

September 21-22, 2022

**ITEM 202-2009-R0922**

**Request for Authorization to Revise Commitment for a Ground Lease and Operating Agreement for a State Combined Laboratory Facility; Montana State University**

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**THAT**

In November 2019, the Board of Regents approved Item #185-107-R1119 authorizing MSU to commit to providing a ground lease for the purpose of a state owned or lease laboratory facility, primarily for the Montana Department of Livestock's Veterinary Diagnostic Lab. The scope of the project has shifted to a State Combined Lab Facility that will house the State Vet Diagnostic Lab, Montana Department of Agriculture Analytical Laboratory and MSU Wool Lab.

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**EXPLANATION**

1. This proposed ground lease between MSU and the State of Montana is for a parcel of land owned by Montana State University south and west of the intersection of 19<sup>th</sup> Avenue and College Street. The ground lease does not include land or options for future expansion of the state laboratory or other facilities. Precise legal description and parcel size to be confirmed prior to executing a ground lease.
  2. Montana State University shall retain ownership of the land.
  3. The Montana Department of Administration must obtain the Board of Regents' approval prior to initial construction of the facility and must follow the procedures found in BOR Policy 1003.7- Authorization of Building Projects.
  4. Neither Montana State University, nor the Montana University System will be responsible for the cost of design, construction, site improvements or the operations and maintenance cost of the facility during the term of the lease, except for those directly attributable to MSU's Wool Lab.
  5. At any conclusion of the lease, the lessee shall arrange, and finance, the decommissioning of the facility.
  6. MSU's Wool Lab shall occupy approximately 8,830 SF (17%) of the Facility.
  7. The initial term of the lease per BOR Policy 1003.6 shall not exceed 20 years, with options to renew in ten-year increments. The proposed ground lease shall be a no cost agreement for the initial (20 year) term.
  8. An operating agreement shall be executed between MSU and the State of Montana to define maintenance and the operational obligations and funding sources for operations of all occupants of the facility.
  9. This commitment is contingent on the Montana Department of Agriculture vacating McCall Hall and relocating to either the new laboratory facility or to an off-campus location.
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**ATTACHMENTS:** None