

MICHIGAN STATE
UNIVERSITY

October 25, 2019

APPROVED

OCTOBER 25, 2019

BOARD OF TRUSTEES
MICHIGAN STATE UNIVERSITY

MEMORANDUM

To: Committee on Budget and Finance

From: Samuel L. Stanley, Jr., M.D. *SLJ*
President

Al 2019

Subject: Grand Rapids Innovation Park - Long-Term Lease of Space in the Medical Innovation Building, Construction and Sublease of Radiopharmacy

RECOMMENDATION

The Trustee Committee on Budget and Finance recommends that the Board of Trustees authorize the Administration (i) to enter into a lease for space and parking in new facilities being developed as part of the Grand Rapids Innovation Park, (ii) to complete tenant improvements creating a radiopharmacy in the leased space and (iii) to sublease all or a portion of the facilities to third party collaborators to use and operate the radiopharmacy.



**Office of the
President**

Hannah Administration Building
426 Auditorium Road, Room 450
East Lansing, MI 48824

517-355-6560
Fax: 517-355-4670
president.msu.edu

RESOLUTION

BE IT RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to negotiate and execute a lease for space and parking in the Grand Rapids Innovation Park for the purposes of constructing a radiopharmacy and office space, for a term that may exceed 10 years, and upon such other terms and conditions as may be acceptable to the President or his designee;

BE IT FURTHER RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to proceed with leasehold improvements to construct a radiopharmacy and office space; and procure and install scientific equipment, furnishings and technology for the facility; and

BE IT FURTHER RESOLVED, that the Board of Trustees of Michigan State University hereby authorizes the Administration to negotiate and execute subleases of the radiopharmacy and office space and parking, for terms that may exceed 10 years, and upon such other terms and conditions as may be acceptable to the President or his designee.

BACKGROUND

At its December 14, 2018 meeting, the Board of Trustees authorized the Administration to proceed with the Grand Rapids Research Center Phase II project (GRRC Phase II). GRRC Phase II comprises a public private partnership to develop the remainder of the site owned by MSU on which the Grand Rapids Research Center is located, and together with the GRRC, creates the Grand Rapids Innovation Park (GRIP). MSU entered into a ground lease with Health Innovation Partners LLC (HIP) on May 31, 2019, pursuant to which HIP will design, finance, construct, and operate an approximately 200,000 square foot Medical Innovation Building (MIB), along with a parking structure on the GRIP site.

At its February 15, 2019 meeting, the Board authorized the Administration to lease space in the MIB to be used by the College of Human Medicine (CHM) for research office administration, computational research/ machine learning/AI space, office hoteling space for visiting faculty and research partners, along with conferencing and non-wet lab collaboration space for other MSU colleges.

The authorizations in this resolution will allow CHM to realize an additional opportunity to utilize space in the MIB made possible through a donor gift. The gift will fund the establishment of a radiopharmacy that will serve as the foundation for a new Molecular Imaging and Translational Theranostics program. This program will provide groundbreaking, world-class research leading to transformative health care related to oncology, neuroscience, and mental health.

The College of Human Medicine anticipates that the radiopharmacy lease will be approximately 12,000 square feet in the MIB. The MIB is anticipated to open in the fourth quarter of 2021. MSU will sublease the radiopharmacy to a private industry collaborator to operate the facility and to secure the NRC and FDA required licensing. MSU researchers from Grand Rapids and East Lansing will have access to the radiopharmacy to conduct and expand their research. First year rent will not exceed \$25.41 per square foot NNN with an annual escalation not to exceed 3% per year, with the lease costs passed to the subtenant.

The square footage of the CHM lease will be finalized in 2021 based on needs and partnership synergies that develop during the three-year construction period. The lease, equipment, and leasehold improvements will be funded from gifts and may include debt financing for certain capital costs with debt repayment from gifts.

cc: Board of Trustees, T. Sullivan, B. Quinn, K. Wilbur, N. Barr, M. Zeig, D. Bollman, V. Gore, M. Haas, J. Gaboury, L. Gremel, B. Kranz, C. Leese, M. McCabe, J. Mumma, J. Rayis, L. Senecal, L. Adams, D. Temple, J. Kooiman, C. Reid, N. Beauchamp, S. Stankewicz

Grand Rapids Innovation Park – Long-Term Lease of Space in Medical Innovation Building, Construction and Sublease of Radiopharmacy

MICHIGAN STATE
UNIVERSITY

