

ITEM 149-1002-R1110

Matching Funds for Montana Technology Enterprise Center (MonTEC)

The University of Montana-Missoula

THAT

Consistent with MCA 20-25-108-(e) (Research Programs), the Board of Regents of the Montana University System authorizes The University of Montana-Missoula to match a \$1.75 million grant from the US Commerce Department – Economic Development Administration for the purpose of improving and renovating MonTEC property, if such grant is awarded.

EXPLANATION

MonTEC is an independent 501(c) (3) non-profit corporation established for the purpose of providing research start-up facilities for technology based companies. The Board of Regents at its January 18-19, 2001 meeting authorized The University of Montana-Missoula to proceed with the acquisition of land and a building for the Montana Technology Enterprise Center (MonTEC) in collaboration with the Missoula Area Economic Development Foundation.

The proposed use of \$1.75 million represents matching funds for a U.S. Commerce Department - Economic Development Administration (EDA) grant which has been applied for in the amount of \$1.75 million. EDA requires an equal match. Thus, the overall cost of the proposed improvements is the sum of these two amounts, \$3.5 million.

The purpose of this renovation is to refit and reorganize existing research space at MonTEC. Specifically, RiverTop Renewables, a major tenant at MonTEC, is seeking additional research related space to expand their operations. In recognition of these improvements, RiverTop has agreed to a 10-year lease of the space at MonTEC.

RiverTop licenses several UM patents and has developed a proprietary and environmentally friendly process for the production of certain chemicals used in making various detergents. RiverTop has recently hired a new CEO with considerable experience in both the chemical industry and in bringing start-up companies to the market. Additionally, RiverTop has secured significant venture capital funding and is poised to become a major player in the multi-billion dollar global “green” detergent market. In addition to the EDA and University improvements described, RiverTop will expend \$2.5 million of its own funds in MonTEC in the form of specialized scientific equipment.

With the exception of approximately 1,500 square feet of space to be used to house a chemical production pilot plant, the remodeled space created by this renovation is substantially similar to other research/laboratory space currently on hand at MonTEC. Accordingly, were RiverTop to leave MonTEC the newly improved space would be suitable to lease to other high tech start- up firms.

The funding for this match will occur in two steps: First, \$1.75 million will be transferred from the Grant Leave Pool fund balance to the Facilities and Administrative (F&A) Recoveries Account. The Grant Leave Pool fund balance is currently \$5.1 million. On average, the Grant Leave Pool collects \$1.9 million annually as a direct benefit expense charged to research grants to fund sick and vacation leave accrued by employees working on grants. However, the actual leave taken annually by grant funded employees is only averaging

\$1.7 million thus the accumulated fund balance. This transfer will have no impact on any sponsored research program or the ability to pay sick and annual leave. As a second step, matching funds will be provided to MonTEC from the F&A account. Over a ten year period the Grant Leave Pool will be replenished with a transfer back from F&A revenues received annually. This financing mechanism allows the University to use available cash, currently earning minimal interest, to match the EDA grant while continuing to invest the majority of annual F&A's recoveries into campus research activities.

If the EDA does not award MonTEC the \$1.75 million renovation grant, The University of Montana shall not provide any part of the requested \$1.75 million match in the MonTEC facility and the renovation will not take place.

ATTACHMENTS

Renovation Project and Budget (Informational Only)

MonTEC Renovation Project



Budget:

Construction	\$3,054,000.00
Architectural Fees and Administrative Costs	320,000.00
Printing and Bidding Costs	12,500.00
Permits, Fees, and Testing	32,000.00
Equipment and Furnishings	50,000.00
Contingency	31,500.00
PROJECT TOTAL	\$3,500,000.00