

November 15-16, 2012

**ITEM 157-2006-R1112**

**Authorization to Enter Into Off Campus Lease for Spectrum Lab; Montana State University**

---

**THAT**

The Board of Regents of Higher Education authorizes MSU to enter into a two year lease located off-campus at 2310 University Way, Bozeman Montana. The first year estimated cost of the lease is \$42,546.

---

**EXPLANATION**

1. Since 1999, the Spectrum Lab has conducted federally and state sponsored research, educated and trained graduate and undergraduate students, hosted conferences and workshops, and collaborated with industry partners in the area of lasers and photonics. This has led to the formation of two spin-off companies: S2 Corporation (formerly a division of Scientific Materials Corporation), and Bridger Photonics Inc. (164<sup>th</sup> overall on Inc. Magazine's 2011 list of fastest growing private companies). These two companies employ more than 20 people in the Bozeman area.
  2. The lab leases off-campus facilities because of the limitations of space on the MSU campus, and to produce synergies by being located close to the two spin-off companies and near other optics industry partners. The current annual lease will remain in effect until September 30, 2012 and the Spectrum Lab wishes to continue to lease the same premises for two years with four single year options to extend, for a total potential period of 6 years.
  3. The leased premises are located at 2310 University Way, Bozeman Montana, and are comprised of 3,522 square feet of commercial space. The Lessor is CFT Building #4, LLC, 2327 University Way, Suite #1, Bozeman, MT 59715.
  4. All of the rental and management/maintenance (triple net) fees associated with the current lease have been paid utilizing the indirect costs generated from Spectrum Lab's sponsored research in agreement with the VPR. Annual grants and contracts averaging \$1 Million to \$1.4 Million annually have been maintained for >10 years. Base funding for Spectrum Lab has been secured for the next two years. These lease costs represents less than 15% of expected generated indirect costs, and it is expected the generated indirect costs will continue to be sufficient for the space in the future.
  5. The cost of the lease includes monthly rent and triple net fees for a total of \$12.08/square foot. Rental fees will not be adjusted during the initial 2 years of the lease. If the option to extend is exercised then Rental fees are adjusted annually based upon changes in the CPI. Triple net fees are adjusted annually based on actual experienced costs.
- 

**ATTACHMENTS**

No Attachments