

## COMMISSION FOR HIGHER EDUCATION

Friday, June 8, 2012

### **DISCUSSION ITEM B-3:            Wang Hall Lease –Purdue University West Lafayette**

#### **Staff Recommendation**

That the Commission for Higher Education recommend approval to the State Budget Agency and the State Budget Committee the following project: *Wang Hall Lease– Purdue University West Lafayette*. Staff recommendations are noted in the staff analysis.

#### **Background**

By statute, the Commission for Higher Education must review all projects to construct buildings or facilities costing more than \$500,000, regardless of the source of funding. Each repair and rehabilitation project must be reviewed by the Commission for Higher Education and approved by the Governor, on recommendation of the Budget Agency, if the cost of the project exceeds seven hundred fifty thousand dollars (\$750,000) and if any part of the cost of the project is paid by state appropriated funds or by mandatory student fees assessed all students. Such review is required if no part of the project is paid by state appropriated funds or by mandatory student fees and the project cost exceeds one million five hundred thousand dollars (\$1,500,000). A project that has been approved or authorized by the General Assembly is subject to review by the Commission for Higher Education. The Commission for Higher Education shall review a project approved or authorized by the General Assembly for which a state appropriation will be used. All other non-state funded projects must be reviewed within ninety (90) days after the project is submitted to the Commission.

The Trustees of Purdue University seeks authorization to proceed with a long-term lease at Wang Hall located on the West Lafayette campus. The lease of 30 years, with two 5 year renewal options will allow for the expansion of research space for the School of Electrical and Computer Engineering. The space will be dedicated to research activities only. The expected cost of the lease includes an \$18 million upfront payment, annual rent of \$1 per year, and annual operating costs estimated at \$373,000 per year.

#### **Supporting Document**

*Wang Hall Lease – Purdue University West Lafayette*, June 8, 2012.  
*Wang Hall Lease Agreement (DRAFT)*

**WANG HALL LEASE  
PURDUE UNIVERSITY WEST LAFAYETTE**

**Project Description**

DESCRIPTION OF THE PROJECT

Purdue University West Lafayette will sublease a portion of the "Seng-Liang Wang Hall ," part of the Hayes Triangle District Development, a mixed-use commercial development led by the Purdue Research Foundation along Northwestern Avenue in West Lafayette adjacent to the Purdue University campus. The university will sublease a portion of the facility to provide laboratories, offices, conference rooms, and support facilities for the Purdue School of Electrical and Computer Engineering.

The terms of the sublease include an initial period of 30 years to be followed by two extension periods of five years each, for approximately 41 ,047 square feet in the 139,217 gross square feet facility. Funding for the sublease will include a payment of \$18 million in the form of prepaid rent, with an additional annual rent payment in the amount of one dollar per year. The sources of funding for the sublease include \$14.8 million in gift funds, and \$3.2 million from the Capital Reserve for Buildings.

This facility will provide a significant upgrade to existing research laboratories, offices, conference rooms, and support facilities for the faculty, staff, and graduate students of the School of electrical and Computer Engineering.

<u>Program</u>	<u>Room Type</u>	<u>Assignable Square Feet</u>	<u>Percent of Total ASF</u>
Research	Office	7,738	24%
Research	Non-Class Labs	17,209	53%
Research	General Use	3,384	12%
Research	Support	3,391	11%

IMPACT ON EDUCATION SERVICES

The mission of the Purdue School of Electrical and Computer Engineering is "To serve and lead the state of Indiana, the nation, and the world-wide profession of electrical and computer engineering by educating the next generation of engineers, by discovery that advances fundamental knowledge and its applications, and by innovation and engagement that addresses global challenges of societal impact."

In keeping with its mission, the School of ECE has one of the largest undergraduate programs, and the largest graduate program, on the Purdue campus. The School of ECE at Purdue is among the top three EE/ECE departments nationally in the number of students it graduates each year. During the 2008/2009 academic year, 218 Bachelor Degrees, 86 Masters Degrees, and 58 PhD Degrees were awarded to Purdue ECE students. The School is consistently ranked in the top ten of the best national electrical engineering departments and receives even higher rankings by representatives of the corporations that hire engineering graduates. The School alumni excel worldwide as entrepreneurs, corporate leaders, researchers, inventors, and educators. The School of Electrical and Computer Engineering also has the largest research program on the Purdue campus. Research is being performed on the cutting edge of fields ranging from nanotechnology and photonics to communications and computing.

It is the vision of the Purdue School of ECE to simply "be recognized world-wide for field defining research, for leadership and excellence in education, and for our impact on society"- Key strategies supporting this vision include "multidisciplinary research with global reach" and "investing in infrastructure to facilitate success."

The construction of Wang Hall embodies the stated strategies by making available world-class facilities consisting of an Energy Sources and Systems Research Complex, a Fields and Optics Research Complex, and a VLSI Laboratory Complex. Inherently multi-investigator in nature, research afforded by the complexes will see utilization by a core group of some twelve ECE professors and their students.

### LONG TERM PLANS

Current long-term plans for the facility call for leasing the space for 25 years, followed by up to three 5-year extensions. There are no current plans to purchase the facility by Purdue University.

### COOLABORATION

As a mixed-use development, the owner/lessor intends to utilize the advantageous location to lease space to retail commercial entities that foster interaction with Purdue University staff and students who will occupy the leased space, and other Purdue related foot traffic in the area. While no specific entity exists currently, it is possible that some space in the facility will be leased to a company conducting private research that might be related to research being conducted by ECE staff in the facility.

### STAFF ANALYSIS

The proposed lease of space at the Wang Hall will allow PUWL and the School of Electrical and Computer Engineering to expand and improve research opportunities. Rather than build a free standing research facility owned and operated by PUWL, this collaborative effort will provide valuable research space at a much lower cost to build and operate.

The lease cost per square foot (assuming \$18 million for 40 years) is approximately \$11 per square foot. PUWL noted that leasing space in West Lafayette, especially for research purposes, are significantly higher than the lease cost associated with Wang Hall. In addition, PUWL notes to build a free standing structure with similar parameters as Wang Hall could cost between \$20 million to \$25 million. Expenses for operations and repair/rehabilitation would be incurred with a free standing building, whereas PUWL would only pay for operational costs of Wang Hall. Operational costs of \$373,000 annually (estimated) will be funded through the School of Electrical and Computer Engineering operating funds.

The leased space at Wang Hall will be focused solely on research activities. No classes or academic instruction will be provided in the space. However, graduate students conducting research will utilize the facility alongside faculty from the school. Other space located in Wang Hall will be used for retail purposes (1<sup>st</sup> floor); possible research conducted by private companies and other commercial purposes. The overall facility will not be owned by PUWL, however the land is owned by the Purdue Research Foundation.

The total cost of the lease, including operational costs estimated by PUWL, could reach \$33 million over the 40 year period. \$18 million will be financed up front by PUWL through gift funds (\$14.8 million) and Capital Reserve for Buildings (\$3.2 million) which include indirect cost recovery funds

from research support. This upfront payment will help finance the construction of Wang Hall. The total operating costs over the 40 year period could reach \$15 million depending on utilization by PUWL in the leased space. As noted earlier, research support related to the School of Electrical and Computer Engineering will cover all operational costs. If, for any reason, research funding is unavailable or ceases to exist, PUWL may vacate the leased space with no financial penalty.

Staff recommends the Commission provide a favorable review of this proposed lease agreement.

**SUBLEASE**

**by and between**

**PURDUE RESEARCH FOUNDATION**

**and**

**THE TRUSTEES OF PURDUE UNIVERSITY**

**for certain space in the building located at  
516 Northwestern Avenue (Seng-Liang Wang Hall), West Lafayette, Indiana**

\_\_\_\_\_, 20\_\_

## SUBLEASE

THIS SUBLEASE (the "Sublease") is entered into by and between PURDUE RESEARCH FOUNDATION (PRF) and THE TRUSTEES OF PURDUE UNIVERSITY ("TTPU").

### RECITALS

PRF, as Ground Lessor, entered into a Ground Lease with 516 Northwestern Associates, L.P. (the "Limited Partnership") for the lease of the Real Estate to the Limited Partnership. The Limited Partnership intends to construct the Building on the Real Estate and to make Improvements to the Subleased Premises and has leased-back to PRF the Subleased Premises. PRF desires to lease to TTPU the Subleased Premises pursuant to the terms and conditions contained in this Sublease.

TTPU desires to lease the Subleased Premises from PRF pursuant to the terms and conditions contained in this Sublease.

### BODY OF AGREEMENT

#### ARTICLE 1 DEFINITIONS

The following terms shall have the following meanings when capitalized in the recitals or in the body of this Sublease:

"**Building**" means a four-story building to be constructed on the Real Estate containing approximately 139,217 gross square feet.

"**Casualty Damage**" has the meaning set forth in Section 9.1(a) of this Sublease.

"**Casualty Notice**" has the meaning set forth in Section 9.1(a) of this Sublease.

"**Common Areas**" means those areas in and around the Building designated by Limited Partnership from time to time as common areas, which shall include lobby, sidewalks, elevators, escalators, exits, entryways, alleys, interior drives, parking areas, parking spaces in a parking garage, landscaped and natural areas, and other like areas.

"**Common Expenses**" mean those costs and expenses reasonably paid or incurred by Limited Partnership: (i) in managing, equipping, cleaning, repairing, refurbishing, and operating the Common Areas, including, without limitation, charges for utilities and services for the Common Areas, cost of maintaining or repairing (including capital repairs) systems and equipment in the Common Areas, replacement of floor and wall coverings, window treatments, furniture and decorative items in Common Areas; (ii) in maintaining, replacing, or repairing the foundations, exterior walls (including exterior windows), and roof of the Building, including capital repairs; (iii) costs of insuring the Project; and (iv) other costs and charges incurred in managing and

operating the Project for the mutual benefit of all tenants of the Building, including (but not limited to) management fees, either as charged to Limited Partnership by outside management companies or an amount not exceeding the amount typically charged by outside management companies if Limited Partnership manages the Project itself or through an affiliated entity; the fair rental value of any office space provided for a management office in the Building; the amortized portion of any capital expenditure for any capital improvement (based on the useful life of such improvement as reasonably determined by an independent certified public accountant engaged by Limited Partnership), together with interest on the unamortized balance thereof at a rate of interest reasonably determined by Limited Partnership; costs relating to financing essential capital improvements; and, legal accounting and consulting services incurred in connection with the management, operation, maintenance and repair of the Project (except as otherwise provided below). Common Expenses does ***not*** mean and shall ***not*** include the following: costs incurred by Limited Partnership in providing services or benefits to tenants outside of the Subleased Premises which are not also provided by Limited Partnership to PRF or to TTPU with respect to the Subleased Premises (including, but not limited to janitorial services, trash removal, window cleaning); taxes of any type, including, but not limited to, real estate taxes and personal property taxes; costs of utilities separately metered to portions of the Project other than to the Common Areas; services and other benefits directly charged to tenants or for which tenants are responsible; costs of special services rendered to tenants which are directly charged to such tenants; costs reimbursed by insurers or for which Limited Partnership is otherwise reimbursed in any manner other than by the proportionate payment of tenants of the Building; rent payable under the Ground Lease; capital expenditures (except as otherwise specifically provided above); leasing commissions, tenant improvement costs and other costs and expenses incurred in connection with the leasing of space in the Building; costs of workers' compensation insurance; legal expenses incurred in drafting leases or enforcing the terms of any lease or in connection with any tenant disputes; interest, principal, points and fees on any debt instrument encumbering all or any portion of the Project (except debt incurred in financing essential capital improvements as specifically provided above); Limited Partnership's general and administrative expenses.

***"Condemnation"*** has the meaning set forth in Section 9.2 of this Sublease.

***"Condemnation Proceeds"*** has the meaning set forth in Section 9.2 of this Sublease.

***"Delivery Date"*** means the date upon which PRF accepts delivery of the Subleased Premises from Limited Partnership in accordance with the Lease-Back Agreement.

***"Estimated LW Repair Cost"*** has the meaning set forth in Section 9.1(a) of this Sublease.

***"Extension Period(s)"*** means the periods during which this Sublease is extended past the Initial Term as described in Section 3.2 of this Sublease.

***"Event of Default"*** means PRF's or TTPU's failure to perform or observe any covenant, term, or condition of this Sublease to be performed or observed by PRF or TTPU, if the failure continues for ninety (90) days after written notice is given to the party who is alleged to have failed to perform; provided, however, that if a cure cannot be reasonably effected within such ninety (90)

day period, the party alleged to have failed to perform shall have such additional time as is necessary to effect such cure, so long as such party commences its efforts to cure within such ninety (90) day period and pursues such cure diligently to completion.

“**Ground Lease**” means that certain lease of the Real Estate by and between PRF, as Ground Lessor and Limited Partnership, as Ground Lessee, dated November 30, 2011, and all amendments made from time to time thereto. A copy of the Ground Lease is attached to this Sublease as **Exhibit A**.

“**Hazardous Material**” has the meaning set forth in Article I of the Ground Lease.

“**Improvements**” means the improvements described in subpart (b) of Section 4.1 of the Lease-Back Agreement.

“**Initial Term**” means the initial term of this Sublease as described in Section 3.1 of this Sublease.

“**Insubstantial Damage**” has the meaning set forth in Section 9.1(c) of this Sublease.

“**Lease-Back Agreement**” means that certain First Amended and Restated Lease-Back Agreement between PRF and the Limited Partnership for the lease of the Subleased Premises to PRF dated \_\_\_\_\_, 2012, and all amendments made from time to time thereto. A copy of the Lease-Back Agreement is attached to this Sublease as **Exhibit B**.

“**Lessor’s Work**” means Lessor’s Work as defined in Section 4.1 of the Lease-Back Agreement.

“**Limited Partnership**” means 516 Northwestern Associates, L.P., and Indiana limited partnership.

“**Limited Partnership’s Election Notice**” has the meaning set forth in Section 9.1(e) of this Sublease.

“**Mortgagee**” has the meaning set forth in Article I of the Ground Lease.

“**Party**” means PRF or TTPU and “**Parties**” means both of them.

“**PRF**” means Purdue Research Foundation, an Indiana corporation (formed and existing under the Indiana Foundation or Holding Companies Act, Acts of 1921, ch. 246).

“**PRF’s Share of Lessor’s Work**” has the meaning set forth in Section 5.2 of this Sublease.

“**Project**” means the Real Estate and all improvements located thereon, including the Building.

“**Real Estate**” means the real property located at 516 Northwestern Avenue, West Lafayette, Indiana, as more specifically described in the Ground Lease.

“**Reconciliation Statement**” has the meaning set forth in Section 5.3(b) of this Sublease.

“**Re-Delivery Date**” has the meaning set forth in Section 9.1(f) of this Sublease.

“**Re-estimate Notice**” has the meaning set forth in Section 5.3(a) of this Sublease.

“**Sublease Term**” means the Initial Term and subsequent Extension Periods.

“**Subleased Premises**” means approximately 41,047 gross square feet of the rentable portions of the Building, representing 33% of the total gross square footage of the rentable portions of the Building, as more fully described and situated on the floor plans attached to this Sublease as **Exhibit C**.

“**Substantial Damage**” has the meaning set forth in Section 9.1(d) of this Sublease.

“**Tax Expenses**” means the sum of the following: all currently due installments of ad valorem property taxes and assessments levied upon or with respect to the any portion of the Project, and all taxes, levies and charges that may be levied or imposed by any governmental authority in replacement of, in lieu of, or in addition to ad valorem property taxes, in whole or in part, including, without limitation, a state or local option tax designed for property tax relief purposes, or a license or franchise fee measured by rents received from the Building, or otherwise measured or based upon Limited Partnership’s interest in the Real Estate, Building or Subleased Premises; personal property taxes, assessments, fees and charges with respect to personal property and equipment owned by Limited Partnership and located on or used in connection with the management, operation, maintenance and repair of the Project. Tax Expenses shall not include any federal or state income, transfer, gift, or franchise taxes.

“**Termination Date**” means the last day of the month in which the Delivery Date occurred in the last year of the Sublease Term, as set forth in Article 3 of this Sublease, unless earlier terminated in accordance with this Sublease, in which case the Terminate Date means the day of the month in which Sublease is terminated.

“**TTPU**” means the The Trustees of Purdue University, a body corporate created and existing under the laws of the State of Indiana.

“**TTPU’s Pro Rata Share**” means PRF’s Pro Rata Share as set forth in the Lease-Back Agreement. TTPU’s Pro Rata Share is 33%, which represents a fraction: (i) the numerator of which is the rentable square footage of the Subleased Premises, which equals 41,047 square feet; and (ii) the denominator of which is the gross square footage of the rentable portions of the Building, which equals 125,402 gross square feet.

“**Utility Charges**” has the meaning set forth in Section 6.1 of this Sublease.

## **ARTICLE 2**

### **SUBLEASED PREMISES**

2.1 **Lease and Description of Premises**. Subject to the terms and conditions set forth in this Sublease, PRF leases to TTPU, and TTPU leases from PRF, the Subleased Premises.

2.2 **Common Areas.** TTPU shall have the right, in common with all other tenants in the Building, to use the Common Areas.

2.3 **Subordinate to the Ground Lease and Lease-Back Agreement.** This Sublease is and shall be subject and subordinate to the Ground Lease and to the Lease-Back Agreement.

2.4 **Incorporation by Reference.** The terms, covenants, and conditions of the Lease-Back Agreement are incorporated herein by reference (except to the extent that they are inapplicable to this Sublease). For the purpose of incorporation by reference, all the terms, conditions and covenants in the Lease-Back binding upon or inuring to the benefit of the Limited Partnership therein shall, in respect of this Sublease, bind or inure to the benefit of PRF, with the same force and effect as if such terms, covenants, and conditions were completely set forth in this Sublease. Further, each and every term, covenant, and condition of the Lease-Back binding upon or inuring to the benefit of PRF therein shall, in respect of this Sublease, bind or inure to the benefit of TTPU, with the same force and effect as if such terms, covenants, and conditions were completely set forth in this Sublease. In the event of a conflict between any provision in this Sublease and any provision in the Lease-Back Agreement, the provision in the Lease-Back Agreement shall control. Notwithstanding any other provision in this Sublease, this Sublease shall terminate when the Lease-Back Agreement terminates.

2.5 **Use of the Subleased Premises.** The Subleased Premises shall be used and occupied by TTPU for the purposes of carrying on the purposes consistent with the mission of Purdue University, an educational institution of Indiana, including, without limitation, carrying on the purposes of: (a) education, (b) scientific research, (c) public service programs, (d) statutory responsibilities of Purdue University, and (e) management, operation, or servicing of Purdue University, all on such terms and conditions as TTPU may approve from time to time, and for no other purpose or purposes without the PRF's prior written consent, which consent shall not be unreasonably withheld. No waste or damage shall be committed upon or to the Subleased Premises. The Subleased Premises shall not be used for any unlawful purpose, and no violations of law shall be committed on the Subleased Premises. TTPU shall at its own cost and expense promptly observe and keep all laws, rules, orders, ordinances and regulations of federal, state and local governments and any and all of their departments and bureaus and those of any other competent authority relating to the use of the Subleased Premises. Although TTPU has the right under this Sublease to occupy and use the Subleased Premises in any manner consistent with the purposes described in this Section, it is the intent of TTPU to use and occupy the Subleased Premises for the Purdue University School of Electrical and Computer Engineering (ECE).

2.6 **Quiet Enjoyment.** PRF agrees that if TTPU observes all of the terms and conditions of, and performs all of its obligations under, this Sublease, then, at all times during the Lease Term, subject to the terms of this Sublease, TTPU shall have the peaceable and quiet enjoyment of possession of the Subleased Premises, without any manner of hindrance from parties claiming under, by, or through PRF.

2.7 **Exclusives.** TTPU acknowledges that Limited Partnership may grant other tenants of the Building exclusive rights to use premises in the Building for a specific use or business, and PRF shall not conduct any use or business in or from the Subleased Premises which causes Limited Partnership to be in violation of any such exclusive rights. Limited Partnership has agreed to provide PRF and PRF's sublessee's with written notice of all such exclusive rights that have been granted by Limited Partnership and PRF agrees to provide such notice to TTPU.

### ARTICLE 3

#### TERM

3.1 **Initial Term.** The initial term of this Sublease shall begin on the Delivery Date and shall continue for a period of **Thirty (30) years** thereafter, unless sooner terminated as provided herein.

3.2 **Extension Periods.** TTPU has the option of extending the term of this Sublease for **Two (2)** extension periods of **Five (5) years** each. Unless sooner terminated as otherwise provided in this Sublease or unless TTPU provides written notice to PRF of TTPU's intent to terminate this Sublease at least one hundred eighty (180) days before the end of the Initial Term, the term of this Sublease shall automatically extend for an additional period of five (5) years. The term of this Sublease shall automatically extend at the end of each successive Extension Period, unless sooner terminated as otherwise provided in this Sublease or unless TTPU provides, at least one hundred eighty (180) days' prior written notice to PRF of TTPU's intention to terminate the Sublease at the end of the then-expiring Extension Period.

3.3 **Surrender and Holdover.** Upon the expiration of the Sublease Term, or sooner termination of this Sublease or of the Lease-Back Agreement, TTPU shall surrender the Subleased Premises to the PRF in the condition they were in on the date of the commencement of the Sublease Term, the effects of ordinary wear, acts of God, casualty, insurrection, riot, or public disorder excepted. TTPU shall, prior to the expiration of the Sublease Term, remove all of TTPU's fixtures, equipment, furniture, signs, personal property, and supplies from the Subleased Premises.

### ARTICLE 4

#### OCCUPANCY OF SUBLEASED PREMISES

On the Delivery Date, TTPU shall have full occupancy of the Subleased Premises, subject to all of the terms and conditions of this Sublease and the Lease-Back Agreement.

### ARTICLE 5

#### RENT

5.1 **Base Rent.** Beginning on the Delivery Date and continuing on the same date each year thereafter during the Sublease Term, TTPU shall pay to PRF annual rent in the amount of **One Dollar (\$1.00)**.

5.2 **Supplemental Rent or Modification of Lessor's Work.** As part of the consideration for this Sublease, TTPU provided to PRF \$18,000,000 to be used toward paying costs and expenses associated with planning and construction of the Project and improvements to the Subleased Premises as described in Section 4.1(b) of the Lease-Back Agreement. If, upon bidding Lessor's Work, PRF's Share of Lessor's Work is reasonably likely to exceed \$18,000,000, then, at TTPU's option: (i) TTPU shall, within 60 days after written request therefor, pay as supplemental rent, such payment being made to PRF or to Limited Partnership as PRF may direct, the amount of the difference between PRF's Share of Lessor's Work and \$18,000,000, or (ii) the improvements to the Leased Premises described in Section 4.1(b) of the Lease-Back Agreement shall be changed, modified, or reduced in a manner agreeable to PRF, Limited Partnership, and TTPU in their reasonable discretion to the extent necessary such that PRF's Share of Lessor's Work does not exceed \$18,000,000. Similarly, if PRF's Share of Lessor's Work is less than \$18,000,000, PRF shall pay to TTPU the amount of any refund of prepaid rent PRF receives from Limited Partnership pursuant to Section 5.1(B) of the Lease-Back Agreement.

"PRF's Share of Lessor's Work" shall be the sum of: (i) PRF's Pro Rata Share of the costs and expenses authorized by PRF to construct the Project less \$853,800, plus (ii) all of the costs and expenses authorized by PRF to construct the improvements to the Subleased Premises described in Section 4.1(b) of the Lease-Back Agreement, plus (iii) all of the costs and expenses to construct the Project authorized by PRF and incurred solely for the benefit of the Subleased Premises or constructed at the direction of PRF or TTPU and not otherwise required for the use and operation of the commercial space in the Building.

5.3 **Additional Rent.** Beginning on the Delivery Date and continuing thereafter during the Sublease Term, TTPU shall be obligated to pay to PRF or to Limited Partnership, as PRF may direct, as additional rent equal monthly installments of TTPU's Pro Rata Share of the Common Expenses and Tax Expenses, which share shall equal the sum of the amount of all Common Expenses and Tax Expenses multiplied by TTPU's Pro Rata Share. This additional rent is due on or before the first day of each month.

(a) **Estimation.** From time to time, Limited Partnership may reasonably estimate (or re-estimate) the amount of the Common Expenses and Tax Expenses payable by PRF or TTPU for any whole or partial calendar year during the Sublease Term. In the event that Limited Partnership or PRF provides TTPU with a re-estimate of the Common Expenses and Tax Expenses applicable to a given calendar year after January 1 of such calendar year (the "Re-estimate Notice"), TTPU shall, within thirty (30) days after the date of the Re-estimate Notice, pay, as additional rent, any increase specified in the Re-estimate Notice which shall be retroactively applied to the monthly installments preceding the Re-estimate Notice previously due in that same calendar year. By way of example only, if the Common Expenses and Tax Expenses were estimated to be One Dollar (\$1.00) per square foot, and PRF provides a Re-estimate Notice on April 1 indicating that the Common Expenses and Tax Expenses had been re-estimated to be One Dollar and Five Cents (\$1.05) per square foot, TTPU shall then pay to PRF (or to Limited Partnership) by April 30, the additional Five Cents (\$.05) per square foot for the months of January, February, and March of that calendar year, and shall continue to pay the additional amount for remainder of that year.

(b) Statement. Following the end of each calendar year during the Sublease Term, PRF shall deliver to TTPU a written statement that shows the computation of the actual Common Expenses and Tax Expenses payable by TTPU with respect to such calendar year (the "Reconciliation Statement"). If the total of the Common Expenses and Tax Expenses paid by TTPU for such calendar year is more than the actual Common Expenses and Tax Expenses payable by TTPU with respect to such calendar year, then PRF shall credit the excess: first, against any outstanding rent due from TTPU; and second, against future Common Expenses and Tax Expenses, to be paid by TTPU; provided that, if there are no future Common Expenses and Tax Expenses to be paid by TTPU, then PRF shall refund the excess to TTPU within forty-five (45) days of PRF providing the Reconciliation Statement. If the total of the Common Expenses and Tax Expenses paid by TTPU for such calendar year is less than the actual amount of the Common Expenses and Tax Expenses payable by TTPU with respect to such calendar year, then TTPU shall pay the amount of such deficiency within forty-five (45) days of PRF providing the Reconciliation Statement.

(c) Audit Rights. At TTPU's sole cost and expense, TTPU shall have the right to inspect and audit PRF's books and records to verify and determine the reasonableness and accuracy of the TTPU's Pro Rata Share of the Common Expenses and Tax Expenses. TTPU shall also have the right to request PRF to inspect and audit Limited Partnership's books and records to verify and determine the reasonableness and accuracy of TTPU's Pro Rata Share of the Common Expenses and Tax Expenses.

(d) Property Tax Exemption; Credit. TTPU, a State Educational Institution, is exempt from all taxation in the State of Indiana pursuant to I.C. 21-34-8-3. PRF and TTPU acknowledge that they anticipate that the Subleased Premises will be exempt from property taxes during the Sublease Term upon the timely filing of a property tax exemption application by TTPU on PRF's and/or Limited Partnership's behalf commencing with the property tax exemption application required to be filed on or before May 15<sup>th</sup> of the applicable tax year. TTPU, at its sole cost and expense, may take all necessary steps to secure the property tax exemption on the Subleased Premises. PRF shall cooperate with TTPU in securing the property tax exemption. TTPU shall furnish to PRF for its review and approval the annual property tax exemption application for the Subleased Premises not less than 15 days prior to the required filing date for the property tax exemption application. Within 10 days of TTPU's request, PRF agrees to execute the appropriate Power of Attorney form prescribed by the Indiana Department of Local Government Finance or its successor delegating authority to TTPU and to cooperate with TTPU in obtaining such an executed Power of Attorney from Limited Partnership, in necessary, to file the property tax exemption application on behalf of PRF and Limited Partnership to the extent permitted by law. TTPU, at its sole expense, may appeal, in the name of, and on behalf of PRF, a denial of the property tax exemption for the Subleased Premises. PRF, at TTPU's sole cost and expense, shall fully cooperate with and assist TTPU in any appeal of the denial of the property tax exemption for the Subleased Premises. PRF and TTPU agree that TTPU shall be entitled to a credit against the Tax Expenses payable by TTPU under this Sublease in the full amount of the benefit to PRF resulting from the property tax exemption, which credit shall be applied against TTPU's Pro Rata Share of the Tax Expenses, provided that TTPU shall remain obligated for TTPU's Pro Rata Share of the Tax Expenses attributable to Common Areas.

**ARTICLE 6**  
**UTILITIES**

6.1 **Utilities Charges Other Than Gas.** Beginning on the Delivery Date and continuing throughout the Sublease Term, TTPU shall: (a) promptly pay all charges for sewer, water, electricity, telephone, and other utility services separately metered in, on, at, or from the Subleased Premises (the "Utility Charges"); and (b) deliver to PRF upon demand receipts or other satisfactory evidence of payment of the Utility Charges. TTPU shall not, without PRF's prior written approval, have any utility service discontinued prior to the expiration or termination of the Sublease Term.

6.2 **Gas Service.** TTPU shall pay all charges for gas service provided to the Building which is separately metered to the Subleased Premises by Limited Partnership within ten (10) days after receipt of a statement from Limited Partnership or PRF setting forth the amount of such gas service charges allocated to the Subleased Premises.

**ARTICLE 7**  
**MAINTENANCE AND REPAIR**

7.1 **Limited Partnership Repairs.** Pursuant to the Lease-Back Agreement, Limited Partnership has the duty to keep the foundations, exterior walls, and roof of the Subleased Premises, the heating, ventilating, and cooling equipment and systems (the "HVAC Systems") serving the Leased Premises, and all other portions of the Building except the Subleased Premises in good order, repair and condition, ordinary wear and tear excepted. TTPU agrees to look solely to Limited Partnership in connection with the obligation to repair and maintain these portions of the Subleased Premises and other portions of the Building in accordance with the Lease-Back Agreement.

In the event that the Subleased Premises or Project should become in need of repairs required to be made by Limited Partnership in accordance with the Lease-Back Agreement, TTPU shall give prompt written notice thereof to Limited Partnership and Limited Partnership shall not be responsible in any way for failure to make any such repairs until a reasonable time shall have elapsed after receipt by Limited Partnership of such written notice. Notwithstanding the foregoing, Limited Partnership shall not be obligated to make repairs, replacements or improvements of any kind: (i) to or for any trade fixtures contained in the Subleased Premises; (ii) to glass, doors, or any improvements to the Subleased Premises made by or on behalf of TTPU, including, without limitation, the TTPU Alterations; or (iii) that are the result of any damages to the Building, including the roof, or Subleased Premises caused by any act or omission of PRF or TTPU or their employees, agents, contractors, invitees, or licensees. TTPU shall have the sole responsibility all repairs, replacements, or improvements to the Subleased Premises that are not specified in this Section 7.1 to be the responsibility of Limited Partnership and that are not caused by PRF's acts or omissions.

TTPU understands and agrees that Limited Partnership shall have the right (and TTPU shall permit Limited Partnership or its employees, agents or contractors reasonable access to the Subleased Premises for the purpose of exercising such rights), to install, maintain, repair and replace in the ceiling space and/or under the concrete slab in the Subleased Premises, all such electrical, plumbing, HVAC Systems, as defined hereafter, and other system components that may be required to service the Common Areas or other tenants in the Project. Limited Partnership has agreed to use its best efforts to minimize any disruption of PRF's or TTPU's business resulting from the exercise of such right and shall be responsible for any damage to PRF or TTPU or their respective merchandise, inventory, fixtures and equipment resulting therefrom.

7.2 **TTPU's Repairs.** TTPU shall be responsible for performing the obligations of PRF contained in Section 7.2 of the Lease-Back Agreement. Specifically, except for repairs to be performed by Limited Partnership pursuant to Section 7.1 of the Lease-Back Agreement, TTPU shall: (a) keep the Subleased Premises clean, neat, and safe, and in good order, repair and condition, including, without limitation, that TTPU shall make all repairs, alterations, additions, or replacements to the Subleased Premises as may be required by any applicable law, ordinance, rule or regulation, or by fire underwriters or underwriters' fire prevention engineers; (b) keep all glass in windows, doors, fixtures, skylights, and other locations clean and in good order, repair, and condition, and replace glass that may be damaged or broken with glass of the same quality; and (c) paint and decorate the Subleased Premises as necessary or appropriate to comply with the terms and conditions of this Section 7.2. TTPU shall be responsible for the maintenance, and replacement of all system components serving the Subleased Premises for which Limited Partnership is not responsible.

7.3 **TTPU Alterations.** TTPU, at its sole cost and expense, may install in the Subleased Premises such fixtures, equipment and furnishing as TTPU determines to be necessary or appropriate. TTPU, at its cost and expense, also may make non-structural alterations or improvements to the interior of the Subleased Premises. Without the prior written consent of Limited Partnership, which consent shall not be unreasonably withheld, TTPU shall not make any: (A) alterations, improvements, or additions of or to the exterior of the Subleased Premises; or (B) structural alterations, improvements, or additions of or to any part of the Subleased Premises; or (C) alterations, improvements or additions that adversely affect the use, operation or enjoyment of the Common Areas or other portions of the Building or Project, including, without limitation, the installation of any equipment or facilities that affect the use, operation or enjoyment of the Common Areas or other portions of the Building or Project; or (D) alterations, improvements or additions that overburden the structural components of the Building or the Building utility or other systems. In no event shall (a) any penetrations be made to the roof of the Project, whether pursuant to this Section or any other Section, without the prior written permission of Limited Partnership, (b) the undertaking of any alterations or improvements to the Subleased Premises cause or result in any nuisance or disruption to any other tenant or occupant of the Building. To the extent any alterations, improvements, or additions installed by or on behalf of TTPU cause damage, including extraordinary wear and tear, to the foundation, exterior walls, or roof of the Building, the costs incurred by Limited Partnership to repair such damage shall be reimbursed by TTPU.

(b) Permits. Before making any alterations, improvements, or additions, TTPU shall: (i) obtain all permits, licenses, and approvals necessary for the completion of the improvements, alterations, or additions; and (ii) deliver to Limited Partnership: (A) copies of such permits, licenses, and approvals; and (B) evidence reasonably satisfactory to Limited Partnership that TTPU and/or TTPU's contractor has procured workers' compensation, general liability, and personal and property damage insurance as Limited Partnership reasonably may require. TTPU shall: (1) complete the construction of any alterations, improvements, or additions in a good and workmanlike manner, and in compliance with all applicable laws, ordinances, rules and regulations; and (2) assure that all contractors, subcontractors, laborers, and suppliers performing work or supplying materials are paid in full; and (3) provide Limited Partnership with copies of all plans, drawings and specifications for all alterations, additions and improvements made by or for TTPU to the Subleased Premises, regardless of whether Limited Partnership's consent is required therefor.

(c) Liens. TTPU shall not suffer or cause the filing of any mechanic's or other lien against the Subleased Premises or the Project. If any mechanic's or other lien is filed against the Subleased Premises, the Project, or any part thereof for work claimed to have been done for, or materials claimed to have been furnished to, TTPU, other than for the performance of Lessor's Work, then TTPU shall: (i) cause such lien to be discharged of record within sixty (60) days after notice of the filing by bonding or as provided or required by law; or (ii) provide evidence that the lien is being contested by proceedings adequate to prevent foreclosure of the lien, together with satisfactory indemnity (in an amount equal to at least one hundred fifty percent [150%] of the claimed lien) to Limited Partnership within sixty (60) days after notice of the filing thereof. All liens suffered or caused by TTPU shall attach to TTPU's interest only. Nothing in this Sublease shall be deemed or construed to: (A) constitute consent to, or request of, any party for the performance of any work for, or the furnishing of any materials to, TTPU; or (B) give TTPU the right or authority to contract for, authorize, or permit the performance of any work or the furnishing of any materials that would permit the attaching of a mechanic's lien to Limited Partnership's interest.

## **ARTICLE 8** **INSURANCE**

8.1 **Limited Partnership Insurance**. Pursuant to Article 8 of the Lease-Back Agreement, Limited Partnership is responsible to maintain fire, casualty, and extended insurance coverage as Limited Partnership reasonably determines are appropriate and acceptable to PRF, on the Building in an amount at least equal to the replacement costs. Limited Partnership also is obligated to maintain commercial general liability insurance covering any and all claims for injuries to, or death of persons and damage to, or loss of, property occurring in, on, or about the Common Areas and portions of the Building other than the Subleased Premises, in amounts Limited Partnership reasonably determines appropriate and acceptable to PRF, provided that the amounts of such insurance shall, at a minimum, be sufficient to reimburse PRF for the Unearned Prepaid Rent. PRF and TTPU are to be named on such policies as additional insureds. TTPU agrees to look solely to Limited Partnership in connection with the obligation to insure the Building, Common Areas and portions of the Building other than the Subleased Premises in accordance with the Lease-Back Agreement.

8.2 **TTPU's Insurance.** TTPU, at its expense, shall maintain or cause to be maintained property insurance, specifically including windstorm coverage, with coverage for one hundred percent (100%) of the replacement cost on improvements to the Subleased Premises, including improvements made by Limited Partnership and any subsequent improvements to the Subleased Premises made by TTPU; and (b) any trade fixtures, equipment, inventory, and other personal property located on, in or about the Subleased Premises in which TTPU has an insurable interest. TTPU shall also maintain, at its expense, commercial general liability insurance on the Subleased Premises with limits of not less than Three Million Dollars (\$3,000,000) for bodily injury, including death resulting therefrom, and personal injury for any one (1) occurrence, One Million Dollars (\$1,000,000) property damage insurance, or a combined single limit in the amount of Three Million Dollars (\$3,000,000). TTPU shall comply with the provisions of applicable worker's compensation laws, and shall insure its liability thereunder. TTPU shall, at its expense, maintain plate glass insurance covering all exterior plate glass in the Subleased Premises.

## **ARTICLE 9**

### **CASUALTY AND CONDEMNATION**

#### **9.1 Casualty.**

(a) **Event of Casualty and Casualty Notice.** "**Casualty Damage**" means an event in which the Subleased Premises or the Building is damaged or destroyed by fire or other casualty. Within three (3) days after an event of Casualty Damage occurs, TTPU shall: (i) inform Limited Partnership's designated property management contact via telephone; and (ii) give Limited Partnership written notice via overnight mail ("**Casualty Notice**") which describes the Casualty Damage in detail, includes photographs of the Casualty Damage sufficient to reasonably convey to Limited Partnership the scope and extent of the damage, and, if applicable, states the extent to which TTPU reasonably believes that the Subleased Premises have been rendered untenable due to the Casualty Damages. Limited Partnership will evaluate the Casualty Damage and prepare an estimate of the cost to repair Lessor's Work (the "**Estimated LW Repair Cost**").

(b) **Limited Partnership's Obligations.** TTPU acknowledges and agrees that following an event of Substantial Damage, as hereinafter defined, which Limited Partnership elects to repair pursuant to the terms of Section 9.1 of the Lease-Back Agreement, or an event of Insubstantial Damage, as hereinafter defined, then Limited Partnership's only obligation shall be to restore Lessor's Work to the extent insurance proceeds are available therefor. In no event shall Limited Partnership be required to repair or replace: (i) improvements or any alterations to the Subleased Premises made by PRF or TTPU; or (ii) any trade fixtures, equipment, or inventory of PRF or TTPU located on, in, or about the Subleased Premises.

(c) **Insubstantial Damage.** Casualty Damage shall be considered to be "**Insubstantial Damage**" if: (i) the cost of repair and restoration of the Project is less than thirty percent (30%) of the amount it would cost to replace the Project in its entirety at the time such damage or destruction took place; (ii) the Estimated LW Repair Cost is less than fifty percent (50%) of Lessor's estimated cost to completely restore Lessor's Work (the "**Estimated LW Replacement**").

Cost”); and (ii) on the date of the event of Casualty Damage, 365 days or more remain in PRF’s then-current Lease Term.

(d) Substantial Damage. Casualty Damage shall be considered to be “Substantial Damage” if it does not meet the criteria for Insubstantial Damage.

(e) Limited Partnership’s Election Notice. After Limited Partnership determines whether an event of Casualty Damage, as set forth in the Casualty Notice, constitutes Insubstantial Damage or Substantial Damage, Limited Partnership will provide written notice of its findings to PRF and PRF shall provide a copy of such notice to TTPU. If PRF or TTPU alleged in the Casualty Notice that the Subleased Premises were rendered untenable by the Casualty Damage, but Limited Partnership determines that the Subleased Premises are not untenable, then Limited Partnership will give PRF written notice of such finding and PRF shall provide a copy of such finding to TTPU. If Limited Partnership determines that the Casualty Damage is Substantial Damage, Limited Partnership will give PRF written notice of its election to either: (i) repair or restore Lessor’s Work; or (ii) terminate the Lease-Back Agreement effective fifteen (15) days after the dispatch of such notice. Limited Partnership’s written notice to PRF pursuant to this Section 9.1(e) shall be referred to herein as “Limited Partnership’s Election Notice.” If Limited Partnership elects to terminate the Lease-Back Agreement, then this Sublease shall terminate.

(f) The Re-Delivery Date. The “Re-Delivery Date” shall be the date upon which the repair of Lessor’s Work is substantially completed, subject to delineated “punch-list” items that do not materially affect TTPU’s ability to use the Subleased Premises for TTPU’s intended purposes. On the Re-Delivery Date, TTPU shall have occupancy of the Subleased Premises, subject to all of the terms and conditions of this Sublease and the Lease-Back Agreement. Limited Partnership shall endeavor to correct any “punch-list” items within sixty (60) days after the Re-Delivery Date.

9.2 Condemnation. If: (a) all or a substantial part of the Subleased Premises is taken or condemned for public or quasi-public use under any statute or by the right of eminent domain; or (b) all or a substantial part of the Subleased Premises is conveyed to a public or quasi-public body under threat of condemnation (collectively, the “Condemnation”); and the Condemnation renders the Subleased Premises unsuitable for PRF’s or TTPU’s use, then, at the option of either Limited Partnership or PRF exercised within thirty (30) days after the Condemnation occur: (i) this Sublease shall terminate effective on the date when PRF or TTPU is deprived of possession of the Subleased Premises; and (ii) all obligations hereunder, except those due or mature, shall cease and terminate. If there is a Condemnation with respect to: (A) more than twenty five percent (25%) of the square footage of the building of which the Subleased Premises is a part; or (B) more than twenty five percent (25%) of the aggregate square footage of the Project; then Limited Partnership, at its option, exercised within thirty (30) days after the Condemnation occurs, may elect to terminate the Lease-Back Agreement as of the date possession of such square footage is taken by, or conveyed to, the condemning authority. In the event the Lease-Back Agreement is terminated, this Sublease shall terminate and all obligations hereunder, except those due or mature, shall cease and terminate. All compensation awarded or paid for the

Condemnation (the “Condemnation Proceeds”) shall belong to and be the sole property of Limited Partnership; provided that Limited Partnership shall not be entitled to the amount of any Condemnation Proceeds awarded or paid solely to TTPU for loss of business or costs and expenses of relocation and removing trade fixtures and equipment. If neither Limited Partnership nor PRF elects to terminate the Lease-Back Agreement pursuant to Section 9.2 of the Lease-Back Agreement, then Limited Partnership shall be responsible for the performance of Lessor’s Work to the extent Condemnation Proceeds are made available therefor and TTPU agrees to look solely to Limited Partnership to perform Lessor’s Work; provided that Limited Partnership shall not be obligated to incur costs for such work in excess of the Condemnation Proceeds awarded or paid to Limited Partnership and remaining after: (aa) Limited Partnership’s mortgagee has withheld any amount of the proceeds to which it is entitled, if any; and (bb) deduction for any expenses incurred in collecting the Condemnation Proceeds. Notwithstanding anything to the contrary set forth herein, in no event shall Limited Partnership or PRF be required to repair or replace: (A) alterations or improvements to the Subleased Premises made by TTPU; or (B) any trade fixtures, equipment, or inventory of TTPU located on, in, or about the Subleased Premises.

**ARTICLE 10**  
**SURRENDER**

10.1 **Surrender of Premises.** Except as herein otherwise expressly provided in this Article, TTPU shall surrender and deliver up the Subleased Premises, together with all property affixed to the Subleased Premises, to PRF at the expiration or other termination of this Sublease or of TTPU’s right to possession hereunder, without fraud or delay, in good order, condition and repair except for reasonable wear and tear after the last necessary repair, replacement, or restoration is made by TTPU, free and clear of all liens and encumbrances, and without any payment or allowance whatsoever by PRF on account of any improvements made by TTPU.

10.2 **Removal of Certain Property.** All furniture, trade fixtures, inventory and personal property furnished by or at the expense of TTPU shall remain the property of TTPU and shall be removed by or on behalf of TTPU at or prior to the expiration or other termination of this Sublease or of TTPU’s right of possession.

**ARTICLE 11**  
**DEFAULT**

11.1 **Event of Default; Remedies.** Upon the occurrence of an Event of Default, the non-defaulting Party may, at its option, pursue any and all rights and remedies it has at law or in equity, including, but not limited to, termination of this Sublease, provided such Party has completed the following dispute resolution procedure:

(a) **Mediation.** Before either Party files a lawsuit or seeks other legal or equitable remedies against the other Party, the Parties agree to use best efforts in good faith to settle the dispute or to agree on a remedy of the default by participating in non-binding mediation to be conducted by a mutually agreeable mediator to be selected jointly by the Parties. Mediation

hearings shall be held in West Lafayette, Indiana, unless the Parties agree otherwise, and shall be governed by the Indiana Rules for Alternative Dispute Resolution. Mediation shall take place as soon as reasonably practicable, but in no event more than thirty (30) days after the Event of Default, unless the Parties otherwise agree. If either Party determines after a day of mediation that the dispute is not likely to be settled in a mutually acceptable manner or that agreement on a remedy is not likely to be reached, such Party may then commence litigation or pursue other legal or equitable remedies.

## **ARTICLE 12**

### **ESTOPPEL AND SECURITY INTERESTS**

12.1 **Estoppel Certificates.** TTPU and PRF agree to execute and deliver, within ten (10) days after request by the other party, a statement, in writing, certifying to PRF and/or any party designated by PRF, or TTPU and/or any party designated by TTPU, as the case may be, that: (a) this Sublease is in full force and effect; (b) the Commencement Date; (c) that Rent is paid currently without any off-set or defense; (d) the amount of Rent paid in advance; (e) that there are no known uncured defaults by PRF or TTPU, or stating those known and claimed, provided that, in fact, such facts are accurate and ascertainable; and (f) any other information reasonably requested.

12.2 **Security Interests.** PRF shall have the right at any time and from time-to-time to create security interests in the form of a mortgage, deed of trust or other similar lien or encumbrance (a "Mortgage") upon or affecting PRF's estate in the Subleased Premises, or any part thereof; provided, however, that in the event of any foreclosure or sale under any such Mortgage or the delivery by PRF of any deed in lieu of foreclosure to the holder of any such Mortgage, then the holder of any such Mortgage agrees not to disturb TTPU's possession so long as TTPU is not in default under the terms of this Sublease beyond any notice and/or cure periods provided for in this Sublease.

## **ARTICLE 13**

### **MISCELLANEOUS**

13.1 **Governing Law.** This Sublease is entered into in Indiana and shall be governed by and construed in accordance with the substantive law (and not the law of conflicts) of the State of Indiana.

13.2 **Jurisdiction and Venue.** Subject to Article 11 of this Sublease, any legal action or proceeding commenced by either Party relating to this Sublease shall be resolved in a court of competent jurisdiction in, or which includes, Tippecanoe County, Indiana.

13.3 **Attorneys' Fees.** In any action, proceeding, or suit brought by either Party to enforce its rights hereunder, the prevailing Party shall be entitled to recover such Party's reasonable attorneys' fees and costs in such action or suit in addition to all other relief to which such party may be entitled.

13.4 **Memorandum of Lease**. At the request of either party, the parties agree to execute and record a memorandum of this Sublease.

13.5 **Assignment**. This Sublease may not be assigned by either party without the prior written consent of the other party; such consent shall not be unreasonably withheld.

13.6 **Counterparts**. This Sublease may be executed in separate counterparts, each of which when so executed shall be an original, but all of which together shall constitute but one and the same instrument. All prior representations, undertakings, and agreements by or between the parties hereto with respect to the subject matter of this Sublease are merged into, and expressed in, this Sublease, and any and all prior representations, undertakings, and agreements by and between such parties with respect thereto hereby are canceled. This Sublease shall not be amended, modified, or supplemented, except by a written agreement duly executed by both PRF and TTPU.

13.7 **Notices**. All notices and demands which may be or are required to be given by either party to the other shall be in writing and shall be hand delivered or sent by United States mail, first class postage prepaid, addressed to the PRF or TTPU at the following addresses or to such other person or to such other place as either party may from time to time designate in writing to the other.

PRF: Purdue Research Foundation  
Kurz Purdue Technology Center  
1281 Win Henschel Blvd  
West Lafayette, IN 47906

TTPU: The Trustees of Purdue University  
610 Purdue Mall  
1031 Hovde Hall, Room 230  
West Lafayette, IN 47907-2040

13.8 **Subordination to Mortgages and Attornment**. If requested by PRF, TTPU shall execute and deliver to a Mortgagee an instrument in form and substance satisfactory to such Mortgagee and to PRF subordinating this Sublease to the lien of such Mortgagee. Such subordination shall be subject to the limitation that TTPU's use and occupancy of the Subleased Premises shall not be disturbed so long as TTPU is not in default of its obligations under this Sublease.

13.9 **Compliance with Project Rules**. TTPU agrees to comply with reasonable rules and regulations established by Limited Partnership for the Project.

13.10 **Hazardous Materials**. TTPU agrees to comply with all federal, state or local law, ordinance, order, rule, or regulation regarding the use, storage, or presence of Hazardous Materials applicable to the Subleased Premises and shall be responsible for all costs and expenses necessitated by or reasonably incurred as a result of TTPU's misuse of Hazardous Materials on the Subleased Premises or the contamination by Hazardous Materials of the

Subleased Premises, the Building, the Project, or elsewhere which came or otherwise emanated from TTPU or the Subleased Premises during the Sublease Term. For purposes of this Section, costs and expenses include, but are not limited to, those costs and expenses reasonably incurred in connection with any investigation of site conditions or any cleanup, remediation, removal, fines, monitoring or restoration work required or imposed by any federal, state or local governmental agency or political subdivision because of the presence of Hazardous Materials.

IN WITNESS WHEREOF, the PRF and TTPU have executed this Sublease as of the date first above written.

PRF:

PURDUE RESEARCH FOUNDATION

By:

\_\_\_\_\_  
Joseph B. Hornett  
Sr. Vice President, Treasurer, COO

TTPU:

THE TRUSTEES OF PURDUE  
UNIVERSITY

By:

\_\_\_\_\_  
A.V. Diaz  
Treasurer