

**University and Town Reach Seven-Year Agreement on Voluntary Contributions**

April 28, 2014 – Princeton University and Princeton, New Jersey have reached a seven-year agreement under which the University will make voluntary unrestricted financial contributions to the municipality totaling \$21.72 million, and will also make one-time contributions valued at \$2.59 million to several identified municipal projects.

In calendar year 2014 the University's voluntary unrestricted contribution will be \$2.75 million, an increase of more than 10% over its 2013 contribution. In each subsequent year of the agreement, through 2020, the University will increase its contribution by 4% per year.

In 2014 the University will contribute an additional \$90,000 for the purchase of a new Free-B vehicle. Over the course of the agreement it will also make the following one-time contributions:

- \$250,000 toward construction of a new storage facility for the town's Department of Public Works equipment.
- \$500,000 toward construction of a new Princeton First Aid and Rescue Squad facility on municipal land.
- \$250,000 toward the expansion of the Witherspoon Fire Station (in addition to \$300,000 already committed to this project under a prior agreement).
- \$500,000 toward the purchase of fire-fighting apparatus.

The University will also donate to the municipality for its use the University-owned parking lot on Franklin Street that has been valued in the range of \$1 million.

Representing Princeton University in the discussions that resulted in this agreement were Vice President and Secretary Robert Durkee and Director of Community and Regional Affairs Kristin Appelget. Princeton University President Christopher Eisgruber participated in the initial meeting between the representatives of the University and the town. The town of Princeton was represented by Council President Bernie Miller, Councilman Patrick Simon and Administrator Bob Bruschi.

Princeton Council President Bernie Miller commented that "The discussions with Princeton University were conducted in an atmosphere of mutual respect and an understanding of the shared interests of the University and the town. The agreement that was reached embodies three important principles; first, it is a seven year agreement that achieves fiscal stability between the University and the municipality. Second, the unrestricted voluntary contributions by the

University will increase annually at a rate greater than permitted for the municipal property tax under New Jersey State law. Third, the University will make one-time contributions to projects that were agreed to be of mutual benefit to the University and the town. In addition, the University has agreed to donate to the municipality for future use real property consisting of the University –owned parking lot on Franklin Street.” Council President Miller thanked Councilman Patrick Simon and Administrator Bob Bruschi who participated in the meetings that led to the agreement. He also expressed his gratitude to Council members Lance Liverman, Jenny Crumiller and Jo Butler who met regularly with the municipal team, and Brad Middlekauff who provided invaluable assistance as a volunteer.

Princeton University President Christopher L. Eisgruber said, “We are very pleased to be able to make these contributions to the town of Princeton, and in doing so to reaffirm both our desire to help sustain the vitality and well-being of our home community and our deep appreciation for the many aspirations and interests we share. Through candid, collegial and constructive conversation, we have arrived at a seven-year agreement that provides unrestricted support to the town that will increase 10% this year and then grow at a rate greater than the growth in property tax revenues permitted under state law, which means that the relative value of our contribution will increase each year. Our conversations identified a number of specific projects that are important to the University as well as to other residents of this community, and we are pleased to be able to provide significant support to them as well. I believe this agreement reflects a strong spirit of cooperation and mutual respect between the town and the University, and I want to thank the municipal officials, as well as my colleagues at the University, who helped guide us to this agreement.”

The specific year-by-year unrestricted contributions under the agreement are as follows (the 2013 contribution was \$2.475 million):

2014 -- \$2,750,000  
2015 -- \$2,860,000  
2016 -- \$2,970,000  
2017 -- \$3,090,000  
2018 -- \$3,220,000  
2019 -- \$3,350,000  
2020 -- \$3,480,000

In addition to the contributions described in the agreement, the University makes additional voluntary contributions each year by following a longstanding practice of leaving certain properties, such as non-dormitory graduate student housing, on the tax rolls even though they

could qualify for exemption from property taxes under New Jersey law. In 2013 the University paid \$2.98 million in taxes on these properties that could qualify for exemption, with \$659,000 going to the town of Princeton and \$1.43 million going to the Princeton Public Schools. The agreement indicates the University's intent to continue this practice, and its intent if it modifies this practice to make additional voluntary payments to the municipality and the schools at the levels they would have received if the properties had remained on the tax rolls.

The University's total property tax payment in Princeton in 2013 was \$8.35 million, with \$1.85 million of that total going to the town. The University's property tax payments are expected to increase significantly in future years when its Lakeside graduate student housing and Merwick/Stanworth faculty/staff housing projects are completed.

A resolution memorializing the agreement will be presented to Princeton Council for its approval on April 28th. The agreement was developed through a series of meetings that began late last fall and, as stated in the agreement, is "entered into in recognition of shared interests and in a spirit of mutual respect." The drafters of the agreement hope that it will provide a useful model for similar discussions between other communities and universities about their contributions.

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**TRUSTEES OF PRINCETON UNIVERSITY – PRINCETON  
VOLUNTARY CONTRIBUTION AGREEMENT**

This agreement (the “Agreement”) is entered into on this 28th day of April, 2014 between Princeton, a municipal corporation of the State of New Jersey, having its principal offices located at 400 Witherspoon Street, Princeton, New Jersey, 08540 (hereinafter referred to as “Princeton” or the “Municipality”) and the Trustees of Princeton University, having its principal offices located at Nassau Hall, Princeton, New Jersey, 08544 (hereinafter referred to as the “University”).

**WITNESS**

**WHEREAS**, the purpose of this Agreement is to memorialize the University’s agreement to provide certain voluntary financial and other contributions to Princeton during the term of this Agreement, which shall run from January 1, 2014 through December 31, 2020 (the “Term”); and

**WHEREAS**, this Agreement is further entered into in recognition of shared interests of Princeton and the University and in a spirit of mutual consent and it is separate and apart from any other agreement or action or request for action involving Princeton and the University.

**NOW THEREFORE**, in consideration of \$1.00 payable from Princeton to the University, and good and other valuable consideration and the mutual promises set forth below, Princeton and the University agree as follows:

**1. Voluntary Cash Contributions 2014-2020**

The University will make a cash contribution to the Municipality in 2014 of \$2,750,000, an increase of more than 10% over its 2013 contribution. The University will then increase its

contribution by 4% each calendar year during the Term. The specific cash contributions will be as follows:

2014 – \$2,750,000  
2015 – \$2,860,000  
2016 – \$2,970,000  
2017 – \$3,090,000  
2018 – \$3,220,000  
2019 – \$3,350,000  
2020 – \$3,480,000

These contributions are intended for the unrestricted use of the Municipality. Half of each year's payment shall be made no later than June 30 of each calendar year and the second half shall be made no later than December 15 of that same calendar year.

## **2. Purchase of a New Free-B Vehicle**

In connection with the fact that the University assisted the Municipality in inaugurating the Free-B program, and in order to cover the cost of replacing the first Free-B vehicle, the University agrees to contribute \$90,000 to the Municipality in 2014 for the purchase of a new Free-B vehicle. The foregoing contribution is in addition to the contribution described in Section 1 of the Agreement and in addition to the \$500,000 that the University has already provided to the Municipality for the Transportation Trust Fund.

## **3. Contributions by the University for Municipal Projects**

In addition to the contributions set forth In Sections 1 and 2 of this Agreement, the University will contribute to funding for the following Municipality projects (each, an "Identified Project"), in the amounts set forth below:

- (a) Construction of a new storage facility for Municipality Department of Public Works equipment (\$250,000)
- (b) Construction of a new Princeton First Aid and Rescue Squad facility on municipal land (\$500,000)
- (c) Expansion of the Witherspoon Fire Station (\$250,000)(For the avoidance of doubt, this is in addition to the \$300,000 already committed by the University to this project)
- (d) Purchase of replacement fire-fighting apparatus (\$500,000)
- (e) Donation as is of the University-owned lot at Franklin Street Block 21.04 Lot 27 to the Municipality for use by the Municipality (For the avoidance of doubt, this is a non-cash contribution, but the lot has been valued by Princeton University in the range of \$1 million)

It is expected that the Identified Projects will be initiated at various times during the seven-year term of the Agreement. Throughout the term of the Agreement, representatives of the University and the Municipality will meet from time-to-time to discuss, in good faith, the expected initiation of the Identified Projects, and the timing of the associated University contributions.

If the Municipality decides to (i) not go forward with, or (ii) substantially delay, any of the Identified Projects set forth in clauses (a), (b), (c) or (d) above, representatives of the University and the Municipality will meet to identify an alternative, similar-sized project of mutual interest that might be substituted for the cancelled or substantially delayed Identified Project. Following recommendations from such representatives, the University and the Municipality will seek, in good faith, to modify the list of Identified Projects, so that the Municipality will continue to receive substantially comparable value from the University on a substituted project. Alternatively, if initiation of any of the Identified Projects set forth in clauses (a), (b), (c) or (d)

above is expected to commence sometime within a three-year period after the end of the Term (*i.e.*, within three years after the Agreement expires in 2020), the University's commitment to fund such Identified Project in the amount set forth above will extend until the initiation of such Identified Project, unless the University and the Municipality agree otherwise. For the avoidance of doubt, this paragraph does not apply to the donation of the lot on Franklin Street, as set forth in clause (e) above.

#### **4. Changes in Tax Status of University Properties**

For many years the University has followed a practice of leaving certain properties on the tax rolls even though these properties could qualify for exemption from property taxes under New Jersey law. The University has indicated its intention to continue this practice during the Term. If the University modifies this practice during the Term, it has expressed its intent, for the remainder of the Term, to make annual voluntary payments to the Municipality and the Princeton Public Schools, in addition to the payments set forth in other sections of the Agreement, that would be equivalent to the amounts that the Municipality and the Princeton Public Schools would have received in connection with these properties if they had remained on the tax rolls.

#### **5. Continuance & Renegotiation**

Starting in the first half of 2019, the parties will endeavor, in good faith, to enter into a new agreement regarding University contributions to the Municipality in years following the end of the Term.

The Agreement will be subject to the laws and regulations of the State of New Jersey. There is no waiver of legal rights except as specifically set forth in the Agreement and the Agreement is for the sole benefit of the parties and their successors and assigns.

**WITNESSES:**

**PRINCETON, a municipal corporation of  
the State of New Jersey**

\_\_\_\_\_  
Linda S. McDermott, Clerk

By: \_\_\_\_\_  
Bernard Miller, Council President

\_\_\_\_\_  
Jo Butler

\_\_\_\_\_  
Lance Liverman

\_\_\_\_\_  
Jenny Crumiller

\_\_\_\_\_  
Patrick Simon

**WITNESS**

**TRUSTEES OF PRINCETON  
UNIVERSITY**

\_\_\_\_\_  
Kristin Appelget, Director  
of Community and Regional Affairs  
Princeton University

By: \_\_\_\_\_  
Robert Durkee, Vice President and Secretary  
Princeton University