



## ADMINISTRATIVE OPERATIONS

TO: Members of the Executive Committee of the Board of Trustees  
FR: Michael B. Cline, Vice President for Administrative Operations  
DATE: April 13, 2018  
RE: Approval of Lease for Portion of Convergence Building in Discovery Park

**Attachments:**

- Resolution
- Exhibit A: Convergence Site

**Lease Description:**

The Convergence building (“Convergence”), which will be located in the Discovery Park District (DPD) on the West Lafayette campus, is being developed by Purdue Research Foundation (PRF).

- The fundamental objective of the DPD is to promote a cross-disciplinary approach to translational research, academic-industry collaboration, technology commercialization and economic development.
- Convergence will be a five-story, 150,000 gross square feet, mixed-use project intended to accommodate office and retail space.
- Convergence will serve as an early focal point for DPD development.

Purdue University’s lease commitment on Convergence will consist of two components: (1) a direct lease of space to be used for University purposes during the term of the lease to promote the DPD objectives described below under “Lease Benefits,” and (2) a financial commitment to cover some of the other space in the building until such time as it is assigned or subleased to third party occupants. This latter commitment is referred to as a “deficits pledge.”

Each of these components is described further below following a discussion of lease benefits.

**Lease Benefits:**

- The University has identified several collaborative areas, including but not limited to data sciences, engineering research, digital education, corporate and global partnerships, and sponsored programs services, whose physical presence in the District will help promote and support its fundamental objective.
- The success of the Convergence building is based on the willingness of the University, PRF and third-party tenants to embrace a new model of public-private collaborations not only in the laboratory but also in the entrepreneurial realm.
- The presence of Purdue University in the Convergence building is key to attracting a critical mass of private industry participants to the DPD.

### **Direct Lease:**

- **Space:** Purdue will lease approximately 30,000 square feet of the Convergence, either (a) for direct use by University functions, or (b) for sub-leasing to research “magnet” tenants in furtherance of the objectives of the DPD.
- **Term:** The term of the direct lease will be 15 years, with two five-year options to renew.
- **Total Direct Lease Commitment:** Estimated at \$13,748,266 (not to exceed \$15,000,000).
- **Annual Rent and Funding for Direct Lease:**
  - Annual Rent (Year 1 - \$19.00 /sf ): est. \$ 570,000 (Not to Exceed \$650,000)
  - Annual Operating Expenses (Year 1 - \$7.50 /sf ): est. min. \$ 225,000
  - Rent and Operating Expenses are subject to 2% annual increases
  - Source of Funds: TBD
  - Approval is required for annual lease costs exceeding \$500,000 per year.

### **Deficits Pledge:**

- **Space:** Purdue will commit to covering up to an additional 30,000 square feet of space elsewhere in Convergence on the understanding that, in conjunction with PRF and with the help of Browning Investments, this pledged space will be actively marketed and assigned or subleased to third party tenants as soon as practicable following building completion, thereby relieving the University of its “deficits pledge” commitment. There is a high degree of confidence that, based on anticipated demand for Convergence space in the DPD, the deficits pledge will reduce to zero within 12 months after the building becomes operational.
- **Total Deficits Pledge Commitment:** Comparable to direct lease initially, but removed with successful leasing of space to third parties.
- **Cooperation with Foundation:** PRF is also participating in the deficits pledge by agreeing to cover up to approximately 20,000 square feet, and space leased to third parties will relieve the University and PRF ratably (on a roughly 60/40 pro rata basis) of their respective deficits pledge obligations.

### **Conditions:**

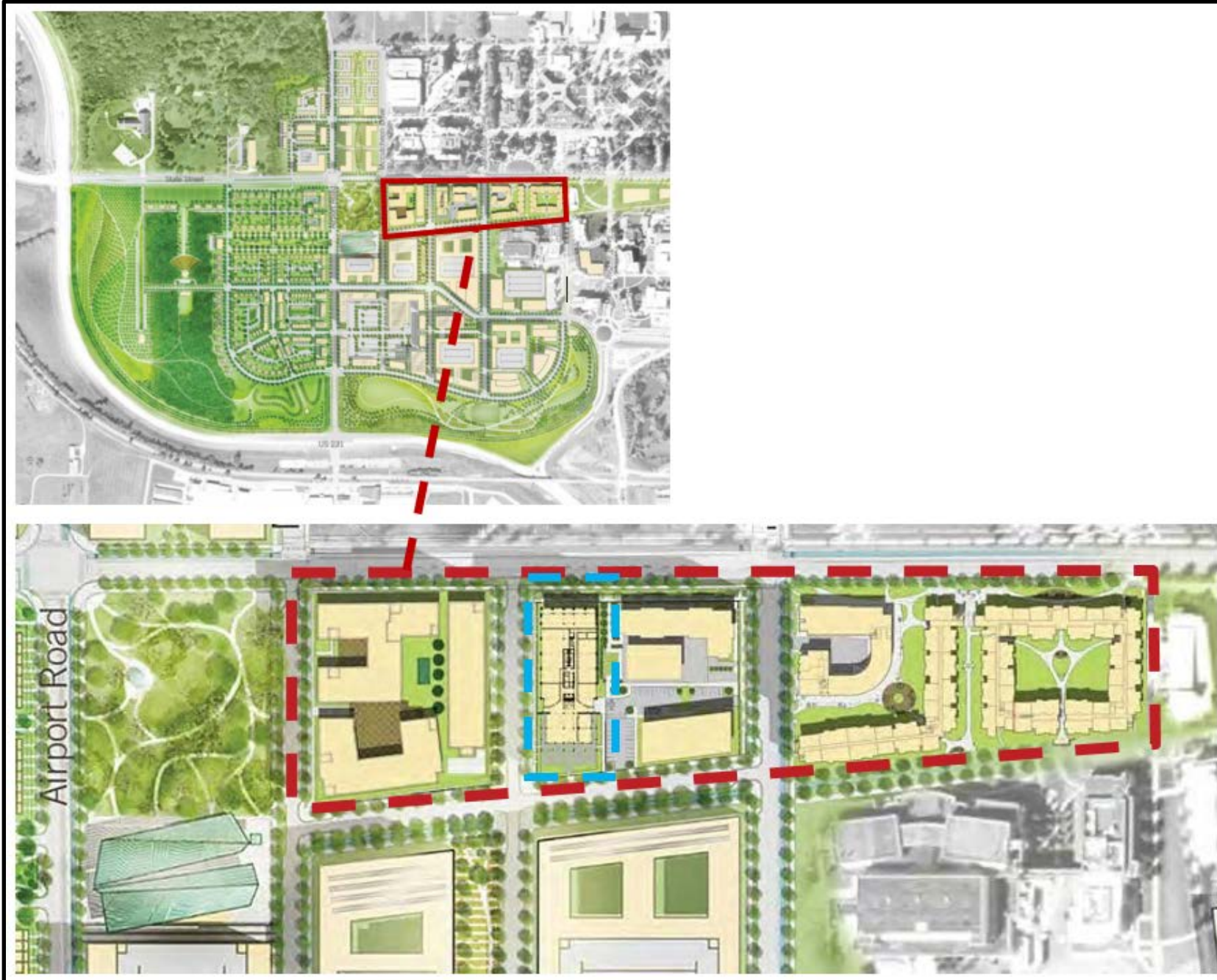
- PRF and Investment Committee approvals for Convergence ownership structure and lease.
- Negotiation of definitive master lease with PRF (via authority delegated to Treasurer).

c: Chairman Mike Berghoff  
President Mitch Daniels  
Treasurer Bill Sullivan  
Provost Jay Akridge  
Assistant Treasurer Jim Almond  
Corporate Secretary Janice Indrutz  
Legal Counsel Steve Schultz

EXHIBIT A  
CONVERGENCE SITE

04/11/2018

West Lafayette campus



— — Convergence Site

**RESOLUTION OF THE EXECUTIVE COMMITTEE  
OF THE BOARD OF TRUSTEES  
OF THE TRUSTEES OF PURDUE UNIVERSITY  
(THE “CORPORATION”)**

- 1. APPROVING TERMS OF A LEASE FOR A PORTION OF THE BUILDING IN DISCOVERY PARK TO BE DEVELOPED BY PURDUE RESEARCH FOUNDATION AND KNOWN AS THE CONVERGENCE BUILDING; AND**
- 2. AUTHORIZING THE TREASURER AND OTHER OFFICERS TO NEGOTIATE AND FINALIZE SUCH LEASE**

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**WHEREAS**, the Corporation and Purdue Research Foundation (the “Foundation”), together with the City of West Lafayette, the West Lafayette Redevelopment Commission, and the Joint Board organized under that certain Interlocal Cooperation Agreement dated as of March 12, 2014, as amended and supplemented through the date hereof, have entered into certain agreements and undertaken certain obligations with regard to the State Street Redevelopment Project (the “State Street Project”);

**WHEREAS**, pursuant to the project development agreement related to the State Street Project (the “PDA”), and at the request of the Board, the Foundation has made available a TIF Support Facility (as defined in the PDA) to provide certain funding for, and has incurred certain Project Indirect Costs (as defined in the PDA) associated with, the State Street Project, subject in each case to being reimbursed from revenues to be generated in the West Lafayette 231 Purdue Economic Development Area (“TIF 2”)—all as more particularly described in the PDA;

**WHEREAS**, the TIF Support Facility has been made available through a loan program established under the Purdue Investment Pool—Cash Investment Policy, and any funds advanced thereunder are thus a matter of ongoing interest to the Corporation;

**WHEREAS**, to fulfill the vision for the transformation of the lands west of the Purdue campus and to ensure that TIF 2 generates sufficient revenues to reimburse funds advanced from the TIF Support Facility and costs incurred by the Foundation for the State Street Project, the Foundation has entered into an agreement with a master developer, Browning Investments, LLC (“Browning”), pursuant to which the parties have provided a roadmap for the development and construction of the innovation district now known as the “Discovery Park District,” which is expected to yield various material benefits to the Corporation (hereinafter, the “District”);

**WHEREAS**, a primary objective of the District is to promote a cross-disciplinary approach to translational research, academic-industry collaboration, technology commercialization and economic development, and Purdue University has identified several key functions and activities that can play a leadership role in this effort, including data sciences, engineering research, digital education, corporate and global partnerships, and sponsored programs services, all of whose physical presence in the District would help promote and support its fundamental purpose;

**WHEREAS**, in the course of discussing plans for the District, the Foundation and Browning have identified the need for a multi-story, mixed-use facility that will accommodate both office and retail space to host and support the above-described functions and to serve as an early focal point for further development of the District;

**WHEREAS**, the Executive Committee has received and reviewed, on behalf of the full Board of Trustees (the “Board”), a proposal contemplating (a) a direct lease by the Corporation of space on one floor of the Convergence building for the purpose of housing some or all of the functions and activities described above, it being recognized that the presence of Purdue University in the Convergence building will help attract a critical mass of private industry participants to the District and drive in its successful development, and (b) an undertaking to ensure that a like amount of Convergence space is occupied by third parties pursuant to a “deficits pledge” commitment;

**WHEREAS**, having reviewed the general terms and benefits of the proposed Convergence lease, the Executive Committee has determined that it is in the best interests of the Corporation and of Purdue University (the “University”) to approve the transaction and authorize the necessary actions to move forward with it;

**WHEREAS**, pursuant to Article V, Section 1 of the Bylaws of the Corporation, the Committee has and may exercise all of the powers of the Board during intervals between meetings of the Board:

**NOW, THEREFORE, BE IT RESOLVED** by the Board as follows:

1. The Executive Committee (the “Committee”) hereby approves the lease by the Corporation (in its own name or in the name of the University) from the Foundation, or from an existing or future affiliate of the Foundation, of portions of the Convergence building on the terms reviewed and discussed at this meeting, including the space to be covered by both the direct lease commitment and the deficits pledge commitment.

2. Recognizing the importance of the Convergence building to the successful development of the District, the Committee requests the Foundation to take such further steps with Browning and/or other third parties to enter into such additional agreements and financing arrangements as the Foundation deems necessary or expedient to complete the planning, design and procurement of the Convergence building.

3. The Treasurer and Assistant Treasurer of the Corporation, and the Chief Financial Officer and Treasurer and the Senior Vice President and Assistant Treasurer of the University, and each of them, are hereby authorized, in the name and on behalf of the Corporation, or of the University, to negotiate, prepare and execute a definitive lease agreement and any such other documents (including subleases or assignments to third parties) as are deemed by them to be necessary or expedient to effectuate the transactions contemplated above, in each case setting forth the proposed terms of the lease(s) and such other provisions and conditions as, in their judgment, are reasonably necessary or desirable to make the leased premises available on terms favorable to the University and mutually agreeable to the Foundation, and the Secretary and Assistant Secretary of the Corporation, and each of them, are hereby authorized and directed to attest the execution of such lease and other documents.

4. The above-designated officers, together with the Chairman, Vice Chairman, Legal Counsel, Secretary and Assistant Secretary of the Corporation, and each of them, are hereby authorized and empowered for, on behalf and in the name of the Corporation, or of the University, to execute and deliver any and all such other documents and instruments, make such filings, seek such governmental approvals, and take such other actions as are deemed by them to be necessary and proper to carry out the purpose and intent of this Resolution, whether herein specifically authorized or not, except such actions as are specifically required by law to be taken by the Board of Trustees as the governing board of The Trustees of Purdue University.

5. The Treasurer of the Corporation be, and hereby is, further authorized and empowered to delegate to one or more officers and representatives of the Corporation or the University such tasks and responsibilities with respect to the actions described in this Resolution as he, in his sole discretion, shall deem to be in the best interests of the Corporation and the University and consistent with the exercise of the authority granted above.

6. All acts of said officers in conformity with the intent and purposes of this Resolution, whether taken before or after this date, are ratified, confirmed, approved and adopted as the acts of the Corporation.

7. The Secretary of the Board is hereby authorized and instructed to record this Resolution in the minutes of this meeting and to transmit a copy hereof to the Foundation.