

ADMINISTRATIVE OPERATIONS

TO: Members of the Board of Trustees
FR: Michael B. Cline, Senior Vice President for Administrative Operations
DATE: April 1, 2019
RE: Approval to Purchase State Farm Building Located at 2550 Northwestern Avenue

Attachments:

- Resolution
- Exhibit A: Acquired Real Estate – 2550 Northwestern Avenue

Acquisition Intent:

West Lafayette campus

- The proposed acquisition of the State Farm Building includes a 257,744 gross square foot facility located at 2550 Northwestern Avenue, situated north of the West Lafayette campus, and the 20 acres on which it sits; as well as a 2 acre vacant site across the street.
- The facility was last used as the regional headquarters and operations center for State Farm Mutual Automobile Insurance Company.
- The total cost to ultimately occupy the facility is estimated at \$15.1M, consisting of:
 - Purchase price of \$6.7M, and
 - Capital expenses of an estimated \$8.4M in repair and rehabilitation costs to improve the facility and make the building ready for university purposes.
- Treasurer reserve funds would be used for the purchase and for capital expenses, potentially partially offset by future gift funds.
- Repair and rehabilitation activity would have an estimated completion date in FY2020.
- If completed, this acquisition would provide near-campus space for virtually all administrative office space including Accounting, Treasury, FP&A, HR, Administrative Operations, Internal Audit and IT. By moving all of these groups into a single facility, we would free up over 40,000 square feet of space on campus and eliminate over \$2M per year in rent for off-campus space.
- Additional potential uses, which would include additional capital expenditures, include:
 - The Data Center currently housed in Mathematical Sciences Buildings
 - The Transportation Fleet garage space currently housed at the Purdue Airport
 - General storage space currently housed in various locations on campus
 - Swing space for on-campus capital projects
- The purchase agreement is terminable at any time by Purdue (for any reason in its sole discretion and with three business days' notice) during a due diligence period that expires on April 19, 2019.

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

**RESOLUTION OF THE BOARD OF TRUSTEES (THE “BOARD”) OF THE TRUSTEES OF
PURDUE UNIVERSITY (THE “CORPORATION”) AUTHORIZING THE ACQUISITION OF
CERTAIN REAL ESTATE IN TIPPECANOE COUNTY, INDIANA**

- 1. DECLARING THE NECESSITY TO ACQUIRE CERTAIN REAL ESTATE FOR THE PURPOSE OF CARRYING ON THE EDUCATIONAL RESEARCH, THE PUBLIC SERVICE PROGRAMS, OR THE STATUTORY RESPONSIBILITIES OF PURDUE UNIVERSITY AND/OR FOR MANAGING, OPERATING, OR SERVICING THE PURDUE UNIVERSITY; AND**
 - 2. AUTHORIZING CERTAIN OFFICERS OF THE CORPORATION TO ACQUIRE REAL ESTATE BY PURCHASE AND TO DO ALL ACTS NECESSARY TO ACCOMPLISH SUCH ACQUISITION SUBJECT TO ALL STATUTORY PROVISIONS AND SUBJECT TO PRIOR APPROVAL BY THE TREASURER OR ASSISTANT TREASURER.**
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WHEREAS, the Board desires to acquire certain real property owned by LSREF2 TRACTOR REO (LAFAYETTE), LLC, a Delaware limited liability company (“Seller”), which real estate is located in Tippecanoe County, Indiana and more fully described on Exhibit A attached hereto (the “Real Estate”) for the purchase price of Six Million, Seven Hundred and One Thousand, Three Hundred and Forty-four Dollars (\$6,701,344.) (the “Purchase Price”), and

WHEREAS, the Real Estate consists of approximately twenty-two (22) acres located within the Purdue Research Park in West Lafayette, including a 257,744-square-foot facility suitable for administrative office purposes; and

WHEREAS, pursuant to IC 21-34-3, the Board is authorized and empowered to acquire any real estate that in its judgment is necessary for carrying on the educational research, public service programs, or other statutory responsibilities of Purdue University or for managing, operating, or servicing Purdue University;

NOW, THEREFORE, IT IS HEREBY RESOLVED by the Board as follows:

1. The Board hereby finds and determines that the Real Estate is necessary for carrying on the educational research, public service programs or other statutory responsibilities of the Corporation and/or for managing, operating, or servicing Purdue University, and that it would be advantageous to the Corporation to acquire the Real Estate by purchase pursuant to the provisions of IC 21-34-3.
2. The Board hereby authorizes and approves (i) the acquisition of the Real Estate from Seller for the sum of Six Million, Seven Hundred and One Thousand, Three Hundred and Forty-four Dollars (\$6,701,344) pursuant to the provisions of IC 21-34-3 and on such terms and conditions as the Treasurer of the Corporation shall deem to be in the best interests of the Corporation and of Purdue University, and (ii) the repair and rehabilitation of the physical facilities on the Real Estate at a cost of up to Eight Million Four Hundred Thousand Dollars (\$8,400,000) (the “Authorized Rehab Cost Level”) in order to improve and make such facilities suitable for University purposes.
3. The Treasurer and Assistant Treasurer of the Corporation, and each of them, are hereby authorized to negotiate, make and execute one or more contracts, together with such other

documents as are reasonably necessary to effectuate the transactions contemplated hereby, in the name and on behalf of the Corporation, setting forth such terms and conditions for the acquisition and the related repair and rehabilitation work as in their judgment may be necessary or desirable, and the Secretary and Assistant Secretary of the Corporation, and each of them, are hereby authorized and empowered to attest the execution of such contract and other documents.

4. For purposes of Article VII, Section 1(c) of the Bylaws, no change orders in connection with any contract entered into by the Corporation for the above-described repair and rehabilitation work shall require further Board authorization and approval unless and until such a change order, together with all other change orders previously authorized, approved and executed by the Treasurer, causes the aggregate amount of expenditures incurred under such contract to exceed the Authorized Rehab Cost Level (it being understood that any change order or any other action that would cause such Authorized Rehab Cost Level to be exceeded must, before it is given effect, receive the express prior approval of the Board of Trustees).
5. The above-designated officers, together with the Chairman, Vice Chairman, General Counsel and Deputy Legal Counsel of the Corporation, and each of them, are hereby authorized and empowered for, on behalf of, and in the name of the Corporation, or of the University, to: (a) request the necessary approvals of the Governor and the State Budget Agency and all other necessary governmental approvals for the actions hereinabove authorized; and (b) execute and deliver any and all documents and instruments and take any and all other actions as may be necessary or appropriate to carry out the purpose and intent of this Resolution, whether therein or herein specifically authorized or not, except for such actions as are specifically required by law to be taken by the Board as the governing body of the Corporation. All acts of said officers in conformity with the intent and purposes of this Resolution, whether taken before or after this date, are hereby ratified, confirmed, approved and adopted as the acts of the Corporation.

EXHIBIT "A"
ACQUIRED REAL ESTATE --
2550 NORTHWESTERN
AVENUE

3/7/2019

