



Office of the Chief Financial Officer and Treasurer

October 12, 2023

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

Dear Governor Holcomb:

At its meeting on October 6, 2023, the Purdue University Board of Trustees approved the purchase of 0.61 acres of land at 402 Waldron Street, West Lafayette, from and the lease of 0.61 acres to Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority.

The land purchase includes an approximately 25,000 GSF residential sorority structure and parking lot and will be leased back to Chi Omega Sorority while they construct a new residence. The purchase price of 402 Waldron Street, West Lafayette, is \$4,000,000 and will be funded by Operating Funds – Reserves. The purchase price is the average of two appraisals and approximately equal to market value.

The 40-year lease for four properties, one block north of its existing property, will provide land for Chi Omega Sorority to build a new facility, relocate its operations and maintain a long-term presence on campus.

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 'CR', written over a light blue 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

Purchase Land from and Execute Ground Lease to Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority

Institution:	Purdue University	Budget Agency Project No.:	B-1-24-3-12
Campus:	West Lafayette	Institutional Priority:	N/A
Previously approved by General Assembly:	No	Previously recommended by CHE:	No
Part of the Institution's Long-term Capital Plan:	Yes		

Project Size:	25,068 GSF (1)	17,000 ASF (2)	0.68 ASF/GSF
Net change in overall campus space:	0 GSF	0 ASF	

Total cost of the project (3):	\$ 4,000,000	Cost per ASF/GSF:	\$ 159.57 GSF
Total cost of the demolition:	\$ -		\$ 235.29 ASF
Funding Source(s) for project (4):	Amount	Type	
	\$ 4,000,000	Operating Funds - Reserves	
Estimated annual debt payment (6):	\$0		
Are all funds for the project secured:	Yes		

Project Funding:
 The purchase is being fully funded by Operating Funds - Reserves, and all funds are secured.

Project Cost Justification
 The purchase value is approximately the same as the appraised value. There are no changes to campus space because this building will be immediately demolished and not added to inventory.

Estimated annual change in cost of building operations based on the project:	\$ -
Estimated annual repair and rehabilitation investment (5):	\$ -

(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

Purchase Land from and Execute Ground Lease to Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority

Institution:

Purdue University

Budget Agency Project No.:

B-1-24-3-12

Campus:

West Lafayette

Institutional Priority:

N/A

Description of Project

The proposed acquisition of 0.61 acres at 402 Waldron Street, West Lafayette, from Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority includes a residential sorority constructed in 1920 and a 30-space surface parking lot. The sorority has owned and operated this location since that time.

Additionally, land located at 509, 519 and 523 Waldron Street and 1005 6th Street, West Lafayette, will be ground leased at market rate to Chi Omega Sorority for a period of 40 years, where they intend to build a new sorority house. This land is located just one block north of their current property, which will be leased back to Chi Omega Sorority during the construction of their new facility.

Need and Purpose of the Program

This acquisition and ground lease will achieve the following:

- o Long term, this transaction maintains one of the longest-tenured sororities at a near campus location, creates vibrancy and positive student life impacts in the north Waldron neighborhood, allows the university to own a property at an important strategic location, and aligns with the 2018 Giant Leaps campus master plan, which identifies this location as a potential site for future campus development.
- o Near term, student housing will remain intact for sorority members until the new residential location is constructed.

Space Utilization

The 2018 Giant Leaps Master Plan shows that the future use of the land being acquired is designated as a location for future student housing to be built adjacent to campus. The building being acquired will be demolished in time, and no GSF will be added to the campus with this transaction.

The acreage being ground leased to Chi Omega Sorority is presently vacant. This lot previously contained single family homes that were torn down and replaced with a gravel parking lot and turned into a developable, build-ready site in 2018. The 2018 Giant Leaps Master Plan shows the highest and best use for the leased acreage is for development of fraternity, sorority and cooperative housing.

Comparable Projects

The land purchase is comparable to University Church Purchase, 320 North Street, West Lafayette, 2019

Type: Purchase of 0.86 acres of land and building

Cost: \$2,900,000

Size: 32,000 GSF

The proposed property includes less acreage and building square footage than the comparable purchase. No land was exchanged as part of the University Church acquisition. University Church remains standing and is used for university classroom space, while the proposed building will be demolished and is expected to be replaced with student housing in the future.

The lease transaction is comparable to airport lease to Purdue Aviation, LLC, 2023

Type: 40 year lease

Improvements: Purdue Aviation is to provide a minimum \$3.5M in improvements by 2030

Chi Omega Sorority will pay approximately \$165,000 per year with market rate increases for the ground leased land. Chi Omega Sorority will use the land to develop a new sorority house and other improvements valued at >\$7.0M, providing housing to approximately 60 students.

Background Materials

CAPITAL PROJECT REQUEST FORM
INDIANA PUBLIC POSTSECONDARY EDUCATION
 INSTITUTION CAMPUS SPACE DETAILS FOR Purchase Land from and Execute Ground Lease to Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority

(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)	
A. OVERALL SPACE IN ASF							
Classroom (110 & 115)	335,609	(2,532)	15,769	348,847	-	-	348,847
Class Lab (210,215,220,225,230,235)	769,774	(16,463)	7,797	761,107	-	-	761,107
Non-class Lab (250 & 255)	1,725,787	25,281	24,619	1,775,687	-	-	1,775,687
Office Facilities (300)	2,335,422	(46,473)	(20,099)	2,268,850	-	-	2,268,850
Study Facilities (400)	420,334	55,895	69,202	545,432	-	-	545,432
Special Use Facilities (500)	1,206,845	12,399	22,023	1,241,266	-	-	1,241,266
General Use Facilities (600)	976,394	(27,128)	(7,734)	941,533	-	-	941,533
Support Facilities (700)	2,891,697	(876)	(9,435)	2,881,385	-	-	2,881,385
Health Care Facilities (800)	220,231	-	(1,900)	218,331	-	-	218,331
Resident Facilities (900)	2,424,391	-	111,146	2,535,537	-	-	2,535,537
Unclassified (000)	136,754	-	-	136,754	-	-	136,754
B. OTHER FACILITIES							
(Please list major categories)							
TOTAL SPACE	13,443,238	103	211,388	13,654,728	-	-	13,654,728

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
- Mackey Locker Rooms Renovation
- Brown Family Hall Renovation
- Libraries Study Space Renovation
- University Hall and Related Renovations
- Life Sciences Phenotyping Greenhouse Building

Space planned and funded includes:

- Nursing and Pharmacy Education Building
- Northwest Chiller Plant System Improvements
- Vawter Hall Electrical Enhancements and Replacement
- PMU 2nd Floor Hospitality Renovation
- Mechanical Engineering Building Renovation
- Birc 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

CAPITAL PROJECT COST DETAILS

Purchase Land from and Execute Ground Lease to Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority

Institution:	Purdue University	Budget Agency Project No.:	B-1-24-3-12
Campus:	West Lafayette	Institutional Priority:	N/A

ANTICIPATED CONSTRUCTION SCHEDULE

	<u>Month</u>	<u>Year</u>
Bid Date	N/A	N/A
Start Construction	N/A	N/A
Occupancy (End Date)	N/A	N/A

ESTIMATED CONSTRUCTION COST FOR PROJECT

	<u>Cost Basis</u> (1)	<u>Estimated Escalation</u> Factors (2)	<u>Project Cost</u>
<u>Planning Costs</u>			
a. Engineering	N/A	N/A	N/A
b. Architectural	N/A	N/A	N/A
c. Consulting	N/A	N/A	N/A
<u>Construction</u>			
a. Structure	N/A	N/A	N/A
b. Mechanical (HVAC, plumbing, etc.)	N/A	N/A	N/A
c. Electrical	N/A	N/A	N/A
<u>Movable Equipment</u>	N/A	N/A	N/A
<u>Fixed Equipment</u>	N/A	N/A	N/A
<u>Site Development/Land Acquisition</u>	N/A	N/A	N/A
<u>Other (Please list)</u>	N/A	N/A	N/A
TOTAL ESTIMATED PROJECT COST	\$ -	\$ -	N/A

(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

Purchase Land from and Execute Ground Lease to Chi Omega of Purdue University, Inc. d/b/a Chi Omega Sorority

Institution:	Purdue University	Budget Agency Project No.:	B-1-24-3-12
Campus:	West Lafayette	Institutional Priority:	N/A

<u>ANNUAL OPERATING COST/SAVINGS (1)</u>		<u>GSF OF AREA AFFECTED BY PROJECT</u>			
	Cost per GSF	Total Operating Cost	Personal Services	Supplies and Expenses	
1. Operations	#DIV/0!	\$ -	\$ -	\$ -	\$ -
2. Maintenance	#DIV/0!	\$ -	\$ -	\$ -	\$ -
3. Fuel	#DIV/0!	\$ -	\$ -	\$ -	\$ -
4. Utilities	#DIV/0!	\$ -	\$ -	\$ -	\$ -
5. Other	#DIV/0!	\$ -	\$ -	\$ -	\$ -
TOTAL ESTIMATED OPERATIONAL COST/SAVINGS	#DIV/0!	\$ -	\$ -	\$ -	\$ -

Description of any unusual factors affecting operating and maintenance costs/savings.
 The building will be short term leased back to the sorority, and all costs associated with the building will be covered by the sorority. The university will not have operating costs associated with the building.

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