

May 22-23, 2019

ITEM 183-2009-R0519

Request for authorization to execute a lease for Mil-Tech Research Space; Montana State University

THAT

In accordance with Board of Regents Policy 1003.6, the Board of Regents of the Montana University System authorizes Montana State University to enter into an off-campus lease for space to accommodate Mil-Tech, a growing research entity.

EXPLANATION

1. MSU's MilTech Department is a Department of Defense Partnership Intermediary that provides technology transition assistance to the Army, Navy, Air Force, Marine Corps, Special Operations Command, Office of the Secretary of Defense and other Joint DOD programs. MilTech was established in 2004 and expects to have research expenditures of approximately \$11,500,000 in Fiscal Year 2019.
 2. Mil-Tech has experienced approximately 200% growth in research expenditures since 2015 resulting in significant space constraints for continuing Department of Defense (DoD) research. MSU desires to relieve these space constraints upon Miltech's operation by relocating into larger space suitable for conducting DoD research.
 3. Adequate leasable space to relocate Mil-Tech has been identified adjacent to MSU's existing research park and within the same vicinity of other research entities.
 4. Relocation of Mil-Tech from Nopper will free up roughly 4,700 square feet that will be repurposed for administrative and campus support use.
 5. The proposed lease and space will provide Mil-Tech adequate room for continued growth and reduce the need for multiple moves to accommodate their significant growth.
 6. The proposed lease is for 9,334 square feet at a base lease rate not to exceed \$22.51/SF or \$210,110 annually. This rate is comparable to other research space leases in Bozeman. Very few options are available that meet DOD requirements. Tenant improvements will be required and will be MSU's responsibility. MSU will be responsible for triple net expenses such as utilities, insurance, maintenance, etc.
 7. This new lease is projected to take effect November 1, 2019 pending completion of lease negotiations. The term of the lease will be for an initial five (5) year period with up to two (2) additional terms of five (5) years each. The lease will be held with AED Building, LLC.
 8. BOR Policy 1003.6, III, B, requires Regents approval for leases that exceed five (5) years in duration or for which total lease payments will exceed \$25,000 per year. Therefore, no lease has been executed.
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ATTACHMENTS

None