



Douglas La Follette, *Secretary of State*
Dawn Marie Sass, *State Treasurer*
J.B. Van Hollen, *Attorney General*
Tia Nelson, *Executive Secretary*

125 S. Webster Street
Room 200
PO Box 8943
Madison, WI 53708-8943

608 266-1370 INFORMATION
608 266-0034 LOANS
608 267-2787 FAX
bcpl.wisconsin.gov

Managing Wisconsin's trust assets for public education.

AGENDA

September 7, 2010

2:00 P.M.

Board of Commissioners of Public Lands
125 S. Webster Street, Room 200
Madison, Wisconsin

1. Call to Order
2. Approve Minutes – August 17, 2010
3. Approve Loans
4. Submerged Lands Lease – Fraser Shipyards Inc.
5. Executive Secretary's Report
6. Adjourn

**BOARD MEETING
SEPTEMBER 7, 2010**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the August 17, 2010, board meeting.

Board Meeting Minutes
August 17, 2010

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:00 p.m.

Present were:

Doug La Follette, Board Chair
Dawn Marie Sass, Commissioner
J.B. Van Hollen, Commissioner
Tia Nelson, Executive Secretary
Tom German, Deputy Secretary
John Schwarzmann, Forest Supervisor

Secretary of State
State Treasurer
Attorney General
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands

ITEM 2. APPROVE MINUTES – August 3, 2010

MOTION: Commissioner Van Hollen moved to approve the minutes; Commissioner Sass seconded the motion. The motion passed, 3-0.

ITEM 3. APPROVE LOANS

Executive Secretary Nelson said the loans had received legal review.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
1. Boulder Junction County of Vilas Application #: 02011024 Purpose: Finance the purchase of capital equipment and vehicles	Town Rate: 3.50 Filed: August 9, 2010	\$30,000.00
2. Boulder Junction County of Vilas Application #: 02011025 Purpose: Finance public works project	Town Rate: 3.50 Filed: August 9, 2010	\$50,000.00
3. Chetek-Weyerhaeuser County of Barron, Chippewa, Dunn and Rusk Application #: 02011021 Purpose: Finance building upgrades	School Rate: 4.25 Filed: July 15, 2010	\$350,000.00
4. Eagle County of Waukesha Application #: 02011020 Purpose: Purchase wheel loader and accessories	Town Rate: 3.50 Filed: July 29, 2010	\$140,000.00
5. Sussex County of Waukesha Application #: 02011022 Purpose: Finance water system improvements	Village Rate: 5.25 Filed: August 2, 2010	\$2,022,500.00
6. Sussex County of Waukesha Application #: 02011023 Purpose: Finance sewer system improvements	Village Rate: 5.25 Filed: August 2, 2010	\$1,816,100.00

7.	Watertown	City	\$825,000.00
	County of Dodge and Jefferson	Rate: 5.25	
	Application #: 02011026	Filed: August 9, 2010	
	Purpose: Finance economic development project		
		TOTAL	\$5,233,600.00

MOTION: Commissioner Van Hollen moved to approve the loans; Commissioner Sass seconded the motion. The motion passed, 3-0.

ITEM 4. LOAN LIMIT EXCEPTION REQUEST – SCHOOL DISTRICT OF WAUKESHA

Board Chair La Follette explained that the School District of Waukesha was requesting to exceed the \$5 million loan limit by \$10.7 million.

MOTION: Commissioner Sass moved to approve the loan limit request; Commissioner Van Hollen seconded the motion. The motion passed, 3-0.

ITEM 5. PROPOSED LAND BANK SALE – U.S. FOREST SERVICE (S1001 – S1007 and S1108)

Board Chair La Follette said the staff is recommending the sale of 1,253 acres of Trust Lands to the U.S. Forest Service. The parcels are located within the project boundaries of the U.S. Forest Service. The sale of the Trust Lands would occur in two phases with the first being complete by September 2010 and the other being complete by September 2011.

MOTION: Commissioner Van Hollen moved to approve the sale of 1,253 acres of Trust Lands to the U.S. Forest Service; Commissioner Sass seconded the motion. The motion passed, 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Property to the United States Forest Service at a total purchase price of One Million Four Hundred Seventy-Three Thousand Dollars (\$1,473,000).

BE IT FURTHER RESOLVED, that the sale to the USFS be done in two phases, with the First Phase Property being sold for Two Hundred Thousand Dollars (\$200,000) and the Second Phase Property being sold for One Million Two Hundred Seventy-Three Thousand Dollars (\$1,273,000).

Such sale shall be conducted in accordance with Chapter 24 of the Wisconsin Statutes on such terms and conditions as the Executive Secretary determines to be reasonable and necessary. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

ITEM 6. EXECUTIVE SECRETARY’S REPORT

Executive Secretary Nelson had nothing to report.

ITEM 7. ADJOURN

MOTION: Commissioner Van Hollen moved to adjourn the meeting; Commissioner Sass seconded the motion. The motion passed, 3-0.



Tia Nelson, Executive Secretary

These minutes have been prepared from a tape recording of the meeting. The summaries have not been transcribed verbatim. Anyone wishing to listen to the tape may do so at the Board of Commissioners of Public Lands, 125 S. Webster Street, Suite 200, Madison, Wisconsin.

**BOARD MEETING
SEPTEMBER 7, 2010**

**AGENDA ITEM 3
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
1. Altoona County of Eau Claire Application #: 02011037 Purpose: Finance road construction project	City Rate: 3.50 Filed: August 31, 2010	\$325,000.00
2. Barnes County of Bayfield Application #: 02011032 Purpose: Finance the purchase of capital equipment and vehicles	Town Rate: 3.50 Filed: August 12, 2010	\$80,000.00
3. Big Falls County of Rusk Application #: 02011029 Purpose: Construct garage	Town Rate: 4.25 Filed: August 16, 2010	\$120,000.00
4. Blooming Grove County of Dane Application #: 02011028 Purpose: Construct new fire station	Town Rate: 5.25 Filed: August 16, 2010	\$400,000.00
5. Cambridge Counties of Dane and Jefferson Application #: 02011030 Purpose: Install fiber optic line	School Rate: 4.25 Filed: August 19, 2010	\$126,000.00
6. Fairwater County of Fond du Lac Application #: 02011027 Purpose: Repave Civic Center parking lot and tuck point building	Village Rate: 4.25 Filed: August 12, 2010	\$146,000.00
7. Manitou Falls Sanitary District County of Douglas Application #: 02011033 Purpose: Refinance construction loans	Sanitary District Rate: 5.25 Filed: August 26, 2010	\$125,000.00
8. Menasha Counties of Calumet, Outagamie, and Winnebago Application #: 02011035 Purpose: Finance capital improvement projects	School Rate: 4.25 Filed: August 30, 2010	\$875,000.00

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
9. Oconto County of Oconto Application #: 02011031 Purpose: Finance roof repair, track renovation, heating system	School Rate: 4.25 Filed: August 20, 2010	\$410,000.00
10. Richfield J1 County of Washington Application #: 02011034 Purpose: Finance energy conservation projects	School Rate: 4.25 Filed: August 19, 2010	\$500,000.00
11. Vilas County of Vilas Application #: 02011036 Purpose: Upgrade courthouse & justice center phone system	County Rate: 4.25 Filed: August 31, 2010	\$231,000.00
	TOTAL	<hr/> \$3,338,000.00

**BOARD MEETING
SEPTEMBER 7, 2010**

**AGENDA ITEM 4
SUBMERGED LANDS LEASE - FRASER SHIPYARDS INC.**

- A. The Board of Commissioners of Public Lands previously entered into a fifty year Submerged Lands Lease with Fraser Shipyards, Inc. ("Fraser") on March 23, 1977, for the purpose of construction or improvement of harbor facilities. The Department of Natural Resources issued Findings of Fact and Decision #3-NW-1536.101 that such lease was in the public interest.
- B. Fraser now desires to construct new harbor facilities with grants from the Wisconsin Department of Transportation and the Wisconsin Harbor Assistance Program. The new facilities would provide for one continuous dock for easy berthing of ships and improved access to ships for loading and maintenance. Some of the proposed facilities would be on submerged lands currently leased by Fraser under the 1977 lease. Some of the proposed facilities would be on submerged lands not yet leased by Fraser.
- C. The city of Superior has adopted a new ordinance establishing a new bulkhead line along the shoreline owned by Fraser.
- D. In order to build and use the proposed facilities, Fraser desires to enter into a new 50 year lease with the Board of Commissioners of Public Lands for approximately 6.58 acres of submerged lands for the purpose of constructing and improving harbor facilities. The legal description of the proposed lease area is attached as Exhibit A. A map of the proposed lease area is attached as Exhibit B (the proposed leased area is shaded in blue).
- E. The DNR has prepared an Environmental Assessment that concluded that the project was not anticipated to result in significant adverse environmental effects. The DNR then issued findings that the changes proposed by Fraser are in the public interest. A copy of the findings is attached as Exhibit C.
- F. The area which Fraser wishes to lease has been independently appraised by Compass Land Consulting, LLC at a value of \$12,500 per acre for a total of \$82,250. A copy of the Certification of the Appraisal has been attached to this resolution as Exhibit D. Currently, the average capitalization rate for leases of vacant land is 5% of value. This would yield a rental rate of \$4,112.50 per year.
- G. BCPL staff recommends that the Board authorize a new 50 year Submerged Lands lease with Fraser at a beginning rental rate of \$4,112.50 per year.

- H. Fraser also wishes to retain its existing Submerged Lands Lease with BCPL which expires in 17 years for the areas not affected by the new proposed plans. Fraser proposes amending the existing lease by deleting those leased areas that will be covered under the new lease. Fraser further proposes reducing the annual rental obligations under the existing lease on a pro rata basis since they would otherwise be paying twice for the same area. (If 26% of the leased area is deleted, the annual rental obligation would also decrease by 26%).
- I. BCPL staff recommends that the Board authorize an amendment of the existing lease by deleting those leased areas that will be covered under the new lease and reducing the annual rental obligations under the existing lease on a pro rata basis.

PROPOSED RESOLUTIONS

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes a new fifty-year Submerged Lands Lease with Fraser Shipyards Inc. in accordance with Section 24.39 of the Wisconsin Statutes with a beginning rental rate of Four Thousand One Hundred Twelve Dollars and Fifty Cents (\$4,112.50) per year on such other terms and conditions as the Executive Secretary determines to be reasonable and necessary. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

BE IT FURTHER RESOLVED, that the existing Submerged Lands Lease with Fraser be amended to exclude any areas covered under the new proposed Submerged Lands Lease and the annual rental obligations of Fraser under the existing lease shall be reduced pro rata in accordance with the change in leased area.

- Exhibit A: Legal Description of area to be leased*
Exhibit B: Map of area subject to proposed new lease
Exhibit C: WI DNR's Findings of Fact
Exhibit D: Certification of Appraiser

**Cornerstone Surveying and Mapping, Inc.
William G. Anderson, RLS
6637 S. Woodland Trail
Lake Nebagamon, WI 54849
715-374-2331**

Item 4
Exhibit A
Page 1

July 26, 2010

Legal Description for: AMI Engineering

Legal Description of: Submerged Lands Lease at Fraser Shipyards

Legal Description:

That part of Government Lots One (1) and Two (2), Section Eleven (11), Township Forty-nine (49) North, Range Fourteen (14) West, City of Superior, Douglas County, Wisconsin described as follows:

Commencing at the Southwest Corner of said Section Eleven (11) marked by a MAG Spike; thence South 89 degrees 04 minutes 17 seconds East (Douglas County Coordinate System Grid Bearings), along the south line of said Government Lot 1, a distance of 354.79 feet to the intersection of the centerline of Cumming Avenue; thence North 0 degrees 26 minutes 20 seconds East, along said centerline, a distance of 996.34 feet to the intersection of the north right of way line of North 1st Street; thence South 89 degrees 34 minutes 20 seconds East, along said right of way line, a distance of 79.00 feet to the Cumming Slip and Howard's Pocket Bulkhead line as established in 2009; thence North 0 degrees 26 minutes 20 seconds East, along said bulkhead line, a distance of 486.22 feet to the intersection with the U.S. Government Survey meander line established in 1854 and the Point of Beginning; thence continuing North 0 degrees 26 minutes 20 seconds East, along said bulkhead line a distance of 419.11 feet to the U.S. Harbor Line on the southwesterly side of Howard's Pocket; thence South 51 degrees 20 minutes 10 seconds East, along said Harbor Line and bulkhead line, a distance of 2125.00 feet; thence South 31 degrees 11 minutes 12 seconds East a distance of 99.85 feet to the intersection with said U.S. Government Survey meander line; thence North 49 degrees 15 minutes 29 seconds West, along said meander line, a distance of 672.06 feet; thence North 65 degrees 15 minutes 29 seconds West, along said meander line a distance of 1326.78 feet to the Point of Beginning.

The above described property contains 6.30 acres.

TOGETHER WITH

That part of Government Lot Two (2), Section Eleven (11), Township Forty-nine (49) North, Range Fourteen (14) West, City of Superior, Douglas County, Wisconsin described as follows:

Commencing at the Southwest Corner of said Section Eleven (11) marked by a MAG Spike; thence South 89 degrees 04 minutes 17 seconds East (Douglas County Coordinate System Grid Bearings), along the south line of said Government Lot 1, a distance of 354.79 feet to the intersection of the centerline of Cumming Avenue; thence North 0 degrees 26 minutes 20 seconds East, along said

centerline, a distance of 996.34 feet to the intersection of the north right of way line of North 1st Street; thence South 89 degrees 34 minutes 20 seconds East, along said right of way line, a distance of 79.00 feet to the Cumming Slip and Howard's Pocket Bulkhead line as established in 2009; thence North 0 degrees 26 minutes 20 seconds East, along said bulkhead line a distance of 905.33 feet to the U.S. Harbor Line on the southwesterly side of Howard's Pocket; thence South 51 degrees 20 minutes 10 seconds East, along said Harbor Line and bulkhead line, a distance of 2125.00 feet; thence South 31 degrees 11 minutes 12 seconds East, along said bulkhead line, a distance of 251.50 feet; thence North 63 degrees 20 minutes 47 seconds East, along said bulkhead line, a distance of 50.96 feet to the intersection with said U.S. Government Survey meander line and the Point of Beginning; thence continuing North 63 degrees 20 minutes 47 seconds East, along said bulkhead line, a distance of 70.41 feet; thence South 38 degrees 49 minutes 31 seconds East, along said bulkhead line, a distance of 350.83 feet; thence South 26 degrees 17 minutes 05 seconds East, along said bulkhead line, a distance of 3.78 feet to the intersection with said U.S. Government Survey meander line; thence North 49 degrees 15 minutes 29 seconds West, along said meander line, a distance of 375.57 feet to the Point of Beginning.

The above described property contains 0.28 acres.



DATE	REV.	DESCRIPTION	REV. BY:

Fraser Shipyards, Inc.
 Howards Pocket
 Superior, Wisconsin
 Proposed Bulkhead Line + 1854 Shoreline
 Site Plan

JOB No: 091037
 DATE: 3/4/10
 DRAWN BY: NAB/SAJ
 DESIGNED BY: CWS

SHEET:
M1.0

**DEPARTMENT OF NATURAL RESOURCES FINDINGS
PURSUANT TO SECTION 30.11, WIS STATS.
RELATING TO AN APPLICATION FOR A LEASE FOR
FRASER SHIPYARDS NAVIGATIONAL VESSEL DOCKING
IMPROVEMENTS**

The Department of Natural Resources (“Department”) has reviewed the proposed Submerged Lands Lease (“Lease”) submitted to the State of Wisconsin Board of Commissioners of Public Lands (“Lessor”) by Fraser Shipyards (“Lessee”) as required under Sections 24.39 and 30.11, Stats., and hereby makes the following findings:

A. The project involves approximately 1760 feet of shoreline on Howard’s Pocket, a bay of the Saint Louis River in the City of Superior, Douglas County, Wisconsin. The project will provide for one continuous dock for easy berthing of ships, improved access to ships for loading and maintenance and increased area available for other improvements planned at the Fraser ship repair facility. The project is part of a three-phase \$10 million dollar harbor improvement project, funded in part by a \$2 million dollar Wisconsin Department of Transportation grant and a \$3.7 million dollar Wisconsin Harbor Assistance Program grant.

B. On August 4, 2009, the Common Council of the City of Superior passed and adopted Ordinance 009-3700, Ordinance Introduced by the Common Council of the City of Superior Reestablishing a Bulkhead Line in Howard’s Bay, Being an Appurtenance to St. Louis Bay, Douglas County, Wisconsin. The City’s proposed Bulkhead Line repeals Bulkhead line B and C recorded in the Douglas County register of Deeds on May 24, 1976 in Volume 351 of Records, page 775 as Document No. 531386 and reestablishes a single bulkhead line as legally described in the Legal Description to Ordinance 009-3700.

C. On August 20, 2009, the Department issued a written letter notifying the Douglas County Clerk, City of Superior Clerk and the U.S. Army Corps of Engineers of the “Application of the City of Superior for approval to establish a bulkhead Line and Fraser Shipyards to rights to a submerged land lease in Howards Bay at Fraser Shipyards” regarding this matter. The August 20, 2009 letter satisfies the notice requirement under Wis. Stat. §30.11(5). There were no comments received in response to the notice.

D. The Department reviewed the application of Fraser Shipyards for grading, placement of fill, and placement of sheet piling behind a portion of the existing 1976 Bulkhead Line. The Department approved the activities by permit dated October 24, 2009.

E. The Department prepared an Environmental Assessment (EA) that concluded that the project was not anticipated to result in significant adverse environmental effects and did not find an environmental impact statement was necessary. The EA was publically available for comment from May 7, 2010 through May 21, 2010. The EA was certified May 26, 2010.

F. The Lease will be consistent with the public interest in the navigable waters of Howard’s Bay in the Saint Louis River provided that it includes and requires the Lessee to comply with all of the following conditions:

1. Material (fill) deposited within the leased area should consist of clean fill and may also require approval by the Department as a low hazard exemption under s. 289.43(8), Wis. Statutes.

2. All uses of and activities in the submerged land lease area shall be consistent with navigational uses as described in s. 24.39, Wis. Statutes.
3. Stationary docking of ships shall be for a reasonable duration not to exceed one year unless prior written approval has been provided by the Department.
4. The Department staff shall be authorized to access the lease area for evaluation of water quality, fish and wildlife populations, and compliance with state permits and environmental laws.
5. The Lease is valid for a period of no more than 50 years and is limited to river bed behind the approved bulkhead line described below. The lease shall explicitly not include the area of land described in the 1976 Bulkhead line A. The area included within Bulkhead line A was leased by the 1977 lease expiring in 2027 and remains in effect. Any proposal to fill, place structures or any other regulated activity in the area of Bulkhead line A would require separate Department regulatory review. The approved bulkhead line commences at the Southwest Corner of said Section Eleven(11) marked by a MAG spike; thence South 89 degrees 4 minutes 17 seconds East (Douglas County Coordinate System Grid Bearing), along the south line of said Government Lot 1, a distance of 354.79 feet to the intersection of the centerline of Cummings Avenue; thence North 0 degrees 26 minutes 20 seconds East, along said center line, a distance of 996.34 feet to the intersection of the North right of way line of North 1st Street; thence South 89 degrees 34 minutes 20 seconds East, along said right of way line, a distance of 79.0 feet to the point of beginning; thence North 0 degrees 26 minutes 20 seconds East a distance of 905.33 feet to the US Harbor Line on the Southwesterly side of Howards Bay; thence South 51 degrees 20 minutes 10 seconds East, along the US Harbor Line, a distance of 2125.0 feet; thence South 31 degrees 11 minutes 12 seconds East, a distance of 251.5 feet; thence North 63 degrees 20 minutes 47 seconds East, a distance of 121.37 feet; thence South 38 degrees 49 minutes 31 seconds East, a distance of 350.83 feet; thence South 26 degrees 17 minutes 5 seconds East, a distance of 52.24 feet to the North edge of the gate slab for dry dock No. 1; thence North 60 degrees 42 minutes 29 seconds East, along the dock gate a distance of 67.24 feet terminating at a point that is North 3 degrees 9 minutes 40 seconds East, a distance of 167.73 feet from a 7/8 diameter rebar marking the South Quarter Corner of Section Eleven(11) of said point of termination.

G. The Department hereby finds, on the basis of the findings listed above, that the proposed physical changes in the navigable waters of Howard's Pocket in the Saint Louis River as a result of the execution of a submerged lands lease are consistent with the public interest upon compliance with the conditions specified in Finding F.

Dated this 16th day of July, 2010.



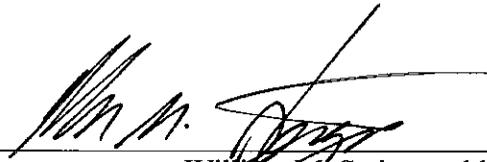
Wisconsin Department of Natural Resources by
John Gozdziński, Director, Northern Region

REAL ESTATE APPRAISAL – RESTRICTED USE REPORT

Certification

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report, or to the parties involved with this assignment.
- I have had no prior engagements involving the property that is the subject of this report.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property and all of the comparable sales.
- Sandra Steigerwaldt and Renee Duda provided assistance in sales research, and in preparation and editing of the appraisal report and exhibits.
- It is my opinion that the subject property has a market value of \$12,500 per acre as of May 26, 2010.



William M. Steigerwaldt
Real Estate Specialist

Wisconsin Certified General Appraiser #394-10