

# NEWMARK



**VA** | U.S. Department  
of Veterans Affairs  
VA Outpatient Clinic  
Baraboo  
VA Great Lakes Health Care System

**VA** | U.S. Department  
of Veterans Affairs

**OFFERING MEMORANDUM**

414 State Road 136  
Baraboo, WI 53913



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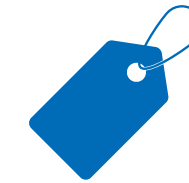


## EXECUTIVE SUMMARY

The Newmark Government Capital Markets team, on behalf of Ownership, is pleased to present qualified investors with the opportunity to acquire a brand-new construction United States Department of Veterans Affairs (“VA”) Community-Based Outpatient Clinic (“CBOC”) in Baraboo, Wisconsin (the “Property”). The Property, built in 2024, is a 10,449 rentable square foot state-of-the-art outpatient clinic that is 100% occupied by the VA. The Property features a first-generation lease with the VA which commenced in April 2024 and extends twenty (20) years, expiring in March 2044. The first ten (10) years of the lease are firm (non-cancellable) and feature annual Operating Cost Reimbursement increases of 0.75%. Additionally, the Shell Rent increases every five (5) years by a rate of 2.5%. The Property represents a years-long effort by the VA to increase their access to veterans in the region and the new clinic more than doubles the size of the previous location. The Property will serve the following functions: primary care, physical therapy, nutrition and whole health services, mental health, specialty care, telehealth, social work and laboratory services.

## THE OFFERING

01



**Unpriced**  
Offering Price



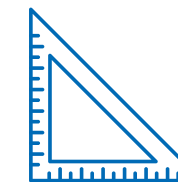
**April 2024**  
Lease Commence



**\$524,800**  
Year 1 NOI



**March 2034**  
Firm Term Expiration



**10,449**  
Rentable Square Feet



**Modified Gross**  
Lease Type

414 State Road 136, Baraboo, WI 53913





## INVESTMENT HIGHLIGHTS



### STRATEGIC GEOGRAPHIC / OPERATIONAL FACILITY

The Property more than doubles the size of the former VA facility and was selected based on a strategic analysis of the community Veteran population. Services at the Property include primary care, physical and occupational therapies, nutrition, whole health, mental health, podiatry nail care, telehealth, social work and laboratory services.



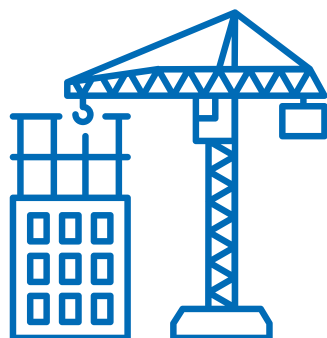
### INVESTMENT GRADE TENANT WITH UNMATCHED STABILITY

The lease is guaranteed by the full faith and credit of the United States government, which currently maintains an AA+ rating from Standard & Poor's. Investing in U.S. credit backed instruments offers a combination of safety, liquidity, predictable income, and diversification benefits.



### ESTABLISHED REAL ESTATE TAX BASE / RENTAL INCREASES

The lease features an established real estate tax base, meaning any increase in real estate taxes are the responsibility of the Tenant. Additionally, the lease features annual contractual increases (0.75%) to the Operating Cost portion of the rent and Shell Rent increases (2.5%) every 5 years.



### NEW CONSTRUCTION PRODUCT WITH SIGNIFICANT INVESTMENT

Built in 2024, the Property was specifically designed to suit the VA. New construction product features the built-in advantage of no deferred maintenance and capital items that also remain under warranty (namely, the roof). Additionally, the VA has significant investment in the space which exceeds \$3.9M in tenant improvements.





# UNDERWRITING NOTES



**Analysis Start Date**  
April 1, 2024



**Expense Growth Rate**  
2% Annually



**Real Estate Taxes**  
\$18,099 Base Year



**Management Fee**  
2% of Gross Income



**Firm Lease Term**  
10 Years

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Shell Rate</b>	\$301,349	\$301,349	\$301,349	\$301,349	\$301,349	\$308,872	\$308,872	\$308,872	\$308,872	\$308,872
<i>per RSF</i>	\$28.84	\$28.84	\$28.84	\$28.84	\$28.84	\$29.56	\$29.56	\$29.56	\$29.56	\$29.56
<b>Operating Costs</b>	\$98,221	\$98,958	\$99,700	\$100,448	\$101,201	\$101,960	\$102,725	\$103,495	\$104,271	\$105,053
<i>per RSF</i>	\$9.40	\$9.47	\$9.54	\$9.61	\$9.69	\$9.76	\$9.83	\$9.90	\$9.98	\$10.05
<b>Tenant Improvements</b>	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124
<i>per RSF</i>	\$27.67	\$27.67	\$27.67	\$27.67	\$27.67	\$27.67	\$27.67	\$27.67	\$27.67	\$27.67
<b>Wi-Fi Reimbursement</b>	\$1,509	\$1,622	\$1,744	\$1,874	\$2,015	\$2,166	\$2,329	\$2,503	\$2,691	\$2,893
<i>per RSF</i>	\$0.14	\$0.16	\$0.17	\$0.18	\$0.19	\$0.21	\$0.22	\$0.24	\$0.26	\$0.28

## SOFT TERM

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
<b>Shell Rate</b>	\$316,605	\$316,605	\$316,605	\$316,605	\$316,605	\$324,546	\$324,546	\$324,546	\$324,546	\$324,546
<i>per RSF</i>	\$30.30	\$30.30	\$30.30	\$30.30	\$30.30	\$31.06	\$31.06	\$31.06	\$31.06	\$31.06
<b>Operating Costs</b>	\$105,841	\$106,635	\$107,435	\$108,241	\$109,052	\$109,870	\$110,694	\$111,524	\$112,361	\$113,204
<i>per RSF</i>	\$10.13	\$10.21	\$10.28	\$10.36	\$10.44	\$10.51	\$10.59	\$10.67	\$10.75	\$10.83
<b>Tenant Improvements</b>	-	-	-	-	-	-	-	-	-	-
<i>per RSF</i>	-	-	-	-	-	-	-	-	-	-
<b>Wi-Fi Reimbursement</b>	\$3,110	\$3,343	\$3,594	\$3,863	\$4,153	\$4,464	\$4,799	\$5,159	\$5,546	\$5,962
<i>per RSF</i>	\$0.30	\$0.32	\$0.34	\$0.37	\$0.40	\$0.43	\$0.46	\$0.49	\$0.53	\$0.57



# PRO FORMA CASH FLOW

02

		<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>	<b>Year 6</b>	<b>Year 7</b>	<b>Year 8</b>	<b>Year 9</b>	<b>Year 10</b>
		Mar-25	Mar-26	Mar-27	Mar-28	Mar-29	Mar-30	Mar-31	Mar-32	Mar-33	Mar-34
<b>INCOME</b>	<i>per SF</i>										
Shell Rent	\$28.84	\$301,349	\$301,349	\$301,349	\$301,349	\$301,349	\$308,872	\$308,872	\$308,872	\$308,872	\$308,872
Operating Cost Reimbursement	\$9.40	\$98,221	\$98,958	\$99,700	\$100,448	\$101,201	\$101,960	\$102,725	\$103,495	\$104,271	\$105,053
Tenant Improvement Reimbursement	\$27.67	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124	\$289,124
Wi-Fi Reimbursement	\$0.14	\$1,509	\$1,622	\$1,744	\$1,874	\$2,015	\$2,166	\$2,329	\$2,503	\$2,691	\$2,893
<b>Gross Income</b>	<b>\$66.05</b>	<b>\$690,203</b>	<b>\$691,053</b>	<b>\$691,917</b>	<b>\$692,795</b>	<b>\$693,689</b>	<b>\$702,122</b>	<b>\$703,050</b>	<b>\$703,994</b>	<b>\$704,958</b>	<b>\$705,942</b>
<b>EXPENSES</b>											
Janitorial Contract & Supplies	(\$6.22)	(\$65,052)	(\$66,353)	(\$67,680)	(\$69,034)	(\$70,414)	(\$71,823)	(\$73,259)	(\$74,724)	(\$76,219)	(\$77,743)
Utilities	(\$3.64)	(\$38,006)	(\$38,766)	(\$39,541)	(\$40,332)	(\$41,139)	(\$41,962)	(\$42,801)	(\$43,657)	(\$44,530)	(\$45,421)
Repairs and Maintenance	(\$1.13)	(\$11,837)	(\$12,074)	(\$12,315)	(\$12,562)	(\$12,813)	(\$13,069)	(\$13,330)	(\$13,597)	(\$13,869)	(\$14,146)
Landscaping / Snow Removal	(\$1.24)	(\$13,000)	(\$13,260)	(\$13,525)	(\$13,796)	(\$14,072)	(\$14,353)	(\$14,640)	(\$14,933)	(\$15,232)	(\$15,536)
Fire and Life Safety	(\$0.14)	(\$1,425)	(\$1,454)	(\$1,483)	(\$1,512)	(\$1,542)	(\$1,573)	(\$1,605)	(\$1,637)	(\$1,670)	(\$1,703)
Insurance	(\$0.40)	(\$4,180)	(\$4,264)	(\$4,349)	(\$4,436)	(\$4,525)	(\$4,615)	(\$4,707)	(\$4,802)	(\$4,898)	(\$4,995)
Management (2% of Gross Income)	(\$1.32)	(\$13,804)	(\$13,821)	(\$13,838)	(\$13,856)	(\$13,874)	(\$14,042)	(\$14,061)	(\$14,080)	(\$14,099)	(\$14,119)
Real Estate Taxes	(\$1.73)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)	(\$18,099)
<b>Total Expenses</b>	<b>(\$15.83)</b>	<b>(\$165,403)</b>	<b>(\$168,090)</b>	<b>(\$170,831)</b>	<b>(\$173,626)</b>	<b>(\$176,477)</b>	<b>(\$179,536)</b>	<b>(\$182,503)</b>	<b>(\$185,528)</b>	<b>(\$188,615)</b>	<b>(\$191,763)</b>
<b>Net Operating Income</b>	<b>(\$50.22)</b>	<b>\$524,800</b>	<b>\$522,963</b>	<b>\$521,086</b>	<b>\$519,168</b>	<b>\$517,211</b>	<b>\$522,586</b>	<b>\$520,547</b>	<b>\$518,466</b>	<b>\$516,344</b>	<b>\$514,180</b>



## LEASE ABSTRACT

<b>Lease Number</b>	36C25222L2351
<b>Tenant</b>	United States Department of Veteran Affairs
<b>Lease Commence</b>	April 1, 2024
<b>Lease Expiration</b>	March 31, 2044
<b>Firm Term Expiration</b>	March 31, 2034
<b>Building Size</b>	10,449 Rentable Square Feet (RSF) / 9,951 ABOA Square Feet
<b>Rental Increases</b>	2.5% Shell Rent increases every 5 years / 0.75% Operating Cost reimbursement increases annually
<b>Lease Type</b>	Modified Gross
<b>Real Estate Taxes</b>	Tax Base established at \$18,099 - Tenant pays all taxes over base
<b>Operating Cost Base</b>	Operating Cost base established at \$9.40 per RSF, increases by 0.75% annually





## LEASE ABSTRACT

<b>Tenant Improvements</b>	\$3,925,499 total: <ul style="list-style-type: none"><li>• \$2,102,149 paid lump sum</li><li>• \$1,823,350 amortized over the firm lease term at a rate of 10%</li></ul>
<b>Operating Hours</b>	7AM - 6PM, Monday - Friday
<b>Overtime HVAC Rates</b>	\$35 per hour for entire space
<b>Parking</b>	50 exclusive spaces
<b>Termination Rights</b>	120 days notice after Firm Term
<b>Percentage of Occupancy</b>	100%
<b>Utilities</b>	Lessor responsible for providing and payment
<b>Janitorial Services</b>	Lessor responsible for providing and payment
<b>Painting Requirements</b>	Lessor to perform cyclical repainting every 7 years
<b>Carpet Requirements</b>	Lessor to replace all carpet every 5 years
<b>Security Level</b>	Security Level II





## PROPERTY OVERVIEW

03

<b>Address</b>	414 State Road 136 Baraboo, WI 53913
<b>Lot Size</b>	3.63 Acres
<b>Building Size</b>	17,365 Square Feet
<b>Year Built</b>	2024
<b>Occupancy</b>	100%
<b>Assessor Parcel Numbers</b>	206-1152-52010 206-1152-52011 206-1152-52012
<b>County</b>	Sauk
<b>Zoning</b>	C-3, General Commercial District





## TENANT OVERVIEW

The United States Department of Veterans Affairs (VA) is a federal agency responsible for providing comprehensive services and benefits to U.S. military veterans and their families. Established in 1930 and elevated to a Cabinet-level department in 1989, the VA's mission is to fulfill the nation's commitment to veterans by ensuring they receive the care, support, and recognition they deserve.



**Health Care:** The VA operates one of the largest healthcare systems in the world, the Veterans Health Administration (VHA). It provides a wide range of medical services, including primary care, specialized care, mental health services, rehabilitation, and long-term care. VA hospitals, clinics, and medical centers are located throughout the country.



**Benefits:** The Veterans Benefits Administration (VBA) manages various benefits programs for veterans and their families. These include disability compensation, pension programs, education and training benefits (such as the GI Bill), home loan guarantees, life insurance, and vocational rehabilitation.



**Cemeteries and Memorials:** The National Cemetery Administration (NCA) oversees the nation's veteran cemeteries, providing burial and memorial services to honor the service and sacrifice of veterans. The NCA also maintains national shrines and supports the families of deceased veterans.

# VA

## U.S. Department of Veterans Affairs



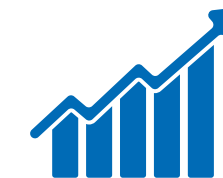
**18M+**  
Veterans in US



**\$325.1 Billion**  
Budget (FY 24)

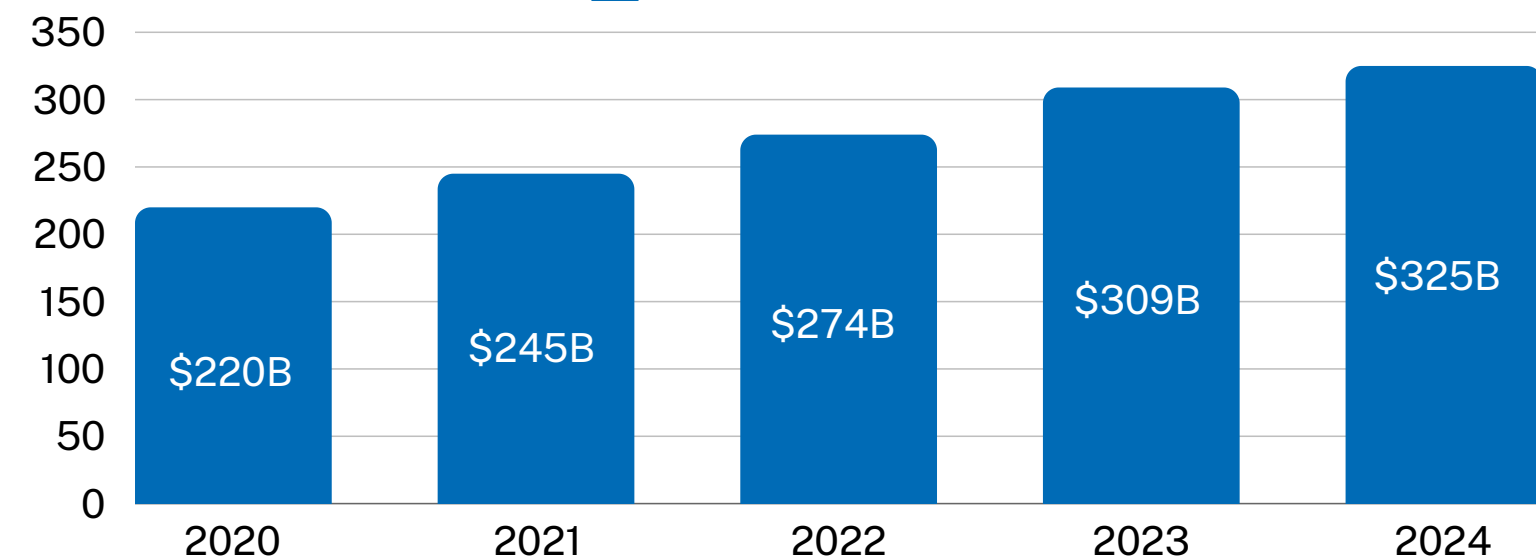


**1930**  
Year Founded



**48%**  
Funding Growth (20-24)

■ VA Funding (\$ Billions)



“As President Biden often says, our nation has a sacred obligation to support Veterans, their families, caregivers and survivors — and this proposed budget will help us do exactly that. With these historic investments, we at VA can continue to deliver more care and more benefits to more Veterans than ever before in our nation’s history.”

-VA Secretary Denis McDonough on the approved FY 2024 VA budget



# LOCATION OVERVIEW

Baraboo, Wisconsin, is a city located in south-central Wisconsin, in Sauk County. It is situated along the Baraboo River and serves as the county seat. Located approximately 40 miles northwest of Madison (the state capital of Wisconsin), Baraboo also sits roughly 12 miles south of Wisconsin Dells, a popular tourist destination known for its water parks and natural scenery that routinely draws more than 4 million annual visitors. The economy of Baraboo is diverse, with significant contributions from tourism, healthcare, retail, and education. The city is a gateway to natural attractions like Devil's Lake State Park, which is known for its stunning rock formations and hiking trails.

# MAJOR EMPLOYERS



Sauk County

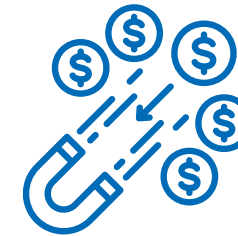


# CITY OF BARABOO Wisconsin

Welcome to our "Gem" City!



Vibrant and pedestrian-friendly downtown featuring variety of shops, restaurants, cafes and entertainment options



Major tourism hub with Devil's Lake State Park (2,5M annual visitors) and Wisconsin Dells (4M annual visitors)



Easily accessible via two major highways - US Highway 12 and US Highway 33

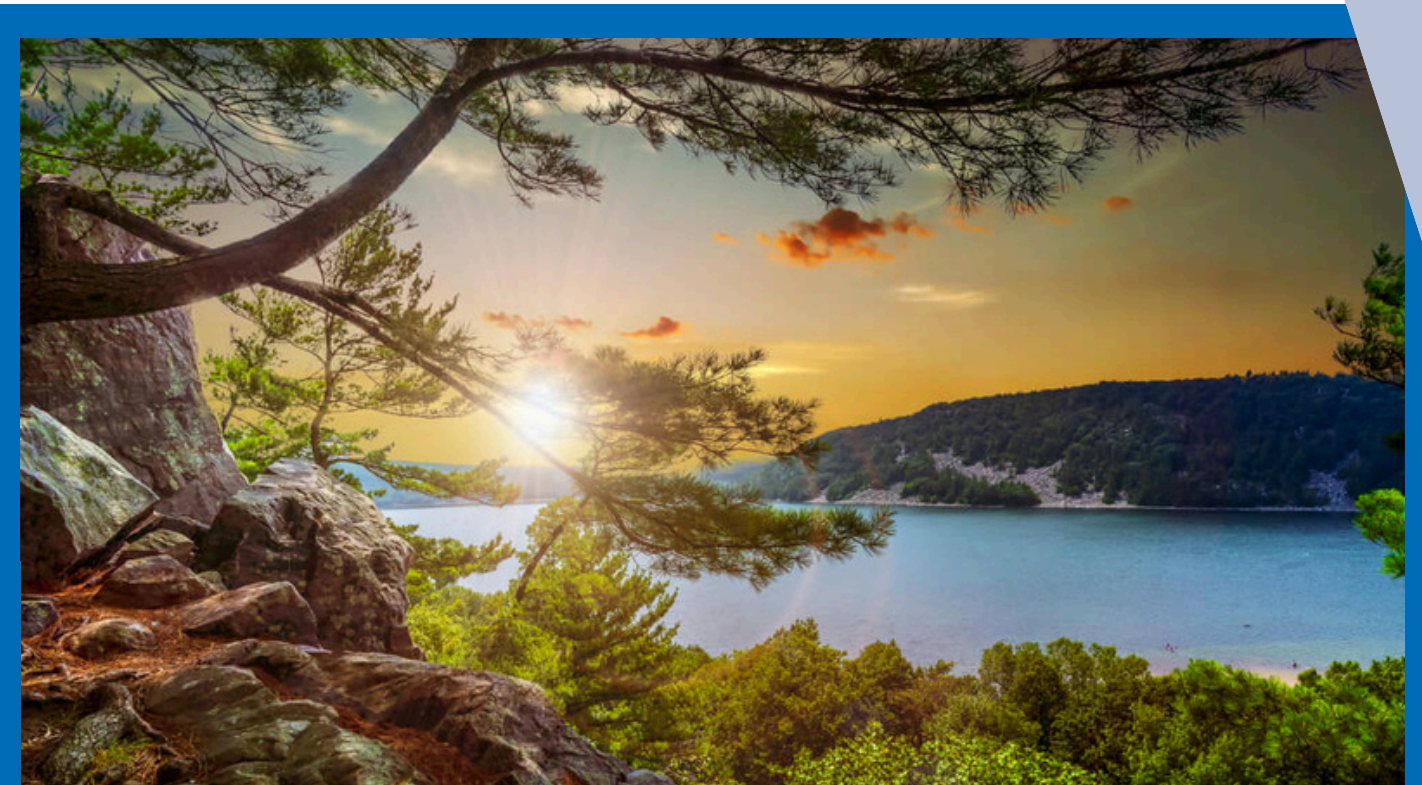


With a median home value of \$359,900, Baraboo attracts a diverse group of affluent consumers



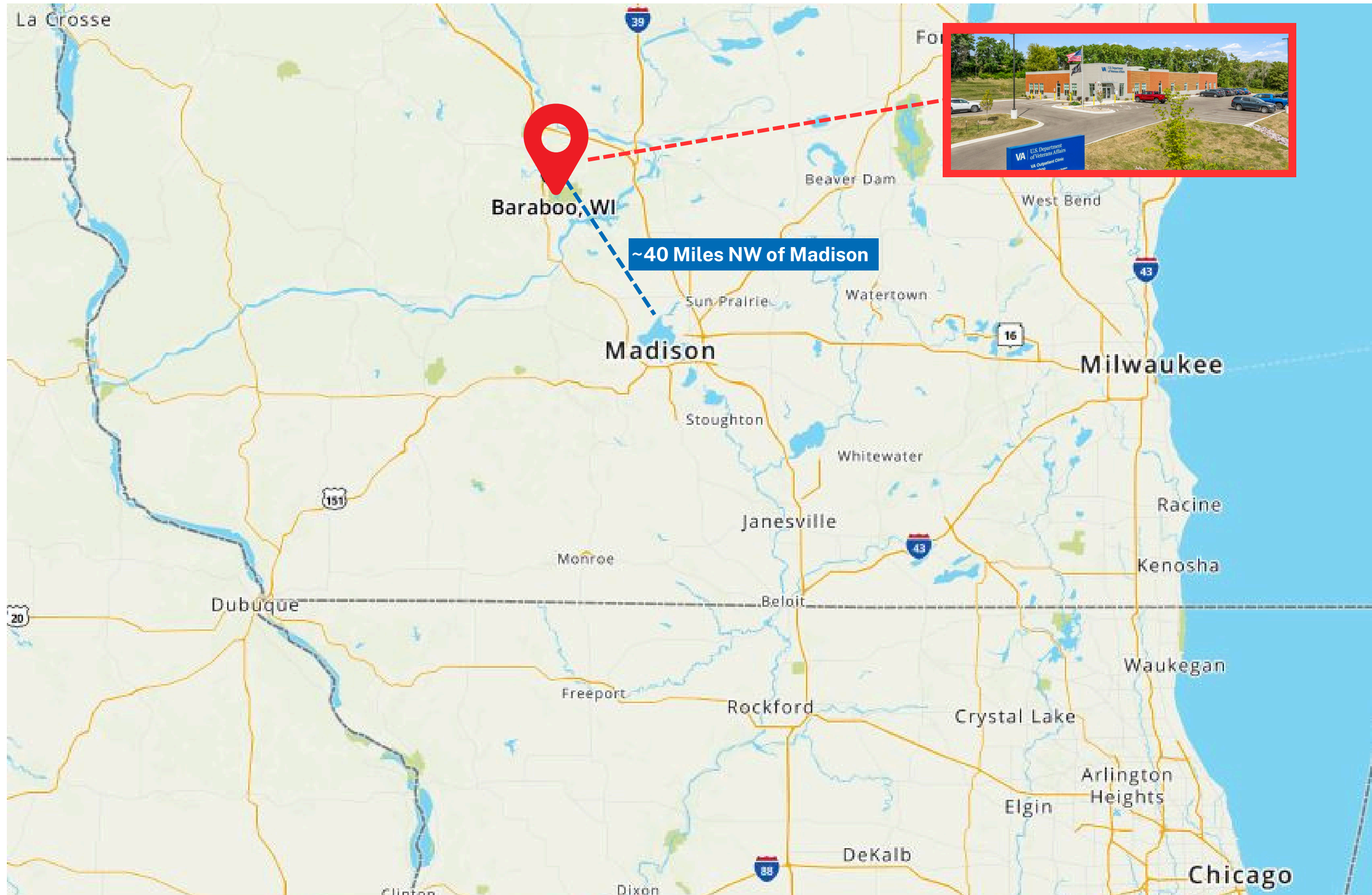
Located 12 miles south of Wisconsin Dells, Baraboo benefits from the 4+ million annual visitors to the region

Devil's Lake State Park in Baraboo receives over 2.5 million annual visitors and is the most-visited state park in Wisconsin





# REGIONAL MAP



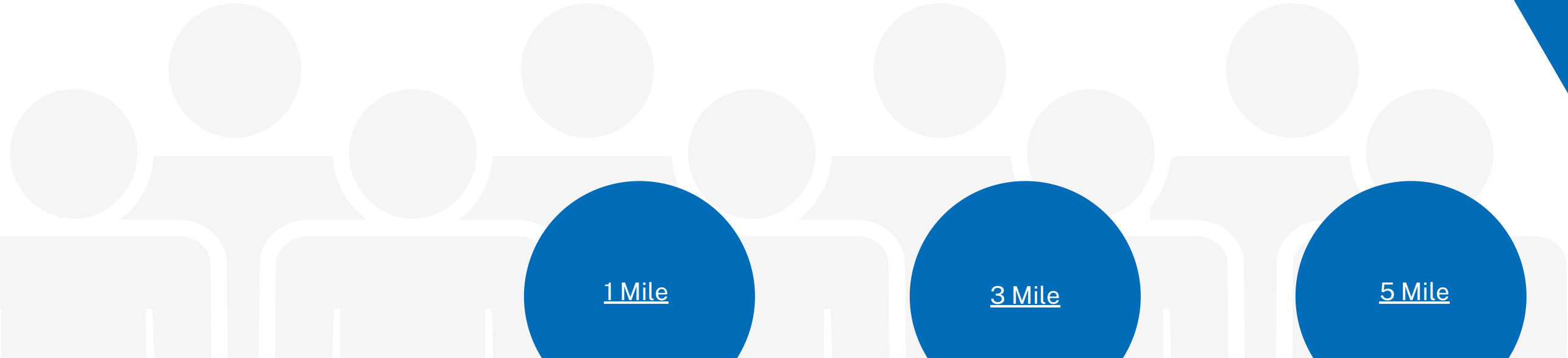


# AERIAL





# DEMOGRAPHICS



1 Mile

3 Mile

5 Mile

<b>Total Population (2010)</b>	2,318	14,610	17,360
<b>Total Population (2023)</b>	2,442	15,707	18,615
<b>Projected Population (2028)</b>	2,501	16,142	19,122
<b>Projected Growth (2023 - 2028)</b>	0.5%	0.6%	0.5%
<b>Median Age</b>	39.2	40.8	41.3
<b>Average Household Income</b>	\$71,454	\$74,987	\$77,290



Newmark Midwest Region, LLC, dba Newmark, has been engaged as the exclusive sales representative for the sale of the fee simple interest in 414 State Road 136, Baraboo, WI 53913 (the “Property”).

The Property is being offered for sale in an “as-is, where-is” condition, and the Seller and the Agent make no representations or warranties as to the accuracy of the information contained in this Offering Memorandum. The enclosed materials include confidential information and are being furnished solely for the purpose of review by prospective purchasers (“Purchasers”) of the interest described herein for which it shall be fully and solely responsible. Neither the enclosed materials, nor any information contained herein, are to be used for any other purpose, or made available to any other person without the express written consent of the Seller.

The material contained herein is based on information and sources deemed to be reliable, but no representation or warranty, express or implied, is being made by the Agent or the Seller or any of their respective representatives, affiliates, officers, employees, shareholders, partners, and directors, as to its accuracy or completeness. Summaries contained herein of any legal or other documents are not intended to be comprehensive statements of the terms of such documents, but rather only outlines of some of the principal provisions contained therein. Neither the Seller nor the Agent shall have any liability whatsoever for any other written or oral communication or information transmitted, or made available, or any action taken, or decision made by the recipient with respect to the Property.

The Seller reserves the right, at its sole and absolute discretion, to withdraw the Property from the market for sale at any time and for any reason without notice, to reject any and all expressions of interest or offers regarding the Property, and/or to terminate discussions with any entity at any time, with or without notice. This Offering Memorandum is made subject to omissions, correction of errors, change of price or other terms, prior sale or withdrawal from the market without notice. The Agent is not authorized to make any representations or agreements on behalf of the Seller. The Seller shall have no legal commitment or obligation to any recipient reviewing the enclosed materials, performing additional investigation, and/or making an offer to purchase the Property unless and until a binding written agreement for the purchase of the Property has been fully executed, delivered, and approved by Seller and any conditions required under the contract for title to pass from the Seller to the buyer have been satisfied or waived.

By taking possession of and reviewing the information contained herein, the recipient agrees that (a) the enclosed materials and their contents will be held and treated in the strictest of confidence; and (b) the recipient shall not contact employees, contractors, sub-contractors or lien-holders of the Property directly or indirectly regarding any aspect of the enclosed materials or the Property without the prior written approval of the Seller or the Agent; and (c) no portion of the enclosed materials may be copied or otherwise reproduced without the prior written authorization of the Seller or the Agent.





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