

January 6, 2022

**ITEM 198-2003-R0122**

**Request for Authorization to Issue a Request for Proposals that Requires an Exception to the 20-Year Lease Term Provision Found in BOR Policy 1003.6; Montana State University**

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**THAT**

The Board of Regents authorizes Montana State University to issue a request for proposals for a hotel developer to lease university property for a term longer than 20 years and construct a privately operated hotel, granting MSU an exception to the 20-year lease term provision found in BOR Policy 1003.6.

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**EXPLANATION**

1. Montana State University (MSU) is requesting authorization to lease land to a private, third-party developer/hotelier, who would design, construct, operate and maintain a hotel on university property.
  2. In September 2019, MSU presented an information item to the board to pursue a feasibility study for developing a hospitality project by leasing land to a private developer for the project.
  3. MSU contracted with Saddle Peak Hotel Advisors (SPHA) – a Bozeman-based firm – to conduct a feasibility and economic analysis of whether a hospitality project, including a stand-alone hotel, would be economically feasible on MSU’s campus. SPHA completed their study in May 2021 and concluded a campus hotel would be feasible for a private, third-party developer to undertake.
  4. The lease will include terms providing Hospitality Management and Culinary Arts students an opportunity to utilize the facility as part of their curriculum at Montana State. Opportunity for hands-on experience in the operation and management aspects of the hospitality industry will enhance the Hospitality and Culinary Arts program and be foundational to the development of students’ career paths and prepare them for advanced internships in hospitality enterprises throughout the state, especially during the existing and forecasted shortfall of trained workers in these hospitality fields. The hotel may contain instructional spaces for students to gain real-work experience prior to graduation, pending the responses from a Request for Proposal (RFP).
  5. In conjunction with the economic and feasibility study, MSU conducted a site analysis and identified several potential building sites along 7<sup>th</sup> Avenue (south of Grant Street) for the potential hotel.
  6. The design, construction, operation, and ongoing maintenance of the hotel will be funded entirely by a private developer. No state funds or MSU funds will be provided.
  7. MSU intends to release an RFP for a hotel concept in the first quarter of 2022 and requests to include a lease term up to 40 years with one 10-year renewal in the RFP.
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**ATTACHMENTS**

None