



101 E. Wilson Street  
2nd Floor  
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Madison, WI 53708-8943

608 266-1370 INFORMATION  
608 266-0034 LOANS  
608 267-2787 FAX  
bcpl.wisconsin.gov

Jonathan Barry, *Executive Secretary*

## AGENDA

August 2, 2016  
2:00 P.M.

Board of Commissioners of Public Lands  
101 E. Wilson Street, 2<sup>nd</sup> Floor  
Madison, Wisconsin

### Routine Business:

- 1) Call to Order
- 2) Approve Minutes – July 25, 2016 (Attachment)
- 3) Approve Loans (Attachment)

### Old Business:

None

### New Business:

- 4) Discuss Possibility of BCPL Owning State Facilities (Attachments)
- 5) Discuss Issues Regarding BCPL State Trust Fund Loans (Attachments)
  - Fiduciary Duty
  - Rate Structure for Borrowers

### Routine Business:

- 6) Future Agenda Items
- 7) Executive Secretary's Report
- 8) Adjourn

### AUDIO ACCESS INFORMATION

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Toll Free Number: **(888) 291-0079**  
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**BOARD MEETING  
AUGUST 2, 2016**

**AGENDA ITEM 2  
APPROVE MINUTES**

Attached for approval are the minutes from the July 25, 2016, board meeting.

Board Meeting Minutes  
July 25, 2016

Present were:

Doug La Follette, Commissioner

Matt Adamczyk, Commissioner

Brad Schimel, Board Chair

Jonathan Barry, Executive Secretary

Tom German, Deputy Secretary

Richard Sneider, Loan Analyst and

Chief Investment Officer

Vicki Halverson, Office Manager

Secretary of State

State Treasurer

Attorney General

Board of Commissioners of Public Lands

**ITEM 1. CALL TO ORDER**

Board Chair Schimel called the meeting to order at 2:01 p.m.

**ITEM 2. APPROVE MINUTES – JULY 5, 2016**

**MOTION:** Board Chair Schimel moved to approve the minutes; Commissioner La Follette seconded the motion.

**DISCUSSION:** None.

**VOTE:** The motion passed 3-0.

**ITEM 3. APPROVE LOANS**

Executive Secretary Barry reported that the loans had been reviewed for proper public purpose.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Brandon Fond Du Lac County Application #: 02017008 Purpose: Purchase sewer jetter	Village Rate: 3.00% Term: 10 years	General Obligation	\$50,000.00
2. Grant Clark County Application #: 02016218 Purpose: Purchase road grader	Town Rate: 3.00% Term: 10 years	General Obligation	\$218,200.00
3. Liberty Manitowoc County Application #: 02017001 Purpose: Finance road construction and repair	Town Rate: 2.50% Term: 3 years	General Obligation	\$234,000.00
4. Marion Shawano and Waupaca Counties Application #: 02017009 Purpose: Purchase property and reconstruct alley/parking lot	City Rate: 3.00% Term: 10 years	General Obligation	\$250,000.00

5.	Menasha Calumet, Outagamie and Winnebago Counties Application #: 02017003 Purpose: Finance property acquisition and facility improvements	School Rate: 3.00%  Term: 10 years	General Obligation	\$3,000,000.00
6.	Mishicot Manitowoc County Application #: 02017007 Purpose: Finance road maintenance	Village Rate: 2.50% Term: 5 years	General Obligation	\$25,500.00
7.	Richfield Washington County Application #: 02017002 Purpose: Construct municipal building	Village Rate: 3.50% Term: 20 years	General Obligation	\$1,000,000.00
8.	Shiocton Outagamie County Application #: 02017005 Purpose: Finance fire hall updates	Village Rate: 3.00% Term: 7 years	General Obligation	\$45,000.00
.	Summit Waukesha County Application #: 02017004 Purpose: Finance 2016 capital improvements	Village Rate: 2.50% Term: 5 years	General Obligation	\$325,000.00
10.	Whiting Portage County Application #: 02017006 Purpose: Finance street improvements	Village Rate: 2.50% Term: 2 years	General Obligation	\$70,000.00
<b>TOTAL</b>				<b>\$5,217,700.00</b>

**MOTION:** Board Chair Schimel moved to approve the loans; Commissioner La Follette seconded the motion.

**DISCUSSION:** None.

**VOTE:** The motion passed 2-1. Commissioner La Follette and Board Chair Schimel voted aye; Commissioner Adamczyk voted no.

#### **ITEM 4. FUTURE AGENDA ITEMS**

Commissioner Adamczyk requested the following future agenda items:

- a discussion of State Trust Fund Loan interest rates (August 2 board meeting) ; and
- a discussion of the Board possibly purchasing and leasing buildings to state agencies (August 16 board meeting).

## ITEM 5. EXECUTIVE SECRETARY'S REPORT

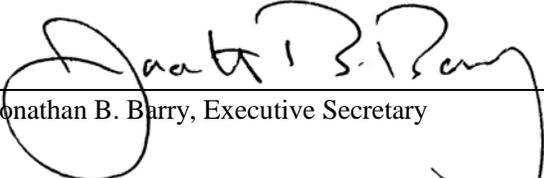
Executive Secretary Barry reported that he and staff had recently attended the Western States Land Commissioners Association conference. While at the conference, he and staff spoke with land commissioner's staff from other states about their involvement in real estate investments. He will compile a report and present his findings to the Board at a future meeting.

Richard Sneider, BCPL Chief Investment Officer, reported that the Board's investment portfolio continues to exceed benchmarks by 1.22% during the second quarter (an annualized \$13.1 million in interest earnings above the benchmark). In addition, unrealized gains within the Board's bond portfolio total over \$23 million, an increase of 4.6% above the initial cost of those investments.

## ITEM 6. ADJOURN

**MOTION:** Board Chair Schimel moved to adjourn the meeting; Commissioner Adamczyk seconded the motion.

The meeting adjourned at approximately 2:15 p.m.

  
Jonathan B. Barry, Executive Secretary

These minutes have been prepared from a recording of the meeting. The summaries have not been transcribed verbatim.

Link to audio recording: [ftp://doaf1380.wi.gov/doadocs/BCPL/2016-07-25\\_BCPL-BoardMtgRecording.mp3](ftp://doaf1380.wi.gov/doadocs/BCPL/2016-07-25_BCPL-BoardMtgRecording.mp3)

**BOARD MEETING  
AUGUST 2, 2016**

**AGENDA ITEM 3  
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Ledgeview Brown County Application #: 02017013 Purpose: Finance road projects	Town Rate: 3.00% Term: 10 years	General Obligation	\$500,000.00
2. Mishicot Manitowoc County Application #: 02017014 Purpose: Finance ambulance service pass-through loan	Village Rate: 2.50% Term: 5 years	General Obligation	\$150,000.00
3. Polar Langlade County Application #: 02017015 Purpose: Purchase truck	Town Rate: 2.50% Term: 5 years	General Obligation	\$42,167.00
4. Princeton Green Lake and Marquette Counties Application #: 02017010 Purpose: Refinance WRS prior service pension liability	School Rate: 3.00% Term: 10 years	General Obligation	\$400,000.00
5. Twin Lakes Kenosha County Application #: 02017011 Purpose: Purchase ambulance	Village Rate: 3.00% Term: 10 years	General Obligation	\$199,115.00
6. Wild Rose Waushara County Application #: 02017012 Purpose: Purchase dam reconstruction property	Village Rate: 2.50% Term: 5 years	General Obligation	\$100,000.00
<b>TOTAL</b>			<b>\$1,391,282.00</b>

**BOARD MEETING  
AUGUST 2, 2016**

**AGENDA ITEM 4  
DISCUSS POSSIBILITY OF BCPL OWNING STATE FACILITIES**

See attached documents for discussion.

## Attachments submitted by Commissioner Adamczyk

LOKRE Base Rent + R/E Taxes						DOA D/S + Municipal Service					
Year #	Year	Base Rent Annualized	Reserves incl in Lease	R/E Taxes incl in Lease	Base Rent + R/E Taxes & Reserves	DOA Debt Service	Est for Municipal Services	Debt Service + Municipal Services	Cash Flow Impact - Savings	Cumulative Cash Flow	
	<b>FY17</b>	\$2,125,942	\$ 68,266.80	\$ 430,791	\$ 2,625,000	\$ 421,875	\$ 27,800	\$ 449,675	\$ 2,175,325	\$ 2,175,325	Current Lease Year
1	<b>FY18</b>	\$2,156,093	\$ 68,266.80	\$ 439,407	\$ 2,663,767	\$ 1,619,147	\$ 28,356	\$ 1,647,503	\$ 1,016,264	\$ 3,191,589	
2	<b>FY19</b>	\$2,186,244	\$ 68,266.80	\$ 448,195	\$ 2,702,706	\$ 1,619,147	\$ 28,923	\$ 1,648,070	\$ 1,054,636	\$ 4,246,225	
3	<b>FY20</b>	\$2,216,964	\$ 68,266.80	\$ 457,159	\$ 2,742,390	\$ 1,619,147	\$ 29,502	\$ 1,648,649	\$ 1,093,742	\$ 5,339,967	
4	<b>FY21</b>	\$2,248,253	\$ 68,266.80	\$ 466,302	\$ 2,782,822	\$ 1,619,147	\$ 30,092	\$ 1,649,239	\$ 1,133,584	\$ 6,473,550	
5	<b>FY22</b>	\$2,280,111	\$ 68,266.80	\$ 475,628	\$ 2,824,006	\$ 1,619,147	\$ 30,693	\$ 1,649,841	\$ 1,174,166	\$ 7,647,716	
6	<b>FY23</b>	\$2,312,538	\$ 68,266.80	\$ 485,141	\$ 2,865,946	\$ 1,619,147	\$ 31,307	\$ 1,650,455	\$ 1,215,491	\$ 8,863,207	End of Lease Term
7	<b>FY24</b>	\$2,381,914	\$ 68,266.80	\$ 494,844	\$ 2,945,025	\$ 1,619,147	\$ 31,933	\$ 1,651,081	\$ 1,293,944	\$ 10,157,151	Start of 5 Yr Option
8	<b>FY25</b>	\$2,453,371	\$ 68,266.80	\$ 504,741	\$ 3,026,379	\$ 1,619,147	\$ 32,572	\$ 1,651,719	\$ 1,374,660	\$ 11,531,811	
9	<b>FY26</b>	\$2,526,973	\$ 68,266.80	\$ 514,836	\$ 3,110,075	\$ 1,619,147	\$ 33,224	\$ 1,652,371	\$ 1,457,704	\$ 12,989,515	
10	<b>FY27</b>	\$2,602,782	\$ 68,266.80	\$ 525,132	\$ 3,196,181	\$ 1,619,147	\$ 33,888	\$ 1,653,035	\$ 1,543,146	\$ 14,532,660	
11	<b>FY28</b>	\$2,680,865	\$ 68,266.80	\$ 535,635	\$ 3,284,767	\$ 1,619,147	\$ 34,566	\$ 1,653,713	\$ 1,631,054	\$ 16,163,714	End of 5 Yr Option
12	<b>FY29</b>	\$2,761,291	\$ 68,266.80	\$ 546,348	\$ 3,375,906	\$ 1,619,147	\$ 35,257	\$ 1,654,404	\$ 1,721,501	\$ 17,885,215	
13	<b>FY30</b>	\$2,844,130	\$ 68,266.80	\$ 557,275	\$ 3,469,671	\$ 1,619,147	\$ 35,962	\$ 1,655,109	\$ 1,814,562	\$ 19,699,777	
14	<b>FY31</b>	\$2,929,454	\$ 68,266.80	\$ 568,420	\$ 3,566,141	\$ 1,619,147	\$ 36,682	\$ 1,655,829	\$ 1,910,312	\$ 21,610,089	
15	<b>FY32</b>	\$3,017,337	\$ 68,266.80	\$ 579,788	\$ 3,665,393	\$ 1,619,147	\$ 37,415	\$ 1,656,562	\$ 2,008,830	\$ 23,618,919	
16	<b>FY33</b>	\$3,107,857	\$ 68,266.80	\$ 591,384	\$ 3,767,508	\$ 1,619,147	\$ 38,163	\$ 1,657,311	\$ 2,110,198	\$ 25,729,117	
17	<b>FY34</b>	\$3,201,093	\$ 68,266.80	\$ 603,212	\$ 3,872,572	\$ 1,619,147	\$ 38,927	\$ 1,658,074	\$ 2,214,498	\$ 27,943,615	
18	<b>FY35</b>	\$3,297,126	\$ 68,266.80	\$ 615,276	\$ 3,980,669	\$ 1,619,147	\$ 39,705	\$ 1,658,852	\$ 2,321,816	\$ 30,265,432	
19	<b>FY36</b>	\$3,396,040	\$ 68,266.80	\$ 627,582	\$ 4,091,888	\$ 1,619,147	\$ 40,499	\$ 1,659,647	\$ 2,432,242	\$ 32,697,673	
20	<b>FY37</b>	\$3,497,921	\$ 68,266.80	\$ 640,133	\$ 4,206,321	\$ 1,619,147	\$ 41,309	\$ 1,660,457	\$ 2,545,865	\$ 35,243,538	
<b>20 Year Total:</b>		<b>\$56,224,300</b>	<b>\$ 1,433,603</b>	<b>\$ 11,107,230</b>	<b>\$ 68,765,133</b>	<b>\$ 32,804,819</b>	<b>\$ 716,776</b>	<b>\$ 33,521,595</b>	<b>\$ 35,243,538</b>		
21	<b>FY38</b>	\$ 3,602,858.62	\$ 68,266.80	\$ 652,936	\$ 4,324,061	\$ -	\$ 42,136	\$ 42,136	\$ 4,281,926	\$ 39,525,464	
22	<b>FY39</b>	\$ 3,710,944.38	\$ 68,266.80	\$ 665,995	\$ 4,445,206	\$ -	\$ 42,978	\$ 42,978	\$ 4,402,228	\$ 43,927,691	
23	<b>FY40</b>	\$ 3,822,272.71	\$ 68,266.80	\$ 679,315	\$ 4,569,854	\$ -	\$ 43,838	\$ 43,838	\$ 4,526,016	\$ 48,453,708	
24	<b>FY41</b>	\$ 3,936,940.89	\$ 68,266.80	\$ 692,901	\$ 4,698,109	\$ -	\$ 44,715	\$ 44,715	\$ 4,653,394	\$ 53,107,102	
25	<b>FY42</b>	\$ 4,055,049.12	\$ 68,266.80	\$ 706,759	\$ 4,830,075	\$ -	\$ 45,609	\$ 45,609	\$ 4,784,466	\$ 57,891,568	
26	<b>FY43</b>	\$ 4,176,700.59	\$ 68,266.80	\$ 720,894	\$ 4,965,861	\$ -	\$ 46,521	\$ 46,521	\$ 4,919,340	\$ 62,810,908	
27	<b>FY44</b>	\$ 4,302,001.61	\$ 68,266.80	\$ 735,312	\$ 5,105,580	\$ -	\$ 47,451	\$ 47,451	\$ 5,058,129	\$ 67,869,037	
28	<b>FY45</b>	\$ 4,431,061.66	\$ 68,266.80	\$ 750,018	\$ 5,249,347	\$ -	\$ 48,400	\$ 48,400	\$ 5,200,946	\$ 73,069,983	
29	<b>FY46</b>	\$ 4,563,993.51	\$ 68,266.80	\$ 765,019	\$ 5,397,279	\$ -	\$ 49,368	\$ 49,368	\$ 5,347,910	\$ 78,417,893	
30	<b>FY47</b>	\$ 4,700,913.31	\$ 68,266.80	\$ 780,319	\$ 5,549,499	\$ -	\$ 50,356	\$ 50,356	\$ 5,499,143	\$ 83,917,037	
<b>Subtotal Yrs 21-30</b>		<b>\$ 41,302,736</b>	<b>\$ 682,668</b>	<b>\$ 7,149,466</b>	<b>\$ 49,134,871</b>	<b>\$ -</b>	<b>\$ 461,372</b>	<b>\$ 461,372</b>	<b>\$ 48,673,499</b>		
<b>Total for all years</b>		<b>\$ 97,527,037</b>	<b>\$ 2,116,271</b>	<b>\$ 18,256,696</b>	<b>\$ 117,900,004</b>	<b>\$ 32,804,819</b>	<b>\$ 1,178,148</b>	<b>\$ 33,982,967</b>	<b>\$ 83,917,037</b>		

40 years	Developer Option	Rent then Buy	IF BCPL had Bought in 2005	40 year BCPL Rental Income
Years 1-10	\$25,412,468	\$25,412,468	\$23,000,000	\$25,412,468
Years 11-30	\$68,765,133	\$32,804,819	\$0	\$68,765,133
Years 31-40	\$49,134,871	\$0	\$0	\$49,134,871
<b>Total</b>	<b>\$143,312,472</b>	<b>\$58,217,287</b>	<b>\$23,000,000</b>	<b>\$143,312,472</b>
		Savings if BCPL had bought	<b>\$35,217,287</b>	

**Lokre Data Center** (Total Rentable Square Feet = 56,889)

**Base Rental Rates**

Rent Commencement Date = 4/1/2006

Lease Year	Total Cost per SF	Annualized	Monthly Payment	Amount Paid to Date based on 4/1/2006 - 3/31/2007 First Term
1	\$ 32.53	\$ 1,850,599.17	\$ 154,216.60	\$ 1,850,599.17
2	\$ 32.98	\$ 1,876,199.22	\$ 156,349.94	\$ 1,876,199.22
3	\$ 33.44	\$ 1,902,368.16	\$ 158,530.68	\$ 1,902,368.16
4	\$ 33.91	\$ 1,929,105.99	\$ 160,758.83	\$ 1,929,105.99
5	\$ 34.38	\$ 1,955,843.82	\$ 162,986.99	\$ 1,955,843.82
6	\$ 34.86	\$ 1,983,150.54	\$ 165,262.55	\$ 1,983,150.54
7	\$ 35.35	\$ 2,011,026.15	\$ 167,585.51	\$ 2,011,026.15
8	\$ 35.84	\$ 2,038,901.76	\$ 169,908.48	\$ 2,038,901.76
9	\$ 36.35	\$ 2,067,915.15	\$ 172,326.26	\$ 2,067,915.15
10	\$ 36.86	\$ 2,096,928.54	\$ 174,744.05	\$ 2,096,928.54
11	\$ 37.37	\$ 2,125,941.93	\$ 177,161.83	\$ 407,472.20
12	\$ 37.90	\$ 2,156,093.10	\$ 179,674.43	
13	\$ 38.43	\$ 2,186,244.27	\$ 182,187.02	
14	\$ 38.97	\$ 2,216,964.33	\$ 184,747.03	
15	\$ 39.52	\$ 2,248,253.28	\$ 187,354.44	
16	\$ 40.08	\$ 2,280,111.12	\$ 190,009.26	
17	\$ 40.65	\$ 2,312,537.85	\$ 192,711.49	

(Prorated for April 1, 2016 - June 9, 2016)

**Total Rent Paid to Date    \$    20,119,510.70**

Year	Monthly Payment	Yearly Amount	Femrite Taxes Paid
2006	\$37,926.00	\$455,112.00	
2007	\$37,926.00	\$455,112.00	
2008	\$37,926.00	\$455,112.00	
2009	\$37,926.00	\$455,112.00	
2010	\$37,926.00	\$455,112.00	
2011	\$37,926.00	\$455,112.00	
2012	\$37,926.00	\$455,112.00	
2013	\$37,926.00	\$455,112.00	
2014	\$37,926.00	\$455,112.00	
2015	\$37,926.00	\$455,112.00	
2016	\$37,926.00	\$75,852.00	Prorated
		<b>\$4,626,972.00</b>	<b>Total Taxes Paid to Madison</b>

## Expenditures

**Fiscal Year: 2015**

**Agency Name: Corrections, Department of (410)**

**Provider Name: MORTENSON INVESTMENT GROUP**

**Category Name: Rent & Lease**

**Subcategory Name: OPER LEASE - PRIV OWNED SPACE**

<b>Date</b>	<b>Vendor Name</b>	<b>Fund</b>	<b>Agency</b>	<b>Subcategory</b>	<b>Payment Type</b>	<b>Amount</b>
7/22/2014	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
8/19/2014	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
9/17/2014	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
10/20/2014	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
11/21/2014	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
12/19/2014	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
1/21/2015	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
2/20/2015	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
3/20/2015	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
4/22/2015	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
5/21/2015	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
June	MORTENSON INVESTMENT GROUP	GENERAL FUND	Corrections, Department of	OPER LEASE - Payment Voucher		\$412,920.40
<b>Total:</b>						<b>\$4,955,044.80</b>

### THIRD AMENDMENT TO LEASE & OPTION AGREEMENT

THIS AMENDMENT TO LEASE (this "Amendment") is made and entered into as of the 22<sup>nd</sup> day of December, 2010, by and between MORTENSON INVESTMENT GROUP, LLC, a Wisconsin limited liability company, whose address is 3001 West Beltline Highway, Suite 202, Madison, Wisconsin, by and through its solely owned single purpose entity, 3099 EWA, LLC ("Lessor"), and the STATE OF WISCONSIN, DEPARTMENT OF ADMINISTRATION ("Lessee").

#### WITNESSETH:

WHEREAS, Lessor and Lessee have entered into that certain Lease, dated December 4, 2000 (the "Lease", that term including any and all Letter Agreements, Options, prior Addendums, and all Attachments, Exhibits and Schedules previously made a part of that Lease); and

WHEREAS, Lessor and Lessee wish to amend certain provision of the Lease and extend its terms; and

WHEREAS, Lessor and Lessee desire to enter into this Amendment to set forth their understandings, rights and responsibilities with respect to these particular amended provisions;

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and other good and valuable considerations, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. TERM, RENEWALS. Pursuant to Section Three (3) of the Lease, Lessee hereby elects its option to renew this Lease for an additional *five – year period*. The new "extended term" of this lease shall run through *June 30, 2021*.
2. RENTAL. Section 5(b) of the Lease is amended to 'freeze' (for the remainder of the Lease Term) the monthly charge for parking stalls upon the Premises to its then – current rate on July 1, 2016, rounded down to the nearest hundred dollars, to an amount of \$42,400 per month. This amount noted for parking rental shall remain at the agreed upon monthly amount and shall not escalate during the remaining term of the Lease.
3. LESSEE / TENANT IMPROVEMENT ALLOWANCE. Lessor specifies the form and administration of the previously agreed upon Lessee Improvement Allowance credits, as noted within the Second Amendment to Lease & Option Agreement dated September 14<sup>th</sup>, 2005, to wit:

July 1, 2011: *One Million Dollars (\$1,000,000.00)* which shall be paid by Lessor on this date into a certified reserve account, to be held at and administered by Lessor's financier (currently US Bank, N.A.). The balance of monies contained within this account shall be for

the benefit of the Lessee, to be used for improvements during the remainder of the Lease, within and about the Leased Premises. Lessee shall make written request for Lessor to pay directly for any qualifying Lessee - elected improvements, or (upon proof of Lessee payment) for reimbursement thereon, as the case may be.

This allowance shall be used by Lessee in any manner it sees fit, as long as the allowances are expended by the Lessee on property / improvements / renovations that would be considered directly beneficial for the Building, for purposes of this Lease and the Facility. There shall be no MIG / Lessor imposed General Contractor's oversight charge affixed to any dollars of payment for which this Lessee Improvement Allowance is applied.

4. ADDITIONAL LESSEE / TENANT IMPROVEMENT ALLOWANCE. Lessor hereby grants to Lessee the following additional Lessee Improvement allowance credits, all in consideration of the execution of this Amendment:

July 1, 2011: *Two Hundred Forty Thousand Dollars (\$240,000.00)*, which shall be paid by Lessor on this date into the same certified reserve account noted in Section 2, above. These funds shall be in the form of Lessee Improvement Allowances to be used at the Property by the Lessee.

This allowance shall be used by Lessee in any manner it sees fit, as long as the allowances are expended by the Lessee on property / improvements / renovations that would be considered directly beneficial for the Building, for purposes of this Lease and the Facility. There shall be no MIG / Lessor imposed General Contractor's oversight charge affixed to any dollars of payment for which this Lessee Improvement Allowance is applied.

5. ADDITIONAL PREMISES IMPROVEMENT BY LESSOR: RECARPETING. Lessor hereby promises to Lessee the following additional premises Improvements in consideration of the execution of this Amendment:

Prior to September 30, 2011: Lessor shall undertake, at its sole cost, a complete recarpeting of all currently carpeted areas of the Premises, to be completed during the first nine months of 2011 (prior to September 30, 2011). The type and quality of the carpet shall be identical (in all respects other than color) to the carpeting recently accomplished in the "Monitoring Center" portion of the Premises. Lessee may select different color combinations of this previously Lessee-approved carpet product, so that differing portions of the Premises may have a slightly different look and visual impression, but all within the same 'family' of approved carpeting so that the type and quality of carpeting throughout the Premises will be uniform. The only areas of the Premises that are currently carpeted that are exempt from this project shall be any carpeted areas that were recarpeted subsequent to July 1, 2009, the majority of which are located in an area within and around the aforementioned Monitoring Center.

Any carpeting acquired by the Lessee within the past eighteen (18) months (on or after July 1, 2009, specifically for use within the Building) shall be used first for this project, at no

additional cost to Lessor other than that of labor / install of said Lessee – owned carpeting, prior to the remainder of Lessor’s recarpeting work within the Premises.

Lessor further agrees to acquire and retain 5,000 square feet (555.5 square yards) of “attic stock” carpeting, of the same type and stock number as used throughout the Premises for use by Lessee, to be stored by Lessor, all at Lessor’s cost, for Lessee’s use within the Premises as it may deem appropriate during the term of the Lease, within the Premises as identified by Lessee.

6. ADDITIONAL PREMISES IMPROVEMENT BY LESSOR: EXTERIOR. Lessor hereby promises to Lessee the following additional Premises Improvements in consideration of the execution of this Amendment, all at Lessor’s cost:

- a. Building Exterior Envelope: Refurbishing / Refinishing of the Building Exterior Envelope, to create a like – new physical and aesthetic appearance for the Building;
- b. Middle Building Roof: Re-roofing of the entirety of Middle Building (roofs were completely replaced on the East Building in 1997, and West Building in 2001);
- c. Building Entryways & Sidewalks: Renovation of the Building Entryways, Sidewalks, and Exterior Circulation, as needed to repair and replace any damaged or unreasonably worn or aged stairs, entry steps, handicap accessible ramping, railings, sidewalks, curb and gutter surrounding the Building in all critical areas, with special attention being made to key ingress / egress points of the Building;
- d. Parking Lot: Asphalt Sealing and Parking Lot Stall Re-Striping and Re-Numbering, for the entirety of the 750 – car parking lot on the site;
- e. Lessee Enjoyment / Efficiency Items: Upgrade or Replacement of any key Lessor Owned / Lessee Used Personal Property items on the exterior of the Premises, most notably certain exterior tables, benches, picnic areas, bike parking areas, decking, overhangs, and outdoor eating / cookout areas in the rear veranda of the Building, as well as an upgrade of all waste receptacles around the entire exterior and perimeter of the Property.

All of the projects noted above within this section shall be completed by Lessor, at its sole cost, no later than September 30, 2011.

7. REPLACEMENT OF MORTENSON INVESTMENT GROUP, LLC AS TITLE OWNER OF PROPERTY / PREMISES AND AS LESSOR / LESSOR. Title in the Real Property (and therefore the Premises, the subject of the Lease) has been administratively revised by Mortenson Investment Group, LLC to be in the name of “3099 EWA, LLC” to create a single purpose, Wisconsin limited liability company intended to hold title to the land and improvements described within the Lease as the Premises. This paragraph is included for reference purposes.

8. NOTICE. Section 11 of the Lease is modified to reflect the following updated Notice Information:

If to Lessor: 3099 EWA, LLC  
c/o Mortenson Investment Group, LLC  
Attn: Vice President of Finance  
3001 West Beltline Hwy, Suite 202  
Madison, WI 53713

9. OPTIONS TO PURCHASE. The last sentence of Section 1.1 of the Option Agreement dated December 4, 2000 and made a part of this Lease is deleted and substituted as follows: "Any closing under this Option must occur on the last business day of the extended lease term which ends on June 30, 2021, to the extent Buyer has exercised its option to extend and the lease remains in full force and effect (the "Closing Date".)

10. OPTION OF AMENDMENT. This Amendment is made and entered into under and pursuant to the provisions of the Lease. Except as specifically provided herein, the Lease and all previous material attachments are hereby ratified and confirmed in all respects.

IN WITNESS WHEREOF, the parties have hereunto subscribed their names as of the date first above written.

**LESSOR:**

**LESSEE:**

3099 EWA, LLC

STATE OF WISCONSIN,  
DEPARTMENT OF ADMINISTRATION

By:   
\_\_\_\_\_  
Bradley L. Hutter  
President  
3099 EWA, LLC,  
*A single purpose LLC solely owned by  
Mortenson Investment Group, LLC*

By:   
\_\_\_\_\_  
Daniel J. Schooff  
Secretary

Exhibit "A"  
 Third Lease Amendment - 3099 East Washington Avenue, Madison, Wisconsin  
 Mortenson Investment Group, LLC / 3099 EWA, LLC - State of Wisconsin

Rental Rate Schedule

Begin Date	End Date	Monthly Base Rent	Monthly Parking Charge	Monthly TI Loan Payment	Monthly TI Loan Payment	Total Monthly Payment	
July 1, 2010 (current)	June 30, 2011	\$ 337,500.00	\$	27,631.09	\$	2,671.62	\$ 403,427.71

Lease Renewal #1 (elected by 2nd Amendment to Lease, dated September 14, 2005)

July 1, 2011	June 30, 2012	\$ 345,937.50	\$	37,500.00	N/A	N/A	\$ 383,437.50
July 1, 2012	June 30, 2013	\$ 354,585.94	\$	38,437.50	N/A	N/A	\$ 393,023.44
July 1, 2013	June 30, 2014	\$ 363,450.59	\$	39,398.44	N/A	N/A	\$ 402,849.02
July 1, 2014	June 30, 2015	\$ 372,536.85	\$	40,383.40	N/A	N/A	\$ 412,920.25
July 1, 2015	June 30, 2016	\$ 381,850.27	\$	41,392.98	N/A	N/A	\$ 423,243.26

Lease Renewal #2 (elected by 3rd Amendment to Lease, dated December 22, 2010)

July 1, 2016	June 30, 2017	\$ 391,396.53	\$	42,400.00	N/A	N/A	\$ 433,796.53
July 1, 2017	June 30, 2018	\$ 401,181.44	\$	42,400.00	N/A	N/A	\$ 443,581.44
July 1, 2018	June 30, 2019	\$ 411,210.98	\$	42,400.00	N/A	N/A	\$ 453,610.98
July 1, 2019	June 30, 2020	\$ 421,491.25	\$	42,400.00	N/A	N/A	\$ 463,891.25
July 1, 2020	June 30, 2021	\$ 432,028.53	\$	42,400.00	N/A	N/A	\$ 474,428.53

Landlord (Initials & Date):

*BAT* 12/22/2010

Lessee (Initials & Date):

*OLS* 12/23/2010

<b>Owner</b> 3099 EAST WASHINGTON LLC  3001 W BELTLINE HWY # 202 MADISON, WI 53713-0	<b>Parcel Class:</b> Commercial <b>Parcel Code:</b> <b>School District:</b> Madison <b>TIF District:</b> 0	<b>Property Type:</b> Office insur type lg <b>Property Code:</b> 211 <b>Property Data Revised:</b> 04/01/2016 <b>Building Data Revised:</b>
---	---	--

Record of Transfer of Ownership							
Grantor	Document #	Date	Parcels	Consideration	Convey	Mkt	Ratio
3099 EAST WASHINGTON LLC	94464509	8/2008	1	13,000	W.D.	I	I
MORTENSON, LOREN D & J M HUTTER & B L	94388496	12/2007	2	0	OTHER	I	I
MORTENSON INVESTMENT GROUP LLC	94388495	12/2007	2	0	OTHER	I	I
AMERICAN FAMILY INSURANCE	93114024	3/1999	2	8,500,000	W.D.	V	V

Zoning: SE	Lot Characteristics	Utilities	Street	Frontage
<b>Width:</b> 0 <b>Depth:</b> 0 <b>Lot Size:</b> 600,612 sqft <b>Acreage:</b> 13.79 acres <b>Buildability:</b> 1-Buildable Lot	5-Other 3-Excess Frontage 1-Level 2-Medium Traffic 0-None Wooded	<b>Water:</b> 2-Stubbed In <b>Sewer:</b> 2-Stubbed In <b>Gas:</b> 2-Stubbed In	Paved Curb-gutter Sidewalk No Alley	Primary: 667.52 E Washington Ave Secondary: 771 Commercial Ave Other 1: 583.7 Rethke Ave Other 2: 1284.95 Webb Ave Water: 0 0-No Water Frontage

Parcel Building Summary			
Floor Area	GFA	PFA	Apartments
1st Floor:	93,220	93,220	Total Units:
2nd Floor:	66,211	66,211	Rooms:
3rd Floor:	6,930		Efficiency:
4th Floor:			1 Bdrm:
5th Floor:			2 Bdrm:
Above:			3 Bdrm:
Mezz Loft:			4 Bdrm:
Basement:	91,689	91,689	Other:
<b>Building Summary</b>			
			Buildings: 3
			Office 251,120
<b>Parking</b>			
Level 1:			
Level 2:			
Level 3:			
Other lvls.:			
Total:			
<b>Total:</b>	<b>258,050</b>	<b>251,120</b>	



Notes: WAUNONA SANITARY DIST. 12/2008:-  
 968 SQ FT FOR ROW, PARCEL 2,  
 TRANSPORTATION PROJECT PLAT #5992-06-  
 32-4.01, AMDMT #1.

Building Remarks: Record updated on 8/12/99. All of the mechanical penthouse area is listed on building number one. The breakdown by building is not known. 2010 permit for reroofing.

Assessment changes			
	Board of Assessor		
Year	1999		
Hearing #	0837		
Schedule #	019		
Change	-3,942,000		

Assessment Record			
	2014	2015	2016
Change Code			/
Land	3,005,000	3,005,000	3,005,000
Improvement	11,379,000	11,379,000	11,379,000
Total	14,384,000	14,384,000	14,384,000

[http://host.madison.com/news/building-sale-kickbacks-alleged-executive-charged-in-alleged-scheme/article\\_1487133f-7505-5b34-af9c-b812c8a376e2.html](http://host.madison.com/news/building-sale-kickbacks-alleged-executive-charged-in-alleged-scheme/article_1487133f-7505-5b34-af9c-b812c8a376e2.html)

## **BUILDING SALE KICKBACKS ALLEGED EXECUTIVE CHARGED IN ALLEGED SCHEME**

JASON STEIN [jstein@madison.com](mailto:jstein@madison.com) 608-252-6129 May 11, 2007

A private real estate executive working for the state of Wisconsin was charged Thursday with soliciting a kickback and revealing secret bids in connection with the proposed \$30 million sale of a prominent state office building Downtown.

The charges led state officials to take the controversial sale proposal off the fast-track and cancel a multimillion contract with the Chicago real estate firm that was the exclusive agent on the 10-story office tower sale as well as other state real estate deals.

A criminal complaint, filed in federal court in Milwaukee, alleges that Larry J. Lupton, a vice president for UGL Equis Corp., sought up to \$75,000 in kickbacks from a potential bidder on the state Department of Administration building at 101 E. Wilson St.

U.S. Attorney Steven Biskupic in Milwaukee and state Attorney General J.B. Van Hollen said state officials cooperated in the investigation and were not accused of any wrongdoing in the complaint.

Biskupic spokeswoman Michelle Jacobs said the investigation is ongoing and declined to say whether anyone else would be charged.

"The only thing that's alleged in the criminal complaint is impropriety by Lupton," she said.

Lupton is charged with wire fraud and soliciting a bribe. If convicted, he could face up to 30 years in prison and a fine of \$500,000. He is expected to make his first court appearance within 30 days.

Lupton did not answer his phone at Equis' Brookfield office or respond to an e-mail seeking comment.

## State cancels contract

State Department of Administration secretary Michael Morgan said Equis had an obligation to act strictly on the state's behalf.

"These allegations, if true, demonstrate a serious breach of that obligation," Morgan said in a statement. "We are canceling the contract and reviewing our legal options to recoup any taxpayer loss." Equis spokeswoman Christine Peterson said in a statement, "Equis is cooperating fully with the Department of Justice and the Federal Bureau of Investigation. We will continue to gather information and mount our own internal investigation into the matter." State Sen. Ted Kanavas, R-Brookfield, called on the state to halt the sale of the building and Van Hollen to investigate the state's relationship with Equis.

"This thing smelled bad a year ago and it smells worse now," said Kanavas, a member of the state Building Commission, which must approve the sale. "If they sell this building, whoever's involved in the sale should be fired, and that includes the governor." DOA spokeswoman Linda Barth would say only that the state would no longer attempt to sell the building by June 30, in time to fill a multimillion dollar hole in the state's current budget.

As late as last week - a full week after being contacted by law enforcement about the sale, a DOA official told the Wisconsin State Journal that the agency still hoped to finish the sale by June 30.

Biskupic spokeswoman Michelle Jacobs said authorities executed a federal search warrant at the Equis office in Brookfield in suburban Milwaukee looking for documents related to the alleged crimes. The search warrant was filed today.

"We took material out of there and we're going to continue to look at it," Jacobs said.

## Kickback discussion recorded

Thursday's complaint states that an unnamed Chicago real estate agent representing a bidder on the building was approached by Lupton in April about a bribe to help steer the sale to the agent's client.

"Lupton stated that he was not 'greedy'" and was only looking for a share of the transaction that would amount to about \$75,000 on a \$30 million sale agreement, the complaint says. The bidder's agent contacted the Wisconsin Department of Justice about the scheme and the authorities arranged an April 27 meeting in which the unnamed agent recorded their discussion about the kickback.

During the bidding process in late April, Lupton revealed to the buyer's agent the secret bid amounts of other buyers seeking to purchase the DOA building in an attempt to help the buyer to make a better offer, the complaint says.

The complaint states that Lupton told the buyer's agent he didn't want anything about the bribe in writing so it wouldn't be "leaked" to either Equis or state officials.

Equis' Web site said Lupton was hired by Equis in January as head of the company's Brookfield office, in part to serve the state of Wisconsin account. Lupton has 10 years of experience in real estate, has represented several Fortune 500 companies and done more than 200 deals worth a total of more than \$400 million, according to the Web site.

In February, the State Journal reported that the state was prepared to pay Equis a commission for the building sale that was roughly twice the commission some local real estate professionals considered appropriate for the sale, or about \$500,000 more than market rate.

The state's contract with Equis has also drawn scrutiny for a contract clause - never invoked - that would have provided an unusually high 25 percent commission to Equis on some other real estate sales.

Equis won a competitive bid to do a real estate study for the state in 2004 by bidding \$572,000 - well under two competing firms.

But since then, the contract has been amended to allow Equis to renegotiate leases and identify state properties to sell, making the deal worth \$2.9 million plus commissions, Barth said.

At two Chicago campaign fundraisers for Gov. Jim Doyle in June and October 2005, Equis officials and an executive's wife contributed \$27,250. Doyle and Equis have repeatedly said those donations had nothing to do with the contract.

## Donation under scrutiny

Jay Heck, executive director of clean government group Common Cause in Wisconsin, said the public should be cautious about assuming any connection between the contract and donations.

But Mike McCabe, executive director of the Wisconsin Democracy Campaign, said his watchdog group has had long-standing concerns about Equis' arrangement with the state. "This doesn't add any luster to the whole arrangement." Last month, the State Journal reported that Van Hollen's office closed a separate preliminary inquiry into "possible criminal violations" related to the Equis officials' donations to Doyle. The case, opened in the spring of 2006, was closed earlier this year "due to a lack of information that would substantiate the initial allegations," according to documents released by Van Hollen.

The 190,000-square-foot DOA building was finished in 1992 and houses 600 state workers. DOA officials say they can save money by selling the building and finding cheaper offices elsewhere.

But Senate President Fred Risser, D-Madison, said Thursday's charges made the sale "suspect."

"This just adds another reason why the sale should not go through," said Risser, also a member of the state Building Commission.

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# DOA building sale draws fire

Experts rip big fee, but broker points to state request

by **MARC EISEN**  
FEBRUARY 22, 2007



Count Tim Carey among the real estate pros in town who are stunned that the state of Wisconsin has agreed to pay a Chicago firm a 4.3% commission for brokering the sale of the 10-story Department of Administration building at 101 E. Wilson St.

'That commission is two to three times higher than it should be,' says Carey, vice president of development for Sara Investment in Middleton.

The state plans to sell the DOA building and then lease it back for five to seven years while it decides whether to build or rent new space downtown. Among the short-term goals: reaping a handsome profit to plug into the state's 2005-07 budget before the books close on June 30.

Big money is at stake. If the state's plan pans out, the 190,000-square-foot DOA building would be sold by summer for at least \$30 million. That sales price would produce a \$1.2 million-plus commission ' or from \$600,000 to \$800,000 in excess of what Carey feels the state should rightfully pay a broker for its services.

'Give me a break,' Carey says. 'Sure, there are some challenges in selling the DOA building, but challenges are a reality of commercial real estate, whether it's a \$1 million or a \$150 million deal. That [4.3%] commission is excessive regardless of the challenges.'

Last year, when Carey was president of Greenway Properties, his company paid a brokerage fee of 'less than 1%,' he says, when it sold eight buildings in Greenway Center for \$150 million to developer Terrence Wall.

Carey isn't alone in seeing a problem. Five other commercial real estate insiders told Isthmus the 4.3% fee was unusually high. Several said a sales commission of 1.5% or lower would be justified. Craig Stanley, a senior vice president with Siegel-Gallagher, was the only one willing to talk on the record.

Stanley uses words like 'egregious' and 'ridiculous' to describe the 4.3% fee that would be paid to the Equis Corp. for brokering the deal.

'It's a smart, strategic move for Equis to go after unsophisticated states that don't know how to benchmark transactional [sales] fees,' Stanley observes.

The Doyle administration, for its part, seems mightily motivated by closing a revenue gap in the current budget. The state has budgeted \$36 million in income from



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Karben4 Brewing

ISTHMUS PICKS

### EURYDICE

Jun 25, 2016 3:00 PM  
American Players Theatre, Spring Green

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### SHAKE THE LAKE

Jun 25, 2016 4:00 PM - 11:00 PM

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Jun 25, 2016 7:30 PM  
Barrymore Theatre

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| JUN 24, 2016 | NEWS

property sales, but only \$12 million or so has been realized so far, according to DOA spokesman Scott Larrivee.

**Equis is a big-time diversified real estate** company with offices in 24 U.S. locations and 13 foreign countries. After a competitive bidding process, the Doyle administration hired Equis in April 2004 to review the state's real estate holdings, make recommendations on better managing its property and space needs, and to identify high-value, nonessential property that could be sold.

That Equis officials subsequently donated nearly \$45,000 to Doyle's re-election campaign became a red flag for campaign-finance reformers. Those Equis executives had never given money to a Wisconsin politician prior to inking a contract with the state.

No to worry, says Larrivee: 'Whatever Equis has done in the political realm is totally separate' from its government work.

Larrivee also defends the 4.3% fee, saying Equis is providing the state far more than simple brokerage services. 'They've done lease negotiations for us. And they've done a full review of the state's leasing practices at no cost. They've done a review of the state's space-management policies at no cost.' He adds that Equis will make nothing on the DOA deal if the building isn't sold at a good price.

In fact, though, Equis has already been paid for its consulting services. By Larrivee's count, the firm has received \$572,000 for reviewing and analyzing the state's real estate portfolio, another \$10,000 for analyzing the future use of the Hill Farms office building, plus a commission averaging 2% on the leases it helps the state negotiate with private landlords.

**The DOA building sits on a development** hotspot overlooking Lake Monona, a stone's throw from the Hilton, the Monona Terrace convention center and the trendy Marina Condominiums. Because of these attributes, the state hopes a private developer will pay top dollar to redevelop the 16-year-old DOA building into a new hotel, private offices or condominiums.

Equis' national reach, says Larrivee, will be a plus in selling the building in a tight real estate market. He adds that if a prospective sale doesn't put the state 'in the black,' the building won't be sold.

But critics say the state has done precious little to figure out where DOA would move in a few years if it does sell its headquarters. And given rising construction costs and higher land values downtown, what assurance is there that a new DOA office building wouldn't cost the taxpayers more money than the current one?

'Selling the DOA building doesn't solve anything,' says one skeptic. 'It's a short-term fix for the budget, with a long-term cost.'

Furthermore, the skeptics see a flagrant conflict of interest in the transaction: Equis is recommending selling a state property that that will enrich its own coffers with that 4.3% commission. How unbiased can that recommendation be?

Here's where things get really interesting.

**Early this week, Equis officials broke their** silence and offered a radically different explanation of events. Most notably: The sale of the DOA building, they say, had never been an Equis recommendation at all, but was made by DOA itself under pressure from the governor's office.

Elliott Farber, an Equis senior vice president, says that while Equis had identified between 30 and 40 secondary state properties of high market value that could be sold 'including the WARF Building, the Hill Farms state office building, the Educational Communication Board building on the Beltline and land near the Mendota Mental

Fiscal Year	Estimated Rent Per Sq. Ft.	DOA Sq. Ft.	Estimated Yearly Rent
2016	\$24.00	145,654	\$3,495,696.00
2015	\$24.00	145,654	\$3,495,696.00
2014	\$24.00	145,654	\$3,495,696.00
2013	\$24.00	145,654	\$3,495,696.00
2012	\$24.00	145,654	\$3,495,696.00
2011	\$24.00	145,654	\$3,495,696.00
2010	\$24.00	145,654	\$3,495,696.00
2009	\$24.00	145,654	\$3,495,696.00
2008	\$24.00	145,654	\$3,495,696.00
2007	\$24.00	145,654	\$3,495,696.00
		<b>Total</b>	<b>\$34,956,960.00</b>

# Wausau Wisconsin



**FINALIZED 2015 ASSESSMENTS**

Report Generated on 5/18/2016 at 1:23:51 PM

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The requested PIN (29129073120985) returned the following results.

**Commercial**

Address	7100 STEWART AVE		
Neighborhood	210.00	Units	0
Sale Date		Living Units	0
Sale Price	0	Stories	1
Land Assessment	\$131,700	Story Height	15
Building Assessment	\$779,700	Roof	Flat
Misc Assessment	\$0	External Wall	Concrete Block
Total Assessment	\$911,400	Frame	Steel frame/brick/CB
Acres	5.04	Efficiency Apt	0
Building Number	001	One Bedroom	0
Group Code	Garages/Indust/Lofts/Ware	Two Bedroom	0
Building Use	Office, General	Three Bedroom	0
Year Built	1990	Baths	0
		Building Area (Building 001)	6,453
		Air Conditioning	N/A
		Heating	N/A

**Commercial**

Address	7100 STEWART AVE		
Neighborhood	210.00	Units	0
Sale Date		Living Units	0
Sale Price	0	Stories	1
Land Assessment	\$131,700	Story Height	19
Building Assessment	\$779,700	Roof	Flat
Misc Assessment	\$0	External Wall	Concrete Block
Total Assessment	\$911,400	Frame	Steel frame/brick/CB
Acres	5.04	Efficiency Apt	0
Building Number	002	One Bedroom	0
Group Code	Garages/Indust/Lofts/Ware	Two Bedroom	0
Building Use	Office, General	Three Bedroom	0
Year Built	1990	Baths	0
		Building Area (Building 002)	5,541
		Air Conditioning	N/A
		Heating	N/A

**For more information:**

You may also view this [PIN](#) on the Marathon County Online Land Records System (LRS)

# Wisconsin Department of Justice

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## Wausau Crime Laboratory



Eva Marie Lewis is currently the interim laboratory manager for the Wausau Laboratory while the Bureau continues the search for a permanent candidate.

7100 West Stewart Avenue  
Wausau, WI 54401  
(715) 845-8626

The Wausau Crime Laboratory in opened in 1991. It primarily serves the northern part of the state.

Areas of analysis:

- Controlled Substances
- Crime Scene Response
- Fingerprint Identification
- Forensic Imaging

## Expenditures

**Fiscal Year: 2015**

**Agency Name: Justice, Department of (455)**

**Provider Name: BADGER HOUSING ASSOCIATES III**

**Category Name: Rent & Lease**

**Subcategory Name: OPER LEASE - PRIV OWNED SPACE**

<u>Date</u>	<u>Vendor Name</u>	<u>Fund</u>	<u>Agency</u>	<u>Subcategory</u>	<u>Disbursement Type</u>	<u>Amount</u>
7/3/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
7/25/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
8/25/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
9/15/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
10/10/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
11/24/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
12/12/2014	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
1/23/2015	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
2/13/2015	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
3/19/2015	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
4/15/2015	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$31,787.17
5/12/2015	BADGER HOUSING ASSOCIATES III	GENERAL FUND	Justice, Department of	OPER LEASE	Payment Voucher	\$32,581.85
<b>Total:</b>						<b>\$382,240.72</b>

**FOR THE EXCLUSIVE USE OF**

From the Milwaukee Business Journal:

<http://www.bizjournals.com/milwaukee/news/2013/03/29/state-delays-proposed-49m-milwaukee.html>

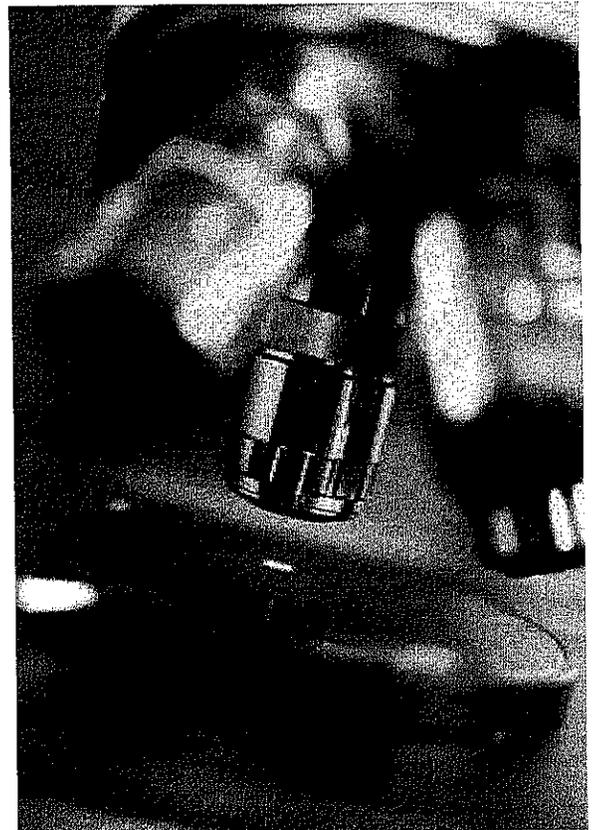
## State delays proposed \$49M Milwaukee crime lab

Mar 29, 2013, 9:39am CDT

The Wisconsin Department of Justice sought \$49.1 million in state money to build a 130,000-square-foot state crime lab and criminal investigation field office, but the project has been delayed until at least 2015.

The state Building Commission recently affirmed Gov. Scott Walker's recommendation to delay funding for the facility in the fiscal year starting July 1. The commission cited information that the project is not needed until August 2015 at the earliest and a Madison crime lab has a higher priority in the state's upcoming capital budget.

Wisconsin Department of Justice officials say the new Milwaukee facility is necessary because both the department's crime lab and Milwaukee criminal investigation field office are over capacity. The current lab is on Milwaukee's near south side in a former grocery store that has a shortage of



The Wisconsin Department of Justice will seek a site in the western section of the city of Milwaukee or another location in Milwaukee County or eastern Waukesha County for a new state crime lab and field office.

parking, said Dana Brueck, communications officer with the Department of Justice.

"Our needs are current, but we understand there are competing demands and will respect the process and let it play out," Brueck told The Business Journal.

The Department of Justice will seek a site in the western section of the city of Milwaukee or another location in Milwaukee County or eastern Waukesha County, according to state Building Commission documents.

**Rich Kirchen**

Senior Reporter

*Milwaukee Business Journal*



**BOARD MEETING  
AUGUST 2, 2016**

**AGENDA ITEM 5  
DISCUSS ISSUES REGARDING BCPL STATE TRUST FUND LOANS**

See attached documents for discussion.

## Attachments submitted by Commissioner Adamczyk

# TRUSTEE DUTY OF LOYALTY

- 701.0802 - a trustee shall administer the trust solely in the interests of the beneficiaries.

\*



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GO

## Assets & Beneficiaries

[BCPL State Trust Fund Loan Program](#) > **Current Interest Rates**

### Current Interest Rates

General Obligation Loan Interest Rates

Loan Term	Interest Rate
1-2 Years	2.50%
3-5 Years	2.50%
6-10 Years	3.00%
11-20 Years	3.50%

## School Trust Funds

- Common School Fund
- Normal School Fund
- University Fund
- Agricultural College Fund

## BCPL State Trust Fund Loan Program

- Application Process
- Current Interest Rates
- Loan Application Request Forms
- Sample Documents

Rates are current as of May 24, 2016

Rates were last changed on February 16, 2016

**Revenue Loan Interest Rates** – Revenue loans have more risk than general obligation loans, so revenue loan interest rates will always be higher than the general obligation rates shown above. The interest rate offered by BCPL on any revenue loan will be based on an analysis of the risks specific to each individual transaction. Revenue loans require additional information and documentation designed to allow BCPL staff to analyze those risks prior to loan application. Please see the Revenue Loan Worksheet/Application Request for a list of required information.

## School Trust Lands

- Timber Management
- Land Transactions
- Public Access
- Submerged Logging
- Upcoming Timber Sales
- Public Land Ownership
- Upcoming Herbicide Applications
- Surplus BCPL Property for Sale

[BCPL State Trust Fund Loan Program - Home](#)

[Application Process](#)

[General Obligation Loan Fact Sheet](#)

[Revenue Obligation Loan Fact Sheet](#)

[Interest Rates](#)

[School District Borrowing Procedures](#)

[Sample Documents](#)

[Loan Application Request Forms](#)

[Print Version](#)

## Land Records

- Record Types
- Public Access
- Online Records

## About

- Board and Meetings
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- Statement
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## Publications

Additional attachments submitted by  
Commissioner Adamczyk

**From:** [Adamczyk, Matt - OST](#)  
**To:** [Barry, Jonathan B - BCPL](#)  
**Subject:** FW: Menasha \$3 million loan  
**Date:** Tuesday, July 26, 2016 2:00:22 PM  
**Attachments:** [DOC072616.pdf](#)

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FYI

Sincerely,  
Matt Adamczyk  
Wisconsin State Treasurer  
(608) 266-1714

**From:** Brian Adesso [mailto:[adessob@mjsd.k12.wi.us](mailto:adessob@mjsd.k12.wi.us)]  
**Sent:** Tuesday, July 26, 2016 12:04 PM  
**To:** Adamczyk, Matt - OST  
**Subject:** Re: Menasha \$3 million loan

Hi Matt,

I attached the financial example for funding the project if we would have went out to the market. It shows a reduce interest rate of 37 basis points for a difference in total interest of \$79,022. As stated yesterday when you look at the attorney fees and other fees which are estimated to be \$40,000 that leaves the district with a \$39,022 difference. I believe that will easily be made up by making extra payments and paying off the loan much earlier than the 10 years. The streamlined application process as well as the flexibility to prepay the debt makes using this type of borrowing very advantageous.

Please let me know if you have any other questions.

Thank you,  
Brian

**Brian A. Adesso, CSRM**

**Director of Business Services**



328 Sixth Street  
PO Box 360  
Menasha, WI 54952  
[www.mjsd.k12.wi.us](http://www.mjsd.k12.wi.us)  
P: (920) 967-1427  
F: (920) 751-5038  
[adessob@mjsd.k12.wi.us](mailto:adessob@mjsd.k12.wi.us)

## Menasha Joint School District

### EXAMPLE FINANCING PLAN - ADMIN BUILDING

SCENARIO 1: TAXABLE G.O. NOTES

LEVY YEAR	YEAR DUE	EXISTING FUND 38 DEBT SERVICE (A)	EFFECT OF EXAMPLE 2016 REFINANCING	NET		TAXABLE G.O. PROMISSORY NOTES			FUND 38 DEBT LEVY EXISTING PLUS NEW	INCREASE OVER EXISTING (2015-16)	YEAR DUE
				EXISTING FUND 38 DEBT SERVICE	EXISTING FUND 38 DEBT SERVICE	PRINCIPAL (3/1)	INTEREST (3/1 & 9/1) EST. AIC= 2.63%	TOTAL			
2015	2016	\$580,147		\$580,147					\$580,147		2016
2016	2017	\$579,278	(\$88,708)	\$490,570	\$86,233	\$86,233		\$86,233	\$576,802	\$0	2017
2017	2018	\$576,638	(\$79,200)	\$497,438	\$76,463	\$76,463		\$76,463	\$573,900	\$0	2018
2018	2019	\$548,110	(\$50,175)	\$497,935	\$76,463	\$76,463		\$76,463	\$574,397	\$0	2019
2019	2020	\$276,233	\$217,150	\$493,383	\$76,463	\$76,463		\$76,463	\$569,845	\$0	2020
2020	2021	\$179,239		\$179,239	\$73,263	\$393,263		\$393,263	\$572,502	\$0	2021
2021	2022				\$64,963	\$574,963		\$574,963	\$574,963	\$0	2022
2022	2023				\$54,013	\$574,013		\$574,013	\$574,013	\$0	2023
2023	2024				\$40,806	\$575,806		\$575,806	\$575,806	\$0	2024
2024	2025				\$25,200	\$575,200		\$575,200	\$575,200	\$0	2025
2025	2026				\$8,475	\$573,475		\$573,475	\$573,475	\$0	2026
		<u>\$2,739,644</u>	<u>(\$933)</u>	<u>\$2,738,711</u>		<u>\$3,000,000</u>		<u>\$582,339</u>	<u>\$3,582,339</u>		
									<u>\$6,321,050</u>		

(A) Includes estimated subsidies on QSCBs/QECBs and excludes Energy Efficiency debt.





July 26, 2016

Agenda Item 5  
Attachment 5  
Submitted by Commissioner Adamczyk

Wisconsin Office of the State Treasurer  
C/O Mr. Matt Adamczyk, State Treasurer  
B41 West, State Capitol  
Madison, WI 53701

Dear State Treasurer Adamczyk,

It was a pleasure speaking with you on the phone yesterday. The Village is very grateful the Board of Commissioners of Public Lands has authorized our loan for a new municipal building. To provide you some background on our project, over the course of the last decade, Village Staff has been working on plans to construct a new municipal building on our park's campus which will act as a headquarters station for our Fire Company. Currently our Fire Company's headquarters is located in the northeast corner of the Village. This new station will be located in the navel of the community, three (3) miles in every direction. This will not only improve service delivery to those in need of fire and EMS services, but it was strategically placed to account for the Village's future residential population growth in those quadrants of town which currently have agricultural uses. As with any project cost the Village researches, the mechanism in which it will be paid for is a primary consideration and a paramount concern.

The rates the Village received from BMO Harris Bank, Landmark Credit Union, First National Bank of Hartford, and Citizen's Bank were not competitive when compared to the State of Wisconsin's BCPL Municipal Loan Program. It was the position of the RVFC Board of Directors that the payment of a 10-year loan or less was not financially feasible without dramatically raising fees to the taxpayers in the Village of Richfield and the Towns of Germantown, Polk and Erin which they also serve.

Financial Institution	% Interest Rate	Loan Term
BMO Harris	4.0 – 4.5%	5-7 years
Landmark Credit Union	3.9%	3-5 years
First National Bank of Hartford	3.0%	10 years
Citizen's Bank	3.75%	10 years
<b>BCPL Muni. Loan Program</b>	<b>3.5%</b>	<b>20 years</b>

While many of the above referenced financial institutions expressed great interest in issuing the loan to the Village, the economic uncertainty that will come with inevitable rising interest rates was a gamble the RVFC and the Village were unwilling to entertain. Having no application fees or prepayment penalties were also deciding factors. If the Village of Richfield can further assist you with our experiences in this program, please do not hesitate to contact us. We will be happy to help in any way that we can.

Sincerely,

Jim Healy  
Village Administrator

4128 Hubertus Road — Hubertus, Wisconsin 53033

Information provided by staff to  
Commissioner Adamczyk

Loan applications cancelled in FY2015 and FY2016 because the borrower found a lower rate after applying to BCPL:

Borrower	Muni Type	WS #	Date	Amount	Term	BCPL Rate	Loan Purpose	Comments
Eureka	Town	5603987	6/2/2014	\$ 83,000.00	10	3.50%	Finance New Town Hall	Local bank matched rate
Merrill	Town	5603995	7/1/2014	\$ 113,178.00	1	2.50%	Finance road construction	Local bank beat rate
Merrill	Town	5603996	7/1/2014	\$ 162,921.50	10	3.50%	Purchase plow truck	Local bank beat rate
Northern Ozaukee SD	School	5604009	7/9/2014	\$ 3,940,000.00	5	3.00%	Refund Bond Debt	Local bank at 2.75%
Dorchester	Village	5604015	7/24/2014	\$ 750,000.00	10	3.50%	Refinance Bank Debt	Local Bank at 2.50% for 5yr, then reset @ max 4.25%
Dorchester	Village	5604016	7/24/2014	\$ 575,000.00	10	3.50%	Finance Linden Street reconstruction	Local Bank at 2.50% for 5yr, then reset @ max 4.25%
Chetek	City	5604017	7/25/2014	\$ 550,000.00	5	3.00%	Refinance water revenue bonds	Local bank matched rate
Trempealeau	Village	5604022	7/29/2014	\$ 220,000.00	2	2.50%	Refund 1998 Clean Water Loan	Wanted to keep some business local
Springfield	Town	5604042	9/5/2014	\$ 1,000,000.00	20	4.25%	Environmental Remediation TID	Local Bank
Hazelhurst	Town	5604130	2/9/2015	\$ 800,000.00	10	3.25%	Construct Town Hall and Fire Dept.	Canceled - local bank at 2.85%
Cedar Lake	Town	5604157	3/30/2015	\$ 150,000.00	3	3.00%	Finance Truck Purchase	Local Bank at 1.95%
Holland	Town	5604241	7/16/2015	\$ 158,683.00	3	3.00%	Finance purchase of plow truck	decided on bank loan
Suring	Village	5604253	7/17/2015	\$ 20,000.00	3	3.00%	Finance street projects	Local bank at 2.45%
Kaukauna	City	5604258	7/24/2015	\$ 1,500,000.00	15	3.75%	Finance TID #8 development	Decided on bonding
Milton	Town	5604309	9/28/2015	\$ 85,000.00	2	2.50%	Finance highway maintenance	local bank match
Richland	County	5604323	11/18/2015	\$ 10,000,000.00	20	3.75%	Finance nursing home facility	bond market 2/29
Black Earth	Village	5604345	1/14/2016	\$ 600,000.00	5	3.00%	Purchase land for econ development	Bank at 2.25%
Menomonie	Town	5604361	2/24/2016	\$ 730,000.00	10	3.00%	Finance street reconstruction	local bank lower than 3%
Mount Horeb	Village	5604412	4/13/2016	\$ 2,500,000.00	20	3.50%	Purchase golf course	bonding
Camp Douglas	Village	5604420	4/26/2016	\$ 270,000.00	10	3.00%	Finance façade renovation program	local bank matched rate
La Follette	Town	5604435	5/17/2016	\$ 125,000.00	3	2.50%	Finance road projects	local bank at 1.5%