

July 18, 2017

ITEM 176-2004-C0717

Request for authorization to enter into an off campus lease for research space

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 a controlled and national security research facility.

EXPLANATION

1. In November 2016, Montana State University (MSU) provided an information item to the Board of Regents in an effort to facilitate infrastructure development of the MSU Innovation Campus (MSUIC) land and follow-on construction of the Applied Research Laboratory (ARL). An informational update was provided to the Board of Regents at the May 2017 meeting.
 2. The ARL will be a specially designed 20,000 square foot facility that will meet the construction and security requirements of the U.S. government for national security research. The ARL will achieve national security accreditation at all classification levels and will also include a Sensitive Compartmented Information Facility (SCIF). The ARL will be the only building of its kind in Montana to support university and private industry, both local and national, for national security contracts.
 3. In 2015, annual MSU expenditures for national security work were approximately \$20 million, which was obtained without a dedicated research facility. The ARL will provide Montana University System (MUS) research faculty a unique ability to compete for defense and national security contracts leading to a sustainable increase in annual classified research expenditures. Additionally, local Montana industry is currently restricted in applying for national security contracts given the lack of a secure facility accredited to support national security work.
 4. The annual lease rate for the ARL will not exceed \$1,700,000/year. MSU will also be responsible for Operations and Maintenance (O&M) costs not to exceed \$300,000/year. Funding to pay for these costs will come mainly from research facilities and administrative cost returns generated from research grant activity being conducted in the facility.
 5. The term of the lease will be ten years. Following lease completion, a perpetual 100% discounted lease will be provided to MSU for the ARL with MSU responsible only for building O&M costs.
 6. 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.
-

ATTACHMENTS

None