

May 15-16, 2024

**ITEM 212-2006-R0524**

**Request for Authorization to Renew a Lease on Behalf of Gallatin College; Montana State University**

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**THAT**

Consistent with BOR Policy 1003.6, the Board of Regents of the Montana University System authorizes Montana State University to renew a lease agreement with Frontage Road Commercial Properties LLC for Gallatin College at the east campus.

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**EXPLANATION**

1. Gallatin College's east campus is located at 705 and 751 Osterman Drive in Bozeman, which provides 18,113 square feet (SF) of classroom and welding lab space for the IT degree programs, welding, bookkeeping and others.
  2. The original lease has been in effect since April 1, 2017, and has been renewed multiple times, most recently for a 3-year term from June 1, 2021 to May 31, 2024. Current lease rate is \$13.97/PSF (per square foot).
  3. Renewal term to begin June 1, 2024 for 5 years at a base rental rate of \$14.39 PSF or \$260,646.07 annually and includes 3% annual escalations. Fair market evaluation supports this price per square foot.
  4. Tenant improvements and NNN costs are the responsibility of Gallatin College.
  5. The lease benefits MSU by supporting the classroom space needs of Gallatin College and satisfies the requirements in BOR Policy 1003.6 by requesting approval for leases that exceed (2) years in duration or for which total lease payments will exceed \$25,000 annually.
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**ATTACHMENTS**

Attachment 1-Lease Abstract