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July 30, 2024

**VIA EMAIL ONLY**

Logan Carpenter  
locarpenter@nd.gov

**Re: 1720 Burlington Drive  
Our File No.: 058351.22000**

Dear Mr. Carpenter:

I am counsel for Stealth Properties, LLC. I have reviewed with representatives of Stealth your letter of July 11, 2024 and they have authorized me to provide this response concerning the Lease dated March 24, 2020 between Stealth and the North Dakota Attorney General.

The background facts and other information related to the Lease have previously been provided to the North Dakota Legislative Audit and Fiscal Review Committee (Committee), including:

1. Memorandum Response of Stealth Properties LLC to the Investigative Report of the Office of the Attorney General dated September 27, 2020, which was provided to the Committee on or about October 28, 2022;
2. Letter from Monte Rogneby to the Committee dated December 18, 2023 setting out Response of Stealth Properties, LLC and D&S, LLC, to the Investigative Review completed by Agent Don Guiberson; and
3. Letter from Monte Rogneby to the Committee dated March 20, 2024, concerning the Status of Reconciliation of Construction for 1720 Burlington Drive.

The Memorandum and letters are attached without their attached exhibits. I will forward to you by email a ShareFile link with complete copies of these materials.

The Lease sets out three categories of payment from the Attorney General to Stealth: rent; CAM expenses; and the Attorney General's proportional share of construction costs.

As is set out in Stealth's communications with the Committee, in March 2020, the time the Lease was finalized, the Attorney General had not finalized his plans for his portion of 1720 Burlington Drive. The leadership had a general idea of what they wanted concerning the remodel of the space and new construction and based on these general plans the parties had a general idea of project costs,

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based on the then cost of labor and materials. The actual cost of the project changed primarily because the Attorney General requested changes to the scope of the project and because of increased labor and material costs caused by the COVID pandemic.

It is undisputed that in June 2021, before the project was completed, representatives of the Attorney General concluded the Attorney General should pay as much of the project costs as possible before the end of the 2021 biennium and they requested a modification of the Lease to increase rent to address any anticipated unpaid construction costs. They decided they wanted to pre-pay expenses and pay increased rent before the project was completed, before all invoices had been received, and before the project had been reconciled. It is undisputed representatives of the Attorney General requested Stealth provide an estimate of final costs based on Stealth's then understanding of the scope of the project. Representatives of the Attorney General also requested Stealth provide options for paying portions of the project through an increase in rent. Stealth complied with the Attorney General's request. It calculated the estimated final cost. The Office of Attorney General determined how much it wanted to pay immediately and how much it wanted to pay in rent. Stealth invoiced the Attorney General based on the Attorney General's instructions and the Attorney General issued payment. The Attorney General also began paying increased rent. The parties, however, agreed that a final reconciliation would be completed when the project was completed.

At the time of Attorney General Wayne Stenehjem's tragic death, the project had not been reconciled. Since then, Stealth has made multiple requests to complete a reconciliation of the construction costs and the Attorney General has refused to discuss reconciliation. On October 11, 2022, I wrote to Attorney General Drew Wrigley on behalf of Stealth and requested a meeting to discuss the project. I did not receive a response. Attorney General Wrigley was provided with a copy of my October 28, 2022, Memorandum which discusses the need for the parties to reconcile the construction costs. I received no response from the Attorney General. I personally discussed reconciliation with Attorney General Wrigley following the Committee meeting on December 19, 2023, and explained that representatives of his office had met with representatives of Stealth to reconcile the CAM expenses, but not to reconcile the construction costs. After that conversation, it was my understanding that the Attorney General's representatives would contact Stealth to complete a reconciliation, but that did not happen.

I again spoke to Attorney General Wrigley by telephone on March 8, 2024, and he told me 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. The Attorney General has not communicated with me since March 8, 2024, concerning reconciliation of the construction costs and representatives of the Attorney General have not communicated with representatives of Stealth concerning reconciliation of the construction costs.

The October 28, 2022, Memorandum to the Committee includes Stealth's reconciliation of the project costs and supporting invoices. The Memo notes that based on Stealth's reconciliation, the

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Attorney General pre-paid too much and that no increase in rent was necessary. The Attorney General did not provide to Stealth any response to the Memorandum.

Representatives of Stealth met with representatives of the Attorney General in December 2022 to discuss CAM expenses. During the meeting representatives of the Attorney General did not raise any specific concerns with the reconciliation completed by Stealth. During this meeting, Stealth provided to the Attorney General a check for \$224,854.93 reflecting the amount overpaid by the North Dakota Attorney General, consistent with Stealth's reconciliation.

As noted above, in addition to rent and construction costs, the Attorney General also pays to Stealth CAM expenses which are related to maintenance of the building and grounds. The parties have successfully reconciled all CAM expenses as required by the Lease.

The only possible open financial issue between Stealth and the Attorney General is whether the Attorney General disagrees with Stealth's project-cost-reconciliation included in the October 28, 2022, Memorandum. If so, the Attorney General should provide to Stealth his position, or if the Attorney General agrees with the reconciliation, he should so indicate.

Please let me know if you have any additional questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Monte L. Rogneby". The signature is fluid and cursive, with a long horizontal stroke at the end.

Monte L. Rogneby

MLR:cjt