

March 5-6, 2015

**ITEM 166-1002-R0315**

**Request for Authorization to Enter Into Lease for Bitterroot College – University of Montana-  
Missoula**

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**THAT**

Pursuant to Board of Regents Policy 1003.6, the Board of Regents of Higher Education authorizes the University of Montana to enter into a five-year lease with the Hamilton School District for use of the Westview School, located at 103 South 9th Street, Hamilton, MT, for relocation of Bitterroot College.

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**EXPLANATION**

Since 2009, Bitterroot College University of Montana has been located in 274 Old Corvallis Road, Suite C, Hamilton, Montana in approximately 4,231 square feet. Annual lease payments at this location total approximately \$88,000 (\$20.80/sq. ft./year). Bitterroot College has experienced significant growth in its student population since 2009 and continues to project an increase in student enrollment over the next ten years. The enrollment increase has forced Bitterroot College to seek alternative space to accommodate the students and the number of programs offered at that campus. The new leased premises are for 12,717 square feet located inside the Westview School, an educational facility owned by the Hamilton Public School District, in Hamilton, MT. The Bitterroot College University of Montana would like to enter into a longer term lease and, thus, is requesting approval from the Board of Regents for the long-term lease. The five year lease would be effective beginning the fall 2015 academic semester with two one-year renewal options that can be exercised by mutual consent of both parties.

The new lease provides for a maximum of \$500,000 in leasehold improvements to be paid for by the University of Montana. This cost will be in lieu of an annual market rent. The University will provide funding for the leasehold improvement in the form of an internal loan. Over the expected lease term of 5-7 years the loan will be re-paid with funds allocated for the existing lease payments. The University will be responsible for utilities/janitorial expenses which are included under current lease. Even with this additional expense the sq. ft. cost will be 30% to 40% less under Westview School lease. The new lease provides the University with an option to purchase the Westview School from the Hamilton School District should the opportunity arise during the lease term.

The Westview School lease is reasonable based upon the increased space available at a lower annual square footage cost. Good faith negotiations between the University and the Lessor have resulted in the Lease Agreement attached hereto.

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**ATTACHMENTS**

Attachment #1 – Lease Agreement

Attachment #2 – Lease Agreement Addendum

Attachment #3 – Floor Plan