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## John Doe investigation looks into bids to house county workers

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The corruption investigation into Gov. Scott Walker's time as Milwaukee County executive is focusing on the bid competition to house the county's Department on Aging in private office space, the Journal Sentinel has learned.

Investigators are looking for signs of bid-rigging or other misconduct as representatives of the privately owned Reuss Federal Plaza vied unsuccessfully in 2010 to keep the department offices, according to sources familiar with the case. The offices had moved in 2005 to the blue tower, 310 W. Wisconsin Ave., in a \$3 million deal.

In December, the real estate broker for Boerke Co. who spearheaded the Reuss effort in 2005 and 2010 was arrested and jailed overnight on allegations of failing to cooperate with the ongoing John Doe investigation. The broker, Andrew P. Jensen Jr., faces an order to talk to prosecutors Wednesday.

John Hiller, one of Walker's highest-ranking campaign aides, said he worked on behalf of the building's owners on the 2005 deal. An official told the newspaper that he also had a role in the 2010 effort.

In 2005, Schlitz Park - which had housed the offices for 20 years - won an initial bid for the offices. But records show a rushed, last-minute rebid resulted in the Reuss group getting the \$3 million deal.

The late bidding prompted protests from developer Gary Grunau, who argued the bids were miscalculated and his was the lowest by \$500,000. Ultimately, Grunau dropped the matter.

"We got steamrolled," Grunau said this month. "It was just handled in such an unconventional way."

In late summer 2010, the county ultimately rejected all private office space options as too expensive and the department's offices moved into vacant space in a county-owned building, a cost-saving move some supervisors had recommended five years earlier.

Around that time, the district attorney's office, which launched the Doe investigation in May 2010, received a tip about possible insider dealing in the lease-space competition. An email obtained by the Journal Sentinel showed the Walker administration tipped off some brokers about strategy months before any bids were formally sought.

None of the players in the deals has been accused of wrongdoing, and Walker has defended the county's actions. Jensen's attorney, Patrick Schott, has said Jensen was arrested because he did not tell prosecutors what they wanted to hear.

Boerke Co. officials did not respond to interview requests. Hiller's attorney, Michael F. Hart, declined to comment. Prosecutors would not comment.

The fact no lease contract was awarded in 2010 could make any potential prosecution more difficult, but misconduct charges do get filed under such circumstances, veteran Chicago criminal defense attorney Robert Loeb said. They hinge on the illegality of the behind-the-scenes acts, not necessarily on whether the contract was awarded.

"You bring (the case) when you've got the proof," Loeb said.

On Jan. 5, Doe prosecutors charged Timothy Russell, former Walker deputy chief of staff, and former county veterans official Kevin Kavanaugh with stealing a total of \$60,000 in donations intended for Operation Freedom, the Walker-initiated, county-run military appreciation picnic. Walker had transferred control of Operation Freedom's finances to a nonprofit entity controlled by Russell, who at the time was a Walker office aide.



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## 5 hours to bid

In 2005, the Journal Sentinel followed the bid competition and conducted multiple interviews with key players. In recent weeks, the paper reviewed county documents, campaign records, official recordings and minutes of public meetings on both the 2005 and 2010 deals. It also conducted new interviews with some participants.

At the time of the 2005 deal, the Reuss building was struggling to fill empty office space and Grunau was eager to retain the county lease.

Grunau approached Russell, then Walker's acting director of economic development, about extending the deal without a bid. He did the same with Russell's successor, Bob Dennik, who told a reporter at the time he thought market conditions could bring a better deal through competitive bidding.

After receiving proposals from five firms for the 48,000 square feet of space, Dennik recommended the County Board accept Grunau's \$3.6 million bid to keep the county offices at Schlitz Park. It was the "best value for the taxpayer," Dennik wrote.

The Reuss bid was about \$400,000 higher than the Grunau bid.

But then a County Board committee added a "best and final" round among all five bidders - a move committee members said was aimed at getting an even better price. Such a process is not unusual. The original bid guidelines mentioned it as a possibility.

What was unusual was the time allowed - just five hours on Sept. 28, 2005, with the County Board set to approve a deal the following day. Officials also shared the low-bid price by Grunau with the other bidders.

It was such a rush job that one of the bidders didn't even have time to reach all the people necessary to consult with on their rebid.

"My integrity is in the (toilet)," a frustrated Dennik told a reporter in 2005, referring to the late changes he was asked to make to the procedure.

In the second round, Boerke Co. dropped its price by \$1 million and appeared to be lowest. But Dennik declined to make a recommendation to the board.

In a special committee meeting, Supervisor Paul Cesarz, a Walker ally, made the motion to go with the Reuss bid for \$3 million, and the committee agreed, 6-1. The full board voted, 16-3, for the deal. Walker signed the measure Oct. 14, 2005.

Some supervisors complained at the time about the rush.

"We're pushed up against a wall," Supervisor Peggy Romo West said at the time, adding it made her uncomfortable. "We should have started this process six to eight months ago."

"I'm concerned about a lawsuit," Supervisor Roger Quindel said of the last-minute bidding.

But supervisors seemed satisfied that they had scored big savings.

Supervisor Joe Rice, who asked for the second bidding round, said this month that he remembers the Reuss bid "was presented as being the best economic deal for Milwaukee County." And Department on Aging Director Stephanie Sue Stein was in favor of moving to Reuss Plaza.

Grunau contended that the county miscalculated key aspects of the bids, such as utility costs, parking and moving costs. Minutes from a meeting a month later note a county lawyer said "fundamental" questions about the bids remained.

Grunau hired lawyers who protested, but he did not pursue legal action and the questions were not answered.

## Walker aid pushed Reuss

The Reuss building had been taken over in late 2004 by its lender, Philadelphia-based RAIT Investment Trust, which hired Boerke Co. as the local leasing agent.

Walker campaign adviser Hiller lobbied on the 2005 deal, according to Dennik, who said at the time he viewed Hiller as speaking for Boerke.

Hiller, one of Walker's closest confidantes, served as treasurer of Walker's county and gubernatorial campaigns, a position he left in May 2011. He also led Walker's transition team after his 2010 election. He was familiar with Dennik, who had served as director of Walker's 2002 campaign for county executive.

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Hiller, himself a real estate broker and developer, said he "probably" pointed the Reuss owners to the county opportunity, and discussed the situation with Dennik. Hiller told the newspaper in 2005 he was hired by the Reuss owners to develop strategies to fill empty offices there.

Hiller at the time downplayed his own role, but said he advised Boerke Co. on which county supervisors to approach to prompt a rebidding of the deal. Hiller said he called Rice, another of Walker's close allies, to urge him to talk to Boerke Co. about doing a "best and final offer" round.

Records show Jensen wrote a letter to key supervisors, including Rice, who later made the motion to reopen the bidding, citing potential savings.

Meanwhile, the Markesan Group - a lobbying firm set up by former Walker chief of staff Jim Villa - lobbied on the 2005 deal, according to Dennik. It couldn't be determined if Villa personally lobbied for it.

Villa left the firm in December 2003 to do Walker campaign work, but in August 2005 - in the midst of the Aging Department bid process - returned to the county executive's office.

Hiller said he did not talk to Villa about the process at that point; Villa felt that ethically he should stay out of it, Hiller said. Villa declined to comment for this story.

The Markesan Group was the main consultant behind Walker's 2004 county re-election effort and helped him launch his 2006 gubernatorial bid. Records show it was paid \$126,000 in 2005 by Walker's campaign fund. Hiller said he used to work for Markesan Group, but not in this case.

Moira Fitzgerald was the lobbyist officially registered for the Reuss owners on the issue. She also made contacts with county supervisors. She declined to comment. Dennik did not respond to interview requests this month.

## Political backdrop

In the last week of June 2005, a couple weeks before the request for proposals went out, Walker's campaign received donations of \$2,000 from Hiller, \$500 from Villa and \$1,000 from David Boerke, an executive with the Boerke Co.

David Boerke has been a frequent giver to Republicans, including Walker when he was in the state Legislature, county executive and during his gubernatorial bids. Boerke has given Walker \$15,000 since 2002, records show.

Jensen has been less politically active, donating small sums to Walker but also to a couple Democrats. In 2008, Jensen was elected chairman of the Commercial Association of Realtors Wisconsin, which has backed Walker. Villa was hired to lead the group around the same time.

Grunau, who has given mostly to Democrats for state offices, was a Walker campaign supporter from the late 1990s to 2007, including \$5,400 since Walker's 2002 election as county executive. He gave Walker \$1,000 in December 2004, during the time Dennik said Grunau was lobbying for a lease renewal.

## Round Two

In 2010, the John Doe investigation was gearing up as the five-year Reuss lease was winding down.

Jensen - like Grunau before him - tried to persuade the county to extend the lease at the Reuss without a bid process, according to public comments and interviews.

On April 15, 2010 - months before any formal competition or public request for bids had been formulated - a county Aging Department official involved in office-space planning sent an email to a commercial real estate broker.

In the email, obtained by the Journal Sentinel, Gregory Reiman alerted commercial real estate broker Scott Revolinski of RFP Commercial that the county was discussing moving workers from the county-owned City Campus to the Reuss Federal Plaza, which already housed the Aging Department.

He wrote that the county was willing to sell City Campus, an aging former hospital at N. 27th and W. Wells streets, for \$1 to avoid maintenance costs.

"Not very many people know about this yet," Reiman wrote. "I believe they have only talked to the City of Milwaukee Dept of Development and possibly David Boerke (who manages Federal Plaza). I am also telling one other developer I know about this opportunity."

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Reiman added: "I told Scott Walker that I would mention this opportunity to you and see if RFP might be interested in this building. If you are interested I will put you in touch with Scott's Chief of Staff, Tom Nardelli."

A county employee, concerned that Reiman might be revealing insider information, turned the email over to the district attorney's office in August 2010.

That same month, the DA's office, investigating Operation Freedom, seized the work computer of Russell, who was then Walker's director of housing. Earlier that month, they searched the home of Walker office aide Darlene Wink, who acknowledged to the Journal Sentinel doing campaign work on county time. In November 2010, investigators subpoenaed emails from Walker's campaign.

A year later, investigators searched the house of former top county official Cynthia Archer, whose Administrative Services department was involved in discussions on the Aging Department offices in 2010. She now works in the Walker administration, at the state Department of Children and Families as a legislative liaison.

Reiman, who formerly worked as an aide in Walker's county executive office, said this week that the email to Revolinski was a "totally innocent" act authorized by Walker and other county officials. At an April 2010 meeting in Walker's office, talk turned to the upcoming lease expiration at Reuss, he said. Reiman said he was just gauging the interest of certain brokers.

Nardelli said at the meeting he thought any City Campus transaction should be bid publicly, Reiman said.

Revolinski, a longtime Walker campaign donor who eventually bid unsuccessfully on the 2010 Aging Department move, told the Journal Sentinel that getting a heads up such as the one from Reiman was "perfectly normal."

He said no bidder had an advantage and he saw nothing inappropriate. But he called the process "a joke" because the county never visited potential private offices and wanted unreasonable terms.

Walker's campaign reports show that Revolinski donated \$500 on April 30, 2010, 15 days after Reiman's email.

Nardelli could not be reached for comment.

## Jensen's efforts

In 2010, Hiller was again working for the Reuss side behind the scenes, according to an official who spoke with him.

This time, the deal was potentially larger - as Reiman's email suggested, some in the county were thinking of moving even more workers into private office space. But others, seeking budget savings, wanted to move the offices back to county space, possibly even to the City Campus.

County Board member Joe Sanfelippo questioned why the county was paying \$750,000 a year to the Reuss when space in county-owned buildings was available. And County Auditor Jerome Heer advised supervisors against an extension, saying the county likely could get a better price through competitive bids.

On June 29, 2010, David Boerke gave \$5,000 to Walker's gubernatorial campaign, and Jensen gave \$100, campaign records show. Both donations came in three days before the blackout period prohibiting campaign donations while a contract is under consideration.

On July 2, 2010, the county issued a request for proposals.

Boerke, representing Reuss, was among 11 bidders. Grunau was not; he said this month the sour taste from the 2005 competition in part kept him from going after it again.

All the private-office space prices came in too high for the county, so officials did a "best and final" offer procedure focused on selling the City Campus building, then-Public Works Director Jack Takerian told a County Board committee.

It was a setback for Boerke and Reuss, but the firm had been among the three finalists.

Jensen persisted.

He proposed in his final offer that Milwaukee County move City Campus workers into the Reuss along with the Aging Department employees, while the county take 12 to 18 months to try to sell City Campus. If the county couldn't find takers, the Reuss Plaza owner would buy it for \$900,000 and the rent would be raised at Reuss Plaza.

Walker administration officials rejected the idea, later citing economic grounds.

In late summer, county officials went a totally different direction. They left the City Campus building in place and moved the Department on Aging from Reuss to the county's Marcia Coggs Center at 1322 W. Vliet St.

Jensen complained about a rush to decision. In a last-ditch attempt, he spoke at a County Board committee in October 2010, proposing to renew the Reuss lease for one year while the county analyzed its overall space needs.

But Walker had already included the cost of the move in his budget for 2012.

"I didn't think there was anything shady about it," Sanfelippo said of the bid process. "I just thought it was a screwed up deal."

In an interview with the Journal Sentinel late last year, Walker said he remembered the Reuss chain of events vividly.

Walker said Boerke and other bidders were "frustrated, not frustrated, but confused" by the county's stance.

The governor said he agreed with pulling out of the Reuss building and left no doubt he was not worried about any wrongdoing in the process.

When asked if the sequence of events surrounding the Reuss dealings would hold up to scrutiny, he responded unequivocally:

"Absolutely."

*Jason Stein, Patrick Marley and Daniel Bice of the Journal Sentinel staff contributed to this report.*

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## Common Council honors retired police officer



Updated 9:36 a.m. - Milwaukee's Common Council, in a moving ceremony Tuesday morning, recognized retired police officer Graham