

Plainsboro 1984

letter re: linpro

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KRAFT & HUGHES

ATTORNEYS AT LAW

GATEWAY 1

NEWARK, NEW JERSEY 07102

(201) 622-5656

TELECOPIER (201) 622-7333

5 WORLD TRADE CENTER
NEW YORK, NEW YORK 10048
(212) 839-0130FIRST FEDERAL PLAZA
ROCHESTER, NEW YORK 14614
(716) 454-3540

September 14, 1984

MARK T. HUGHES, JR.*
JOHN L. KRAFT*
EDWARD J. McMANIMON III
JOHN B. HALL*
JEROME M. ST. JOHN
WILLIAM P. OBERDORY
E. KENNETH WILLIAMS, JR.
BRUCE S. EDINGTON
BERNARD S. DAVIS
ANDREA L. KAHN
ROBERT C. NEFF
TIMOTHY R. CURTIN*
JOHN J. OBERDORY

EDWARD J. NOWAKOSKI*
DIANE M. LAVENDA
DANIEL F. PECK, JR.
CAROL CORMAN STERN
BRYAN G. PETRANIGS
GLENN F. SCOTLAND
LEE A. ALBANESE
NANCY STANOR WOOD*
ELIZABETH A. GREENBLATT
CARLA J. SMITH
ELLEN E. HEISING*
ALVIN R. LITTLE
LOUIS A. DI MARE, JR.
ERIG D. WISLER
TIMOTHY B. MCGILL**
KEVIN M. BRIDY
THOMAS P. GALLAGHER
CLAUDIA J. KEEFE
JONI-JEAN C. MARCHIO
EARL T. POINDEXTER
WILLIAM G. PRICE*

OF COUNSEL
FRANK A. HUTSON, JR.†
SIDNEY OLASER*

* ALSO ADMITTED IN NEW YORK
** ADMITTED IN NEW YORK ONLY
† ADMITTED IN NEW YORK AND MASSACHUSETTS ONLY
* ALSO ADMITTED IN NEW YORK AND FLORIDA
* ADMITTED IN MASSACHUSETTS ONLY

Barbara J. Williams, Esq.
Constitutional Law Clinic
Rutgers Law School
15 Washington Street
Newark, NJ 07102

Re: Linpro

Dear Barbara:

You asked us to set forth the proposed method of financing the low and moderate income units in the Linpro tract in the Township of Plainsboro. It has been proposed that several hundred units be constructed on land contiguous to the currently developed housing units in the Linpro tract. The Township would issue the Bonds, in its capacity as the Redevelopment Agency, and loan the proceeds to Linpro who would construct the various units on the accompanying infrastructure. The Township would be obligated to pay the debt, as a general obligation bond, but would expect to receive income from the mortgage that it would have with Linpro in connection with the units that were constructed. Any shortfall in the revenues would be made up either from general taxation of the Township or from a fund that would generate from the syndication of the depreciation rights on the units. Linpro has proposed that the money generated from the syndication of those rights would be deposited into a fund and utilized to offset annual deficits in the income generated from the rental of the units. It is assumed that the income of the tenants would be low and, consequently, would have to be subsidized either by the taxpayers or from another fund, which we hope will be the syndication fund.

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KRAFT & HUGHES

Barbara J. Williams, Esq.
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An alternative would be to have the Township own the units themselves and then turn to a contract with Linpro to manage it. As we indicated in our conversations, there are some difficulties with the bidding procedures associated with such an arrangement being negotiated with Linpro. The preferred course is the redevelopment route which, as you know, requires the area to be designated as a redevelopment area, a redevelopment plan developed and approved through the normal Planning Board process and the selection of Linpro as the redeveloper of the tract involved. The tract of land is currently not under the control of either the Township or Linpro, but there are active negotiations going on at this time to obtain an option on this land.

If you need any further clarification regarding the proposed transaction, please do not hesitate to call me.

Very truly yours,

KRAFT & HUGHES



Edward J. McManimon, III

EJM:ydd

cc: Mr. William M. Swain
Joseph L. Stonaker, Esq.