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Wisconsin Wasted \$90,000,000 in Rent over 20 Years
Treasurer Adamczyk Highlights Terrible Lease Deal for Taxpayers

MADISON... Today, Wisconsin State Treasurer Matt Adamczyk released the following statement:

“In 2000, two state agencies were in need of a large amount of office space in Madison. The Department of Corrections (DOC) and Department of Revenue (DOR) each were in need of just over 200,000 square feet of office space. However, the state took two very different approaches to fulfill the office space needs for each agency.

For DOR, the state built a new building for \$30.1 million and bonded for a total estimated cost of about \$45 million. The building was constructed to state specifications and built to last at least 50 years. Bonded over 20 years, it will be paid off and fully owned by the state around the year 2020.

Unfortunately, the DOC went in a different direction by renting space instead of owning space. Rent payments from July 1, 2001 until the end of the lease on June 30, 2021, will cost the taxpayers a staggering \$90 million.

What does this mean for us taxpayers? Well, it's not good. Over those two decades from about 2000 until 2020 the DOC building will cost taxpayers about TWICE as much as the DOR building for similar square footage. What's worse, at the end of the lease in 2021 the state will not own the DOC building and will need to either continue renting or build a new facility.

Simply put, the state spent \$90 million to rent space for DOC and has nothing to show for it. Conversely, the state spent only \$45 million for DOR, and we own the building.

This was a terrible deal for taxpayers and I will continue to push the state to stop overpaying for bad rental deals. Furthermore, as one of three commissioners of the Board of Commissioners of Public Lands (BCPL), I will be advocating that the BCPL start constructing state buildings to avoid bonding costs.”

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Treasurer Adamczyk will be releasing a series of examples of bad lease deals.

Department of Corrections Madison HQ
Rented from 2001 until 2021 for \$90,000,000
Usable space 238,000 Sq. Feet
Building built in 1951



Department of Revenue Madison HQ (Below)
State Bought for \$30,000,000 in 2000
Size 240,000 Sq. Feet
Building built in 2000



Year ending June 30th	Monthly Office Rent	Monthly Parking Rent	Monthly Total	Yearly Total
2002	\$250,000.00	\$22,500.00	\$272,500.00	\$3,270,000.00
2003	\$262,500.00	\$22,500.00	\$285,000.00	\$3,420,000.00
2004	\$275,000.00	\$24,375.00	\$299,375.00	\$3,592,500.00
2005	\$287,500.00	\$26,250.00	\$313,750.00	\$3,765,000.00
2006	\$295,833.00	\$28,128.00	\$323,961.00	\$3,887,532.00
2007	\$304,167.00	\$30,000.00	\$334,167.00	\$4,010,004.00
2008	\$312,500.00	\$31,875.00	\$344,375.00	\$4,132,500.00
2009	\$320,833.00	\$33,750.00	\$354,583.00	\$4,254,996.00
2010	\$329,167.00	\$35,625.00	\$364,792.00	\$4,377,504.00
2011	\$337,500.00	\$37,500.00	\$375,000.00	\$4,500,000.00
2012	\$345,937.50	\$37,500.00	\$383,437.50	\$4,601,250.00
2013	\$354,586.00	\$38,437.00	\$393,023.00	\$4,716,276.00
2014	\$363,450.66	\$39,398.00	\$402,848.66	\$4,834,183.92
2015	\$372,537.00	\$40,383.00	\$412,920.00	\$4,955,040.00
2016	\$381,850.41	\$41,392.00	\$423,242.41	\$5,078,908.92
2017	\$391,396.66	\$42,400.00	\$433,796.66	\$5,205,559.92
2018	\$401,181.66	\$42,400.00	\$443,581.66	\$5,322,979.92
2019	\$411,211.16	\$42,400.00	\$453,611.16	\$5,443,333.92
2020	\$421,491.50	\$42,400.00	\$463,891.50	\$5,566,698.00
2021	\$432,028.00	\$42,400.00	\$474,428.00	\$5,693,136.00
				\$90,627,402.60
20 year cost to rent Dept. of Corrections HQ in Madison is \$90,627,402.60				

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	\$ 35,625.00	\$ 27,631.09	\$ 2,671.62	\$ 403,427.71
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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): BFA 12/22/2010
 Lessee (Initials & Date): OLB 12/28/2010

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Lessee may sublease floor area of the Premises to private entities providing services to the Lessee (such as cafeterias, vendors and the like) or providing services incidental to the mission of the Lessee and other State agencies.

5. RENTAL. The Lessee shall pay the Lessor:

- a) Base rent for the Premises during the lease term at the following rate:

The sum of Seven Hundred Fifty Thousand Dollars (\$750,000) payable in full on 12/31/00 or on 1/1/01, at Lessor's option, for rental of the Premises under the terms of this lease from and beginning upon the date of lease execution through June 30th, 2001; and

The sum of Three Million Dollars (\$3,000,000) in equal monthly installments of Two Hundred Fifty Thousand Dollars (\$250,000) each for rental of the Premises from July 1, 2001 through June 30th, 2002. The annual rental rate for the first and each subsequent year and extension periods of this Lease shall be in accordance with the following schedule:

Rental Rate Schedule			
Begin Date	End Date	Annualized Rent	Monthly Rent
Lease Signing*	June 30, 2001	750,000	N/A
July 1, 2001	June 30, 2002	\$3,000,000	\$250,000
July 1, 2002	June 30, 2003	\$3,150,000	\$262,500
July 1, 2003	June 30, 2004	\$3,300,000	\$275,000
July 1, 2004	June 30, 2005	\$3,450,000	\$287,500
July 1, 2005	June 30, 2006	\$3,550,000	\$295,833
July 1, 2006	June 30, 2007	\$3,650,000	\$304,167
July 1, 2007	June 30, 2008	\$3,750,000	\$312,500
July 1, 2008	June 30, 2009	\$3,850,000	\$320,833
July 1, 2009	June 30, 2010	\$3,950,000	\$329,167
July 1, 2010	June 30, 2011	\$4,050,000	\$337,500
Lease Renewal			
July 1, 2011	June 30, 2012	\$4,151,250	\$345,937.50
July 1, 2012	June 30, 2013	\$4,255,032	\$354,586
July 1, 2013	June 30, 2014	\$4,361,408	\$363,450.66
July 1, 2014	June 30, 2015	\$4,470,444	\$372,537
July 1, 2015	June 30, 2016	\$4,582,205	\$381,850.41
Lease Renewal			
July 1, 2016	June 30, 2017	\$4,696,760	\$391,396.66
July 1, 2017	June 30, 2018	\$4,814,180	\$401,181.66
July 1, 2018	June 30, 2019	\$4,934,534	\$411,211.16
July 1, 2019	June 30, 2020	\$5,057,898	\$421,491.50
July 1, 2020	June 30, 2021	\$5,184,345	\$432,028.75