

September 18-19, 2013

ITEM 160-1501-R0913

Proposal to Lease Two Buildings Located at the Mineral Research Center to J3 Advanced Engineering Technologies, Inc.; Montana Tech of The University of Montana

THAT

In accordance with Board Policy 1003.6 – Transfers of Interest in Real Property, the Board of Regents authorizes Montana Tech to execute a five-year lease with J3 Advanced Engineering Technologies, Inc. for two buildings located in the Mineral Research Center.

EXPLANATION

Montana Tech owns property located at the Mineral Research Center off Harrison Avenue in what is called the Industrial Park area. The campus has tried to sell this property on several occasions without any success. With no interested buyers, it was determined that the campus should lease the space to interested research entities. J3 Advanced Engineering Technologies, Inc. originally wanted to lease the space for up to two years but requested a five-year lease based on the amount of time and money they have invested in updating the space to meet office and research space requirements.

The lease agreement replaces the initial one-year lease entered into on February 1, 2013, which was renewable for an additional year with the proposed one-year lease renewable for up to five years. The lease agreement allows for increases in the lease payment not to exceed 3% per year non-compounded.

The campus benefits from this lease in the following manner:

1. The campus will receive annual rent in the amount of \$84,096 plus annual increases.
2. Two of the buildings located at the Mineral Research Center will be occupied and better maintained. This includes renovations already completed by the Lessee.
3. The Lessee has a security system to protect the property.
4. This lease provides a small business entity the opportunity to perform research that will be beneficial to the Butte community and the State of Montana (attachment).

The lease agreement is in the best interest of Montana Tech and the Board of Regents as the space has been updated by the Lessee and is in better condition than prior to their occupancy, which may provide the campus with an opportunity to sell the facilities in the future.

ATTACHMENTS

Attachment 1 – J3 Advanced Engineering Technologies, Inc. brochure