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March 20, 2024

VIA EMAIL ONLY

Emily O'Brien
eobrien@ndlegis.gov

**Re: Status of Reconciliation of Construction Costs For 1720 Burlington Drive
Our File No.: 058351.22000**

Dear Chairman O'Brien:

You requested an update of the reconciliation of the construction expenses related to 1720 Burlington Drive, Bismarck, North Dakota, between Stealth Properties LLC and Parkway Property Management and the North Dakota Attorney General.

I last provided information to you and the Committee, via a written letter dated December 18, 2023, and via testimony to the Committee at the Committee's hearings held on December 19, 2023. As part of my letter, and as part of my testimony to the Committee, I noted that the lease between Stealth Properties and the North Dakota Attorney General includes three components. The Attorney General is required to pay to Stealth a portion of the construction/remodel costs for 1720 Burlington Drive; to pay monthly rent; and to pay CAM expenses.

As noted in the materials previously provided by Stealth and Parkway to the Committee, in June 2021, the Attorney General requested Stealth provide an estimate of final costs for the remodel/construction of the property prior to completion of the construction and prior to receipt of all of the project invoices. Based on the Attorney General's request, Stealth and Parkway computed estimated final costs and provided an estimate of the Attorney General's total obligation for the construction/remodel. Subsequently, again at the request of the North Dakota Attorney General, Stealth and Parkway submitted an invoice based on the estimate and the Attorney General made an estimated payment to Stealth. The North Dakota Attorney General also agreed to pay increased rent, based on the estimate. At that time the parties agreed that when the project was fully completed a reconciliation would be completed.

After the construction was completed, the Attorney General concluded it could not communicate with Stealth and Parkway concerning the reconciliation of construction/remodel costs. In October 2022, Stealth and Parkway completed their own reconciliation of the project and provided to the Committee and to the Attorney General all of its project invoices and an accounting of all amounts paid by the Attorney General, including the increased rent. Stealth and Parkway concluded the

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Attorney General overpaid its share of costs and Stealth refunded the overpayment. Stealth and Parkway offered to meet with the Attorney General to complete a reconciliation of the construction/remodel costs. The Attorney General continued in its position that it could not discuss reconciliation with representatives of Stealth and Parkway.

Based on Attorney General Wrigley's testimony at the Committee's hearing on December 19, 2023, and my conversation with him immediately after the hearing, I understood that his office had reconsidered its position concerning completing a reconciliation and the Attorney General would contact Stealth/Parkway to complete the reconciliation. That did not happen. Although the parties have fully reconciled the CAM expenses, they have not reconciled the construction/remodel expenses.

I spoke to Attorney General Wrigley on March 8, 2024, and he indicated he would communicate with his staff about completing a reconciliation and that he believed that the parties should be able to get the costs reconciled. There has not been any movement on this issue since then. The Attorney General has not contacted Stealth/Parkway concerning a reconciliation.

Stealth and Parkway remain willing to answer the Committee's questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Monte L. Rogneby". The signature is fluid and cursive, with a long, sweeping underline.

Monte L. Rogneby

MLR:cjt