out an initial feasibility study with regard to the possible development of the tract of Institute land beyond the woods and bordered by Quaker Bridge Road. The Chairman appointed the following members of the Board to a Special Committee on Land Development to work with the Director on all matters related to this particular land development project: Mr. Dilworth, chairman; Messrs. Forrestal, Hansmann, and Taplin.

The agreement between the Institute and New Sources of Funding, Inc. stipulated that New Sources of Funding would carry out the feasibility study at its own expense; that subsequent funding, if required, would be the Institute's responsibility; and that the cost to New Sources of Funding of the feasibility study would be recoverable by New Sources of Funding from the Institute's share of the proceeds, should the Institute carry out the project.

2. On September 8, 1978, the Special Committee on Land Development met with representatives of New Sources of Funding to interview candidates for developer of the project. The Committee interviewed officers of the Collins Development Corporation and Charles Shaw Associates, the two firms which had been selected by New Sources of Funding from a group including the Heritage Development Group, Inc.; J. T. Holdings; Ring Brothers (Monogram Industries); and Boston Properties. A decision on the choice of developer was scheduled for the October 27, 1978, meeting of the Committee to allow adequate time for discussion and reflection.

Special Committee on Land Development
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3. On October 27, 1978, the Committee met to review the earlier meeting with prospective developers and to choose a developer for the project. Arthur Collins was the unanimous choice of the Committee as the developer, a choice in which the representatives of New Sources of Funding concurred. Mr. Weinstein then briefly reviewed the credentials of the three architects who would be interviewed by the Committee in early December.

4. On October 28, 1978, reporting for the Special Committee on Land Development to the Board, Mr. Dilworth described the background of the land development project and of the association with Richard Weinstein's group, New Sources of Funding, Inc. He then reviewed for the Board the meeting of the Committee at which various developers were interviewed, and the subsequent concurrence of the Committee on the selection of Arthur Collins as developer, subject to Board approval.

Mr. Weinstein then described the background of the recommendation of Mr. Collins as the developer to work with in the preparation of the feasibility study, and suggested that if the Board approved the choice of Mr. Collins, that a meeting of the Special Committee on Land Development be held on Tuesday, December 5, to interview architects.

After a general discussion of the proposed land development project, Mr. Dilworth recommended that Mr. Collins be designated as the developer with whom the project would be explored and that the Committee be authorized to proceed with the selection of an architect.

A motion to accept Mr. Dilworth's recommendation was seconded and approved.

5. On December 5, 1978, the Special Committee on Land Development met to interview three architects: Sam Brody of Davis, Brody Associates; Robert Venturi and John Rauch of Venturi and Rauch; and Romaldo Giurgola of Mitchell/Giurgola. While all three candidates made excellent impressions, it was the unanimous decision of those present that Venturi and Rauch should be selected.

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6. On December 19, 1978, a meeting was held among representatives of the Institute, New Sources of Funding, the development and architectural firms, and the Princeton community leadership. The meeting was cordial and constructive although it was clear that the community leadership did not wish to entertain any specific proposals from the Institute until after the promulgation of the master plan sometime this spring.

7. On April 4, 1979, the Special Committee on Land Development met to review a status report on the progress of the project in preparation for the annual meeting of the Institute's Board in April. Detailed presentations on various aspects of the project were made to the Committee by Mr. Weinstein and his associates, Mr. Collins, and Mr. Venturi. Suggested for Board action were the following items:
 - a. Agreement to go forward with this project
 - b. Designation of Mr. Collins as the developer
 - c. Authorization for negotiation of a contract with Mr. Collins, subject to independent appraisal
 - d. Designation of New Sources of Funding or a similar entity for the continued servicing of the project

In the session which followed the presentations by the developer and the architect, Mr. Peter Pattison of the New Sources of Funding group said that he would be proposing an arrangement with the developer whereby Mr. Collins would contribute to the initial funds required and at the next stage in the process, if all goes forward as planned, Mr. Collins would purchase land from the Institute in order to proceed.

Mr. Pattison stated that his present view is that there would be an assured return to the Institute through land sale of \$10 million, and that participation in the sale of housing units could produce as much as \$4 million. He indicated that independent appraisals would be needed for these figures.

Special Committee on Land Development
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In the executive session which followed these presentations, the Chairman offered to examine possible alternatives to New Sources of Funding for future servicing of the project, though there was general agreement among the Trustees present at the meeting that there was every reason to be satisfied with the group's performance, and to get advice on independent appraisers for the financial proposals to be presented to the Board.


John Hunt
Secretary

MEMORANDUM

April 24, 1979

To: Land Development Committee - Institute for Advanced Study

From: Richard Weinstein *aw*

Re: Land Development Proposal and Related Matters

Summary:

New Sources of Funding has been working over the last 6 months with Collins Development Corporation and their architects, Venturi and Rauch. We believe that the project which is being proposed represents a distinguished and sensitive design, and is a significant financial opportunity for the Institute (see appended document-). Accordingly, we recommend that:

1. Collins Development Corporation be designated by the Board as developer.
2. The letter of understanding between Collins Development Corp. and the Institute be approved (see appended document).
3. New Sources of Funding, or equal, should be retained by the Institute to negotiate a contract to assist in obtaining community approval, and to monitor development of the planning and design process, and to file for an I.R.S. ruling (described below).

Further Funding Requirements for I.A.S.:

In designating the developer and approving the letter of agreement, the Institute will be responsible for reimbursing the developer if the Institute decides not to go forward with the project. In addition, the cost to I.A.S. of carrying the work through the community approval process to construction financing is expected to run between \$75-80,000. It will be recalled from previous correspondence that New Sources of Funding's grant assistance will come to an end with the submission of the feasibility documents, and that the costs of the study, and a modest surcharge will be recoverable if and when construction financing is achieved. Our costs thus far have amounted to \$29,500. Collins has incurred architectural fees of \$35,000.

Outstanding Issues:

I.R.S. Ruling - Because of the complexity of the arrangements, it is safest for the Institute to seek a tax ruling allowing the land to be sold without an unrelated business income tax. The agreement with the developer will be subject to achieving a successful ruling.

The Community - It has been impossible to test the community's response to our plan in any specific way as we have been asked by them to wait until the publication of the master plan anticipated by early summer. Informal contacts would suggest that there is support for our efforts among some community leadership, but it is far too early to draw any reliable conclusions.

To: Richard Weinstein
From: Paul G. Marshall
Re: Institute for Advanced Study (IAS)
Date: April 26th, 1979

Status Report

Collins proposes to develop 1000 residences as follows:

1. 400 detached single family homes
2. 400 town-houses
3. 200 rental units

Collins has submitted data based on a fallback position of 800 unit and 600 unit developments should zoning so restrict them. At this time it is believed that the municipal authorities will permit 1000 units. In addition, Collins may be required to build moderate priced housing to realize his zoning goals.

The housing will be built on about 230 acres, but IAS will pledge as open space additional acreage bringing the overall density down to about 1 unit per .7 acre for the 1000 unit development. Collins is working with Venturi and Rauch on site plan, and will proceed to get zoning approvals.

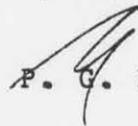
Projected Income:

1. Property to be independently appraised when zoning secured. Collins initial purchase is 10% of the land to be developed. Land for rental units will be sold in 100 unit increments. Collins to pay IAS value of land as appraised plus an interest factor of 10% to 12% per annum as negotiated. Land to be purchased over no more than 8 years or about 15% annually after the initial purchase. Some allowance for market conditions will enable Collins to defer purchasing land for a year.

2. IAS will receive a percent of gross sales, the amount to be 1.5% to 3% as negotiated. This will be a "kicker" for IAS and is estimated at \$2.7 to \$5.4 million.
3. Collins has estimated that IAS will receive \$10-14 million over about 7 years. Based on this estimate, the land when zoned will have an appraised value of about \$8 million.

An attachment shows the estimated gross cash flows to IAS. These assume a kicker of 1.5%

Collins remains enthusiastic and believes the project will succeed. He has proved a good partner to date. Some items remain open but this is not unexpected. He continues to invest time and considerable money in the project, evidencing good faith.


P. G. M.

Institute for Advanced Study
Estimated Cashflow

	YEAR #								
	1	2	3	4	5	6	7	8	Total
Total	1,000,000	2,000,000	2,798,000	2,678,000	2,558,000	1,274,000	450,000	450,000	13,208,000

Estimates provided by Collins Development Company.

DRAFT
4/25/79

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The Institute for Advanced Study, Princeton, New Jersey (Institute) intends to sell to Collins Development Corporation, 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 woods, the historic land and the wetlands shown as "restricted land" on Exhibit A to permit Collins to construct and sell no less than 600 and up to 1,000 units of housing on the development land.

Venturi & Rauch have been retained by Collins as the architects for the project and have prepared a plan. Collins intends to construct approximately 200 rental units, 400 town-houses and 400 free standing houses. The Institute must approve the site plan and design concept for the units prior to the sale of the land.

Collins agrees to carry out and pay for all necessary architectural, planning, engineering, legal and other services that may be required to properly develop the project.

Collins will seek, with the assistance of the Institute, to gain all necessary federal, state and local approvals. In the event that approval for less than 600 units is achieved either Collins or the Institute may elect to terminate this agreement.

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(b) Approval by Institute of the rules and regulations governing operations, with the Institute having a veto over changes in certain enumerated sections.

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Collins agrees to diligently pursue this project and seek approval to build as soon as possible. The Institute agrees to assist him in every reasonable way.

If Collins fails to pursue the project diligently for a period of 60 days the Institute may terminate this agreement by written notice giving Collins 30 days to cure his default and again commence diligent work on the project. This agreement may also be terminated by either party if no contract for sale of the land has been entered into for any reason by Collins and the Institute by September 1, 1982.

The Institute and Collins will each pay their own expenses and not seek reimbursement from the other. However,

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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 of sale based on this memorandum of intent but no legal obligations other than those expressly undertaken in this letter will arise until such contract is formally executed by both parties, and failure by either party to execute such a contract shall give no cause to the other for damages of any kind.

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