



OFFICE OF THE TREASURER AND CHIEF FINANCIAL OFFICER

September 26, 2014

The Honorable Michael R. Pence
Governor of the State of Indiana
State House
Indianapolis, IN 46204

Dear Governor Pence:

At its meeting on September 26, 2014, the Purdue University Board of Trustees approved the financing and construction of the project, "Honors College and Residences" on the Purdue University West Lafayette Campus.

This project will construct a new residence hall facility for the Honors College that will promote academic success through development of a living learning community. It will be located on the southwest corner of Russell and Third Street with more than 800 beds and approximately 40,000 square feet of academic space.

The estimated cost of this project is \$90,000,000, to be funded from Student Facilities System Revenue Bond Proceeds (\$70,000,000), and Gift Funds (\$15,000,000). The University may utilize its existing tax-exempt commercial paper program to fund these expenditures on an interim basis until such time that a permanent debt financing can be issued.

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 which 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 you may wish.

Sincerely,

A handwritten signature in cursive script that reads "William E. Sullivan".

William E. Sullivan
Treasurer and Chief Financial Officer

Attachments

- c: Matt Hawkins, Associate Commissioner and Chief Financial Officer
- Brian Bailey, State Budget Director
- Linda Baer, Interim Comptroller
- Kevin Green, Assistant Director of Capital Planning

PROJECT SUMMARY AND DESCRIPTION
HONORS COLLEGE AND RESIDENCES

Institution:	Purdue University	Budget Agency Project No.:	B-1-13-1-05R
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 Summary Description:

This project will construct a new residence hall facility for the Honors College that will promote academic success through development of a living learning community. It will be located on the southwest corner of Russell and Third Street with a minimum of 800 beds and approximately 40,000 square feet of academic space.

Summary of the impact on the educational attainment of students at the institution:

The residential Honors College at Purdue will provide a multi-year living-learning community that attracts high ability students and promotes academic and life-long success in leadership and citizenship. Honors students are retained in residence hall housing at twice the rate of the overall campus and have a four year graduation rate of nearly twice the University average. Thus, 500 first-year honors students results in 1000+ residential honors students over the four year experience, creating demand beyond the residence hall system's current capacity.

Project Size: 311,572 GSF 183,499 ASF 0.59 ASF/GSF

Net change in overall campus space: 308,050 GSF 183,499 ASF

Total cost of the project (1): \$ 90,000,000 * **Cost per ASF/GSF:** \$ 288.86 GSF
\$ 490.47 ASF

Funding Source(s) for project (2): \$ 75,000,000 - IC 21-35-3 as supplemented by IC 21-35-5 Bonding Authority, derived from Revenue Bonds issued by Housing & Food Services
\$ 15,000,000 - Gift Funds

Estimated annual debt payment (4): \$ 6,406,762

Are all funds for the project secured: No

Estimated annual change in cost of building operations based on the project: \$ 440,047

Estimated annual repair and rehabilitation investment (3): \$1,350,000 Based on total project cost

- (1) Projects should include all costs associated with the project (structure, A&E, infrastructure, consulting, FF&E, etc.)
 (2) Be consistent in the naming of funds to be used for projects. If bonding, note Bonding Authority Year (1965, 1929, 1927, etc.)
 (3) 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
 (4) If issuing debt, determine annual payment based on 20 years at 5.75% 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
 * The project cost is based on 2015 projections and includes the cost of demolition of Brownstone Apartments.

PROJECT DETAILED DESCRIPTION - ADDITIONAL INFORMATION
HONORS COLLEGE AND RESIDENCES

Institution:

Purdue University

Budget Agency Project No.:

B-1-13-1-05R

Campus:

West Lafayette

Institutional Priority:

N/A

Description of Project

This project will construct a new residence hall facility for the Honors College that will promote academic success through development of a living learning community. It will be located on the southwest corner of Russell and Third Street with a minimum of 800 beds and approximately 40,000 square feet of academic space. This facility will support the residential Honors College learning environment. This physical space launches a new model that integrates living and learning with a goal of enhancing student academic success. The most favorable site for this facility also helps to bridge the academic and residential parts of campus. This facility also will tie programmatically with Third Street Suites which also will house Honors students.

Need and Purpose of the Program

As part of the University's Purdue Moves initiatives, this project is a key part of the overall academic strategic plan to improve student success and graduation rates. The facilities component of the strategic plan focuses on creating academic and residential integration along the Third Street corridor. Related projects include the Krach Leadership Center, Third Street Suites, future undergraduate laboratory space and the existing Black Cultural Center. Honors students are retained in residence hall housing at twice the rate of the overall campus and have a four year graduate rate of nearly twice the University average. Thus, 500 first-year honors students results in 1000+ residential honors students over the four year experience, creating demand beyond the residence hall system's current capacity. The integrated academic and residential multi-year environment is a key component to promote academic success. The Honors College will be a model for experimentation and academic integration for the entire Purdue residential life community. The Honors College residential space will be designed with multiple housing options within the same facility. The Honors College at Purdue will be a low-cost option for high ability Indiana students as compared to private and out-of-state alternatives. It will also be an attractive option to continue to recruit outstanding out of-state students. This project is financially modeled upon the current Third Street Suites project at a break-even cost with additional capacity for donor funds to underwrite a portion of the project. There should be little or no impact on student cost of attendance at Purdue.

Space Utilization

This project would add a minimum of 800 beds to the existing stock of approximately 11,800 on-campus beds within the University Residences, along with support space typical of a residence hall (student activity spaces and office/operational spaces for housing staff). Additionally, the project would include office and related spaces for Honors College staff along with +/- five multi-purpose classrooms that would support instructional activity. Recent demand studies have suggested there would be demand for these additional beds, although the additional capacity, in the short run, might be used to allow some other, older residence halls to be taken off line for renovation work. This project includes demolition of Brownstone Apartments to make way for this new construction. The Brownstone site is ideally situated between the academic campus and the residential campus and thus provides easy access to both for faculty and student interaction.

Comparable Projects

The project is the first to truly integrate residential and academic life and will serve as a model for future integration of academic and residential student learning. The building will contain multiple residential room types, classrooms and academic offices. Vawter Field Housing and the renovated Windsor facilities are somewhat comparable.

Background Materials

Funding Plan - \$90,000,000:

Bonding Authority - Non Fee Replaced, \$75,000,000, Revenue Bonds issued by Housing & Food Services

Gift Funds (Honors College), \$15,000,000, New campaign gifts

**CAPITAL PROJECT REQUEST FORM
INDIANA PUBLIC POSTSECONDARY EDUCATION
INSTITUTION CAMPUS SPACE DETAILS FOR HONORS COLLEGE AND RESIDENCES**

B-1-13-1-05R	Current Space in Use	Space Under Construction (1)	Space Planned and Funded (1)	Subtotal Current and Future Space	Space to be Terminated (1)	New Space in Capital Request (2)	Net Future Space
A. OVERALL SPACE IN ASF							
Classroom (110 & 115)	291,541	-	52,250	343,791	-	7,949	351,740
Class Lab (210,215,220,225,230,235)	550,932	-	(2,571)	548,361	-	3,870	552,231
Non-class Lab (250 & 255)	1,509,665	-	(628)	1,509,037	-	-	1,509,037
Office Facilities (300)	2,184,456	-	(24,083)	2,160,373	-	7,292	2,167,665
Study Facilities (400)	393,077	-	31,873	424,950	-	3,238	428,188
Special Use Facilities (500)	1,154,891	9,578	-	1,164,469	-	-	1,164,469
General Use Facilities (600)	844,240	1,065	4,000	849,305	-	21,468	870,773
Support Facilities (700)	3,301,156	-	(763)	3,300,393	-	12,220	3,312,613
Health Care Facilities (800)	83,596	-	-	83,596	-	-	83,596
Resident Facilities (900)	2,328,142	-	-	2,328,142	-	127,462	2,455,604
Unclassified (000)	66,925	-	(4,478)	62,447	-	-	62,447
B. OTHER FACILITIES							
(Please list major categories)	-	-	-	-	-	-	-
TOTAL SPACE	12,708,621	10,643	55,600	12,774,864	-	183,499	12,958,363

Notes:

- (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
(2) Should include capital projects requested by the institution based on 2013-15 Capital Request Summary

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

Space under construction includes: Softball Stadium

Space planned and funded includes: Active Learning Center

Space to be terminated includes:

CAPITAL PROJECT COST DETAILS
HONORS COLLEGE AND RESIDENCES

Institution:	Purdue University	Budget Agency Project No.:	B-1-13-1-05R
Campus:	West Lafayette	Institutional Priority:	N/A

ANTICIPATED CONSTRUCTION SCHEDULE

	Month	Year
Bid Date (GMP Date)	September	2014
Start Construction	January	2015
Occupancy (End Date)	August	2016

ESTIMATED CONSTRUCTION COST FOR PROJECT

	Cost Basis (1)	Estimated Escalation Factors (2)	Project Cost
Planning Costs			
a. Engineering			\$ 2,009,100
b. Architectural			\$ 2,695,650
c. Consulting			\$ 896,500
Construction			
a. Structure			\$ 40,944,810
b. Mechanical (HVAC, plumbing, etc.)			\$ 18,252,952
c. Electrical			\$ 13,878,546
Movable Equipment			\$ 4,800,000
Fixed Equipment			\$ -
Site Development/Land Acquisition			\$ 1,325,500
Other (PM and S&T Fees, Insurance and Contingencies)			\$ 5,196,942
TOTAL ESTIMATED PROJECT COST	\$ -	\$ -	\$ 90,000,000

(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
HONORS COLLEGE AND RESIDENCES

Institution:	Purdue University	Budget Agency Project No.:	B-1-13-1-05R
Campus:	West Lafayette	Institutional Priority:	N/A

				<u>GSF OF AREA AFFECTED BY PROJECT</u>	311,572
<u>ANNUAL OPERATING COST/SAVINGS (1)</u>					
		Cost per GSF	Total Operating Cost	Personnel Services	Supplies and Expenses
1. Operations	\$	0.31	\$ 95,849	\$ 58,366	\$ 37,483
2. Maintenance	\$	-	\$ -	\$ -	\$ -
3. Fuel	\$	0.45	\$ 139,839	\$ -	\$ 139,839
4. Utilities	\$	0.66	\$ 204,359	\$ -	\$ 204,359
5. Other	\$	-	\$ -	\$ -	\$ -
TOTAL ESTIMATED OPERATIONAL COST/SAVINGS	\$	1.41	\$ 440,047	\$ 58,366	\$ 381,681

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

N/A

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