

July 18, 2017

ITEM 176-2003-C0717

Request for authorization to enter into an off-campus lease for university support functions

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 required university support functions.

EXPLANATION

1. MSU Bozeman has experienced approximately 33% growth in student population since 2006, resulting in significant space constraints on the core of campus. MSU desires to relieve some of this space constraint by relocating a number of university support functions to allow the space on campus to be used for academic purposes.
2. Adequate, leasable space to house several MSU functions has been identified adjacent to campus in the Nopper Building, owned by Advanced Technology Inc (ATI), a subsidiary of the MSU Alumni Foundation.
3. Relocation of certain university support functions will free up about 35,000 gross square feet on MSU's campus for academic and student use.
4. The proposed lease is for 36,645 square feet at a base lease rate not to exceed \$8.20/sf or \$300,489 annually. Comparable lease rates in Bozeman are \$14-18/sf and very few options are available which meet our square footage requirements. Tenant improvements will be required and will be MSU's responsibility. MSU will be responsible for ancillary expenses such as utilities, insurance, maintenance, etc.
5. This new lease is projected to take effect August 1, 2017, pending completion of lease negotiations. The term of the lease will be for an initial ten (10) year period, with up to four (4) additional terms of five (5) years.
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