

November 4, 2025

Grant Gader
Legislative Council
600 E Boulevard Avenue
Bismarck, ND 58503

Dear Mr. Gader,

You requested information and records related to a building located at 1720 Boulevard Avenue in Bismarck which was acquired by former Attorney General Stenehjem for several divisions of the Attorney General's Office. It is well-documented that, upon being informed by the Attorney General's Office finance staff of the issues regarding the previous administration's payments for the building, Attorney General Wrigley immediately informed the State Auditor, the Majority and Minority Party Leaders of both houses, the Budget Section, other state entities, and the public about those concerns. Attorney General Wrigley also recommended that the Legislative Audit and Fiscal Review Committee request an independent investigation by an outside entity, resulting in the investigation by the Montana Department of Criminal Investigations that this office facilitated.

Despite the misrepresentations about this matter, primarily by the Ethics Commission, the current administration of this office has always been demonstrably committed to complete transparency and has provided all the documentation we have to investigators, auditors, and others to ensure they have full access to every bit of our information about the project. As has been reported, the former administration of this office and the contractor for the building did not create all the records we would expect to have for a project of this nature. For example, there was no firm budget at the beginning of the project. Nonetheless, our current legal and finance divisions have worked assiduously to prepare this response to your request. Please let us know if you need anything else regarding this matter.

Sincerely,



Claire J. Ness
Chief Deputy Attorney General

Enclosures

1. The lease is included with the document production. The fiscal provisions in the lease, which has a term of July 1, 2021, through June 30, 2031, with the option to extend to 2041, are below. The first five-year mark for the lease is upcoming, and parties are in the process of incorporating the already agreed-upon reconciliation and other terms into an updated lease based on the new state template.

a. Rent Charges:

- i. \$9.50 per square foot for 33,000 square feet or \$313,500 per annum (\$26,125 per month) - July 1, 2021 through June 2026
- ii. \$10.00 per square foot for 33,000 square feet or \$330,000 per annum (\$27,500 per month) - July 1, 2026 through June 2031
- iii. \$10.50 per square foot for 33,000 square feet or \$346,500 per annum (\$28,875 per month) - July 1, 2031 through June 2036
- iv. \$11.00 per square foot for 33,000 square feet or \$363,000 per annum (\$30,250 per month) - July 1, 2036 through June 2041

b. Estimated CAM (Common Area Maintenance) rate and reconciliation:

- i. The estimated CAM rate is \$5.70 per square foot and will be adjusted annually by 1% but could be adjusted up to 4%.
- ii. However, no annual increases have been made by the parties. The estimated CAM charges have exceeded actual CAM expenses. So CAM payments have been reconciled annually such that the Office of Attorney General received refunds of CAM payments that exceeded the actual CAM expenses.

c. Renovation charges:

- i. The Attorney General's Office was responsible for the additional cost above \$220.00 per square foot on the new construction. 12,580 square feet = total of \$2,767,600 (Stealth's share of the cost)
- ii. The Attorney General's Office was responsible for additional costs above \$50.00 per square foot for the remodeling of the previously existing portion of the building to be occupied by the Office. 20,420 square feet = total of \$1,021,000 (Stealth's share of the cost)

2. Summary of costs:

- a. Invoices are included with the document production.
- b. Change orders were executed between contractor and subcontractors.
- c. The estimated original total cost of the project was \$5,693,209.70.
- d. The reconciled total cost of the project was \$5,148,184.77.
- e. Stealth's cost per the lease agreement was \$3,788,600.00.

3. The sources of funds for the \$1,342,209.70 payment made by the previous administration of the Attorney General's Office at the end of the 2019-21 biennium based on appropriation authority provided under Senate Bill 2003 from the 66th Legislative Assembly (see Classes 30, 74, 78, and 79) were:

Dept	Fund	Amount
CJIS	001	\$325,876
BCI	001	\$197,900
CPAT	250	\$391,778
Lottery	292	\$348,247
Finance	001	\$78,408.70
Total		\$1,342,209.70

4. The underlying invoices and documentation for the overage payment reconciliation are included with the document production. Invoices that the Attorney General's Office received and documentation of the payments the Attorney General's Office made are bound together and labeled. Invoices from the subcontractors to the contractor are included separately.

As identified in previous investigations, there is no indication that the parties agreed to a refund or a reconciliation of the overage payments under the 2021 terms of the lease or otherwise before Attorney General Wrigley brought this matter to light. The building owner and contractor had not mentioned a refund or reconciliation and had not reached out to this office about calculating one.

The parties agreed that the payments were reconciled after the excess payments added to the rent for the overage amount were discussed and stopped and the refund from Stealth Properties was received and analyzed by the State Auditor, Montana Department of Criminal Investigation, and office employees. The Attorney General's Office elected not to engage in expensive litigation over the \$14,000 at issue, in part because the documentation under the previous administration of the office was unclear. The parties communicated about several matters on an ongoing basis, but Stealth Properties did not raise concerns with this office regarding any uncertainty over the reconciliation. The amount of overage payments was not addressed in the original lease. The parties did not have a disagreement over the amount paid. The parties have discussed this lack of disagreement.

The fiscal information for the overage costs and payments are below.

ORIGINAL ESTIMATED COSTS		ESTIMATED COSTS IN STEALTH REPORT	
Total cost estimated	5,693,209.70	Total cost estimated in Stealth report	5,148,184.77
Stealth Properties' share	<u>3,788,600.00</u>	Stealth Properties' share	<u>3,788,600.00</u>
AGO's share estimated	1,904,609.70	AGO's currently estimated share, per Stealth report	1,359,584.77

ATTORNEY GENERAL'S OFFICE PAYMENTS		
Invoices directly paid by AGO	155,000.00	
Amount paid on 6/30/21 by AGO	1,342,209.70	
Overage paid with amounts added to monthly rent payments before the practice was ended by AG Wrigley	<u>101,695.55</u>	
Total payments made by Attorney General's Office for overage	1,598.905.25	
Refund from Stealth	<u>(224,854.93)</u>	
Net total paid by Attorney General's Office for overage	1,374,050.32	
AGO's currently estimated share	<u>(1,359,584.77)</u>	
Amount agreed to be reconciled	14,465.55	

AMOUNT RECOVERED BY CURRENT ATTORNEY GENERAL'S OFFICE			
Refund of overage payments made with amounts added to monthly rent payments	101,695.55		
Additional refund amount	123,159.38	Total AGO share before Attorney General Wrigley brought the matter to light	1,904,609.70
Stopping additional overage payments agreed to be made by the previous administration with amounts added to monthly rent payments	<u>305,704.45</u>	Total AGO share currently	<u>1,359,584.77</u>
Total recovered by AGO	530,559.38	Total recovered by AGO	530,559.38

The allocation of the refunded amount is below.

Return of prior biennium expense	Finance	✓	001	7,194.69	Based on % of how overpayment was made
	CJIS	✓	001	29,901.98	
	BCI	✓	001	18,159.06	
	CPAT	✓	250	35,949.07	
	Lotter	✓	292	31,954.72	
Amount deposited to 19-21 Biennium				<u>123,159.51</u>	
Reduction of Rent Expense	IT	✓	001	5,946.54	Based on how Rent was paid
	CJIS	✓	001	6,753.11	
	BCI	✓	001	55,992.46	
	BCI		322	4,095.33	
	CPAT		250	11,709.61	
	Fire Marshal	✓	001	215.08	
	Fire Marshal		322	2,967.12	
	Fire Marshal		374	2,306.56	
Amount applied to 21-23 biennium				<u>101,695.42</u>	
				<u>224,854.93</u>	