



Office of the Chief Financial Officer and Treasurer

February 15, 2024

The Honorable Eric J. Holcomb  
Governor of the State of Indiana  
Statehouse  
Indianapolis, IN 46204

Dear Governor Holcomb:

At its meeting on December 8, 2023, the Purdue University Board of Trustees approved the planning, financing, construction and award of construction contracts for the Mitchell E. Daniels, Jr. School of Business Building on the West Lafayette campus.

A new, approximately 164,000 gross square foot facility with flexible instructional space, modern research labs and large-format instructional and conference spaces for the Daniels School of Business will be constructed. Renovations to a portion of the existing, adjacent Krannert Building will be completed to allow integration between the facilities. Additional neighborhood investments will be included as part of this project. The nearby Krannert Center for Executive Education and Research and the Wesley Foundation properties will be demolished to accommodate the new school of business building.

This project will accommodate significant student enrollment growth in the Daniels School of Business, while also supporting the advancement of several strategic initiatives of the school. The project's scope and location align with the school's master plan, the 2018 Giant Leaps campus master plan and associated planning efforts, including the classroom master plan.

The estimated total project cost is \$168,000,000 and will be funded entirely by Gift Funds.

Subject to review by the Commission for Higher Education and recommendation by the State Budget Committee and the Budget Agency, we request your approval to proceed with this project. Attached are the completed forms that the Commission has prescribed for its review of such projects. We will be happy to answer any questions you or your staff may have or to provide any additional information that is needed.

Sincerely,

A handwritten signature in black ink, appearing to read 'C. Ruhl', written over a horizontal line.

Christopher A. Ruhl  
Chief Financial Officer and Treasurer

Attachments

c: Seth Hinshaw, Chief Financial Officer, Indiana Commission for Higher Education  
Zachary Jackson, Director, Indiana State Budget Agency  
Cody Wilson, Division Director, Indiana State Budget Agency  
Kathleen Thomason, Comptroller, Purdue University  
Anne Hazlett, Senior Director, Government Relations, Purdue University

**PROJECT COST SUMMARY**  
 Mitchell E. Daniels, Jr. School of Business Building

<b>Institution:</b>	Purdue University	<b>Budget Agency Project No.:</b>	B-1-24-1-16
<b>Campus:</b>	West Lafayette	<b>Institutional Priority:</b>	N/A
<b>Previously approved by General Assembly:</b>	No	<b>Previously recommended by CHE:</b>	No
<b>Part of the Institution's Long-term Capital Plan:</b>	Yes		

<b>Project Size:</b>	164,000	104,025	ASF (2)	0.63	ASF/GSF
<b>Net change in overall campus space:</b>		132,586	GSF	85,368	ASF

<b>Total cost of the project (3):</b>	\$ 168,000,000	<b>Cost per ASF/GSF:</b>	\$ 1,024.39	GSF
<b>Total cost of the demolition:</b>	\$ -		\$ 1,615.00	ASF
<b>Funding Source(s) for project (4):</b>	Amount	Type		
	\$ 168,000,000	Gift Funds		
<b>Estimated annual debt payment (6):</b>	\$0			
<b>Are all funds for the project secured:</b>	Yes			

**Project Funding:**  
 The project is being fully funded by Gift Funds, and all funds are secured.

**Project Cost Justification**  
 This project's scope and cost are described more in the Capital Project Details section

<b>Estimated annual change in cost of building operations based on the project:</b>	\$ 780,259
<b>Estimated annual repair and rehabilitation investment (5):</b>	\$ 2,520,000

(1) Gross Square Feet (GSF)- Sum of all area within the exterior envelope of the structure.  
 (2) Assignable Square Feet (ASF)- Amount of space that can be used by people or programs within the interior walls of a structure. Assignable square feet is the sum of the 10 major assignable space use categories: classrooms, laboratories, offices, study facilities, special use facilities, general use facilities, support facilities, health care facilities, residential facilities and unclassified facilities. For information on assignable space use categories, see Space-Room Codes tab.  
 (3) Projects should include all costs associated with the project (structure, A&E, infrastructure, consulting, FF&E, etc.)  
 (4) Be consistent in the naming of funds to be used for projects. If bonding, note Bonding Authority Year (1965, 1929, 1927, etc.)  
 (5) Estimate the amount of funding the institution would need to set aside annually to address R&R needs for the project. CHE suggests 1.5% of total construction cost  
 (6) If issuing debt, determine annual payment based on 20 years at 4.75% interest rate  
 - If project is a lease-purchase or lease, adjust accordingly. Note the total cost of the lease in the project cost, and annual payments in project description

**PROJECT DETAILED DESCRIPTION - ADDITIONAL INFORMATION**  
**Mitchell E. Daniels, Jr. School of Business Building**

<b>Institution:</b>	Purdue University	<b>Budget Agency Project No.:</b>	B-1-24-1-16
<b>Campus:</b>	West Lafayette	<b>Institutional Priority:</b>	N/A

**Description of Project**

This project will construct a new, approximately 164,000 gross square foot building for the Mitchell E. Daniels, Jr. School of Business, including new flexible space in support of academic instruction and conferences, near the intersection of Mitch Daniels Boulevard and Sheetz Street on the West Lafayette campus. The facility will provide modern teaching and research labs for financial trading, data visualization, behavioral research and experiential learning. The first floor of the adjacent Krannert Building will be renovated. The nearby Krannert Center for Executive Education and Research (constructed in 1983) and the Wesley Foundation (operated since 1917) facilities will be demolished as part of this project.

**Need and Purpose of the Program**

The new building will be located adjacent to the existing Rawls Hall and the Krannert Building, which currently support the Mitchell E. Daniels, Jr. School of Business programs. The programs that were hosted in the to-be-demolished Krannert Center for Executive Education and Research will be transferred to the new facility, to be located in its place. The building will accommodate significant recent and further planned student enrollment growth and strategic initiatives in the reimagined Mitchell E. Daniels, Jr. School of Business. For fall 2024, undergraduate applications were up 18% compared to fall 2023, and undergraduate enrollment is expected to be 4,000 students - up more than 1,600 students (approximately 66%) from five years ago. Graduate programs are expected to nearly double in size to 2,000 students by 2030, compared to fall 2021 enrollment.

The Daniels School of Business will create the next generation of students ready to lead or found companies; provide enhanced and new transformative learning experiences such as leadership immersion trips, case competitions, research projects, corporate consulting, career coaching and mentoring, scholarly projects and internships; and will build upon Purdue's mission as a land-grant university to make education more affordable and accessible. It is comprised of the Bruce White Undergraduate Institute and the Krannert Graduate Institute. The Bruce White Undergraduate Institute will provide students greatly enhanced experiential learning opportunities, revised curricula to stay at the cutting edge of business education and an enhanced understanding of the role of business in society. The Krannert Graduate Institute allows students to learn in residential, online or hybrid settings to further their careers through analytical and problem-solving skills.

The undergraduate program is ranked #21 in the U.S. News & Work Report, up nine spots from the previous survey. It is ranked #18 by the Princeton Review/Entrepreneur magazine survey of top undergraduate business programs for entrepreneurs and has been named a "2023 undergraduate program to watch" by Poets & Quants. The graduate program has a top-ranked Business Analytics and Information Management master's program.

The scope and location of this project align with the Mitchell E. Daniels, Jr. School of Business master plan and the 2018 Giant Leaps campus master plan.

**Space Utilization**

The proposed Daniels School of Business Building will total 104,000 ASF and will provide almost 35,000 ASF in classroom space and 11,000 ASF in teaching lab space for use by the Daniels School of Business. The building will also bring significant student study space (17,000 ASF) to the east entry of campus. The building will feature other types of spaces for student engagement, student facing services like career and advising, entrepreneurship and corporate engagement.

**Comparable Projects**

Dudley Hall and Lambertus Hall (2019)

- o \$140,000,000
- o 250,000 GSF
- o \$560/GSF
- o New construction that included instructional laboratories, classrooms and collaborative spaces for interdisciplinary opportunities
- o The Daniels School of Business building is approximately 85,000 GSF smaller than Dudley Hall and Lambertus Hall, but differences in scope and inflation contribute to the higher costs. Included in the Daniels School of Business building project cost are the land acquisition of the Wesley Foundation property, renovations in the Krannert Building, costly steel structure classrooms and long utility extensions.

**Background Materials**

**CAPITAL PROJECT REQUEST FORM**  
**INDIANA PUBLIC POSTSECONDARY EDUCATION**  
**INSTITUTION CAMPUS SPACE DETAILS FOR Mitchell E. Daniels, Jr. School of Business Building**

(INSERT PROJECT TITLE AND SBA No.)	Current Campus Totals			Subtotal Current and Future Space	Capital Request		Net Future Space
	Current Space in Use	Space Under Construction (1)	Space Planned and Funded (1)		Space to be Terminated (1)	New Space in Capital Request (2)	
<b>A. OVERALL SPACE IN ASF</b>							
Classroom (110 & 115)	335,609	(2,758)	18,527	351,378	-	34,886	386,264
Class Lab (210,215,220,225,230,235)	771,426	(13,338)	21,135	779,223	(134)	10,932	790,021
Non-class Lab (250 & 255)	1,727,892	21,700	2,919	1,752,511	(182)	1,142	1,753,471
Office Facilities (300)	2,328,446	(50,874)	31,218	2,308,790	(7,734)	21,309	2,322,365
Study Facilities (400)	462,834	57,092	12,110	532,036	(1,901)	16,951	547,086
Special Use Facilities (500)	1,206,771	12,103	(2,789)	1,216,085	-	-	1,216,085
General Use Facilities (600)	972,034	(25,884)	15,229	961,379	(8,021)	18,475	971,833
Support Facilities (700)	2,843,307	(1,344)	(59,170)	2,782,793	(686)	330	2,782,437
Health Care Facilities (800)	218,188	-	(1,900)	216,288	-	-	216,288
Resident Facilities (900)	2,419,333	-	111,146	2,530,479	-	-	2,530,479
Unclassified (000)	129,942	-	-	129,942	-	-	129,942
<b>B. OTHER FACILITIES</b> (Please list major categories)							
<b>TOTAL SPACE</b>	<b>13,415,782</b>	<b>(3,303)</b>	<b>148,425</b>	<b>13,560,904</b>	<b>(18,658)</b>	<b>104,025</b>	<b>13,646,271</b>

Notes:

- Space/Room codes based on Postsecondary Ed Facilities Inventory and Classification Manual (2006)

(1) Identify in a footnote the specific facilities that are included in the data in these columns. Do not include pending approval, non-submitted projects or non-funded projects

Space under construction includes:

- Schleman/Stewart Renovation
- Whistler Mechanical Project
- Ross-Ade Stadium Renovation
- Zucrow High Speed Propulsion Lab
- Brown Family Hall Renovation
- Libraries Study Space Renovation
- University Hall and Related Renovations
- Life Sciences Phenotyping Greenhouse Building
- PMU 2nd Floor Hospitality Renovation
- Mechanical Engineering Building Renovation

Space planned and funded includes:

- Nursing and Pharmacy Education Building
- Northwest Chiller Plant System Improvements
- Vawter Hall Electrical Enhancements and Replacement
- Birk Nanotechnology Center Clean Room Modernization and Related Renovations
- Chilled Water Capacity Enhancement Projects
- Runway 5-23 and Intermediate Connector Taxiway
- Purdue Airport Terminal
- Grant Street Parking Garage Repairs
- Hillenbrand Residence Hall South
- Shealy Hall Roof Replacement
- Shreve Hall Electrical Enhancements and Replacement
- University and Schleman Halls Strategic Transformer Replacement
- Wetherill Lab Drain and Supply Line Replacement Phase I
- Wesley Foundation Property Purchase & Sale
- Chi Omega Sorority Property Purchase & Ground Lease
- Burke Boilermaker Aquatic Center Mechanical Project
- Graduate House Parking Garage Demolition and Site Restoration

(1) Spaces to be terminated include the Krannert Center for Executive Education and Research bldg. All programs will be transferred to the new facility, to be located in its place.

(2) Space added as part of this project include classroom space, teaching lab space, student engagement and study spaces.

**CAPITAL PROJECT COST DETAILS**  
**Mitchell E. Daniels, Jr. School of Business Building**

<b>Institution:</b>	Purdue University	<b>Budget Agency Project No.:</b>	B-1-24-1-16
<b>Campus:</b>	West Lafayette	<b>Institutional Priority:</b>	N/A

**ANTICIPATED CONSTRUCTION SCHEDULE**

	<u>Month</u>	<u>Year</u>
<b>Bid Date</b>	May	2024
<b>Start Construction</b>	July	2024
<b>Occupancy (End Date)</b>	August	2027

**ESTIMATED CONSTRUCTION COST FOR PROJECT**

	<u>Cost Basis (1)</u>	<u>Estimated Escalation Factors (2)</u>	<u>Project Cost</u>
<b><u>Planning Costs</u></b>			
a. Engineering	\$ 5,800,000		N/A
b. Architectural	\$ 7,080,000		N/A
c. Consulting	\$ 870,000		N/A
<b><u>Construction</u></b>			
a. Structure (Civil)	\$ 89,300,000		N/A
b. Mechanical	\$ 27,000,000		N/A
c. Electrical	\$ 18,950,000		N/A
<b><u>Movable Equipment</u></b>	\$ 4,300,000		N/A
<b><u>Fixed Equipment</u></b>	\$ 1,500,000		N/A
<b><u>Site Development/Land Acquisition</u></b>	\$ 7,700,000		N/A
<b><u>Other (PM fee, occupant relocations, material testing)</u></b>	\$ 5,500,000		N/A
<b>TOTAL ESTIMATED PROJECT COST</b>	<b>\$ 168,000,000</b>	<b>\$ -</b>	<b>N/A</b>

(1) Cost Basis is based on current cost prevailing as of: (INSERT MONTH AND YEAR)

(2) Explain in the Description of Project Section of the "Cap Proj Details" schedule the reasoning for estimated escalation factors

**CAPITAL PROJECT OPERATING COST DETAILS**  
**Mitchell E. Daniels, Jr. School of Business Building**

<b>Institution:</b>	Purdue University	<b>Budget Agency Project No.:</b>	B-1-24-1-16
<b>Campus:</b>	West Lafayette	<b>Institutional Priority:</b>	N/A

					<b>GSF OF AREA AFFECTED BY PROJECT</b>	164,000
<b>ANNUAL OPERATING COST/SAVINGS (1)</b>						
	Cost per GSF	Total Operating Cost	Personal Services	Supplies and Expenses		
1. Operations	N/A	\$ 455,427	\$ 469,403	\$ (13,976)		
2. Maintenance	N/A	\$ 155,584	\$ 89,461	\$ 66,123		
3. Fuel	N/A	\$ -	\$ -	\$ -		
4. Utilities	N/A	\$ 169,248	\$ -	\$ 169,248		
5. Other	N/A	\$ -	\$ -	\$ -		
<b>TOTAL ESTIMATED OPERATIONAL COST/SAVINGS</b>	N/A	\$ 780,259	\$ 558,864	\$ 221,395		

**Description of any unusual factors affecting operating and maintenance costs/savings.**

The new building will add approximately \$1,008,000 per year in operations, maintenance and utility costs. The university will be demolishing the Krannert Center Building, which will result in a cost reduction of approximately \$228,000 per year. The net new annual operating costs are approximately \$780,000. Cost per GSF is not calculated above due to the demolition of the Krannert Center Building. For the new Daniels School of Business building, expected costs per GSF are: Operations \$3.54/GSF; Maintenance \$1.11/GSF; and Utilities \$1.50/GSF. This is comparable to the Wilmeth Active Learning Center building constructed in 2014.

(1) Based on figures from "Individual Cap Proj Desc" schedule