

February 10, 2016

The Honorable Michael R. Pence
Governor of the State of Indiana
Statehouse
200 West Washington Street
Indianapolis, Indiana 46204

Dear Governor Pence:

At its meeting on October 9, 2015, the Purdue University Board of Trustees approved a lease with the Purdue Research Foundation (PRF) to accommodate the Indiana Manufacturing Institute which will house Purdue's Institute for Advanced Composites Manufacturing Innovations (IACMI) project and co-locate and expand selected next generation manufacturing research activity.

PRF will construct a building to be named the "Indiana Manufacturing Institute (IMI)" at the southwest corner of Challenger Avenue and Yeager Road in the Purdue Research Park, on land that is partly owned by the City of West Lafayette Redevelopment Commission and is being donated to the Purdue Research Foundation by the Commission. The facility will be 62,000 square feet.

Purdue proposes to lease a portion of the facility up to 30,000 square feet, at an estimated cost of \$1.4 million per year over a five-year period. The other 32,000 square feet is reserved for public or private enterprises interested in manufacturing related research collaboration with the university.

Project benefits are numerous and include access to adjacent industrial partners in the Purdue Research Park that will facilitate IACMI's focus on high Technology Readiness Level (TRL) projects, high bay laboratory space that is well suited to manufacturing-focused lab space needs, opportunities for sponsored research in this core development area, and greater educational, internship and career prospect opportunities for students as a result of expanded hands on contact with manufacturing technologies.

The primary source of funding for the lease includes Purdue's participation in the U.S. Department of Energy Institutes for Advanced Composite Manufacturing and Innovation award under the leadership of Dr. Byron Pipes, and an award from the Indiana Economic Development Corporation. Additional funds will be allocated from other related and co-located sponsored programs, an allocation from Indiana's Next Generation Manufacturing Competitiveness Center (IN-MaC) line item funding and gifts for a total of \$7M over the five-year period.

Lease Term: 5 years

Space: 30,000 square feet in the Indiana Manufacturing Institute

Annual Rent: \$1.4 million

Pursuant to IC 21-31-4-2, we request your approval and that of the Budget Agency to proceed with this lease. We will be happy to answer any questions you or your staff may have or to provide any additional information as appropriate.

Sincerely,



William E. Sullivan
Treasurer and Chief Financial Officer

Attachments

- c: Brian Bailey, State Budget Director
- Matt Hawkins, Associate Commissioner and Chief Financial Officer
- Kendra Cooks, Comptroller, Purdue University
- Tony Hahn, Director, State Relations & Policy Analysis, Purdue University

LEASE TERM SHEET

Indiana Manufacturing Institute Lease

Purdue University- West Lafayette Campus

Budget Agency Project Number: B-1-16-5-06

Project Summary and Description:

Purdue University proposes to lease a portion of the newly constructed Indiana Manufacturing Institute, a facility in the Purdue Research Park, to house Purdue's Institute for Advanced Composites Manufacturing Innovation (IACMI). The IACMI is part of a larger, federal initiative; the National Network for Manufacturing Innovation. The IACMI is a 5-year, public-private partnership that will advance research of composite materials manufacturing to develop more energy efficient technologies.

The remaining 32,000 sq. ft. in the new Indiana Manufacturing Institute will be available to private industrial partners interested in manufacturing related research collaboration with the University. The facility will contain specialized equipment and testing areas, as well as high bay lab space that is well suited to manufacturing-focused lab space needs.

The IACMI will engage numerous Purdue faculty from the College of Engineering and the Purdue Polytechnic Institute. Initially, there will be a core group of seven faculty, 10 staff engineers and 35 graduate students working in the space to advance the mission of the IACMI. The likely industry partners would include defense, automotive, aerospace, and manufacturing automation companies.

Lease Parties: Purdue Research Foundation (Landlord) and Purdue University (Tenant)

Lease Term: 5 years, with extension opportunities not to exceed a total of 40 years.

Square Feet: 29, 767

Total Price: \$1.4M annually for a total of \$7M.

- Total annual cost includes Base Rate and charges for Furniture, Fixtures and Equipment unique to the manufacturing research focus of the space. These equipment expenses are amortized over the 5 year lease.

Funding Sources of the Project: Primary source of funding for the lease includes Purdue's participation in the U.S. Dept. of Energy Institutes for Advanced Composite Manufacturing, corporate sponsorships, matching funds from the IEDC, gift funds, and other related and co-located sponsored programs.