

May 21, 2025

ITEM 218-2014-R0525

Request for Authorization to Amend Ground Lease for Campus Hotel; Montana State University

THAT

Consistent with the Board's authority to manage and control the Montana University System and in accordance with BOR Policy 1003.6, the Board of Regents authorizes Montana State University to amend the ground lease with CH BZN Hotel 1, LLC.

EXPLANATION

1. The BOR approved the ground lease with CH BZN Hotel 1, LLC in May 2023 under item #206-2006-R0523; the original lease terms are summarized in attachment #1 – Lease Abstract.
 2. As a result of significant economic changes in construction costs and interest rates since the original ground lease was approved and signed, the developer has proposed to change the construction financing limit from a “not to exceed 60% loan-to-cost” to a “not to exceed 70% loan-to-cost”, exclusive of any financing against philanthropic contributions.
 3. To partially offset the lost revenues and use of land being leased, MSU proposes to change the ground lease rent payable to MSU after the 2nd and 3rd anniversaries of the hotel opening from \$1 to \$60,000 per year.
 4. This item also requests the delegation of authority to the Commissioner of Higher Education to modify timelines and other provisions necessary to accommodate changing market conditions to implement the terms as described in #2 and #3.
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ATTACHMENTS

- Attachment 1 – Original Lease Abstract from May 2023 BOR meeting
Attachment 2 – Amended Lease Abstract