

September 18-19, 2024

ITEM 214-2007-R0924

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

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, Inc. for Gallatin College MSU.

EXPLANATION

1. Gallatin College MSU currently leases 18,113 square feet at 705 and 751 Osterman Drive in Bozeman.
 2. The original lease commenced on April 1, 2017, through May 31, 2021, followed by a 3 year renewal term commencing on June 1, 2021 and terminating May 31, 2024.
 3. The new base lease rate will be \$14.75/PSF, effective June 1, 2024. The rental rate is within the parameters of fair market value.
 4. The lease will include an annual escalation rate of 3% for the next five years (through May 2029) with a contingency to pay 4% escalation if the prior year national CPI exceeds 5% annualized inflation.
 5. Tenant improvements and triple net costs are the responsibility of Gallatin College MSU.
 6. The lease benefits MSU by supporting the space needs of Gallatin College MSU 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