



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
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PO Box 8943
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Managing Wisconsin's trust assets for public education.

AGENDA

October 5, 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 – September 21, 2010
3. Approve Loans
4. Proposed Land Bank Purchase – McKinnon Property (P1001)
5. Executive Secretary's Report
6. Adjourn

**BOARD MEETING
OCTOBER 5, 2010**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the September 21, 2010, board meeting.

Board Meeting Minutes
September 21, 2010

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:10 p.m. It was noted that Commissioner Van Hollen was not present.

Present were:

Doug La Follette, Board Chair	Secretary of State
Dawn Marie Sass, Commissioner	State Treasurer
Tia Nelson, Executive Secretary	Board of Commissioners of Public Lands
Tom German, Deputy Secretary	Board of Commissioners of Public Lands

ITEM 2. APPROVE MINUTES – September 7, 2010

MOTION: Commissioner Sass moved to approve the minutes; Board Chair La Follette seconded the motion. The motion passed, 2-0.

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. Black Creek County of Outagamie Application #: 02011039 Purpose: Finance utility improvement projects	Village Rate: 4.25 Filed: September 8, 2010	\$250,000.00
2. Minocqua County of Oneida Application #: 02011038 Purpose: Purchase trail grooming equipment	Town Rate: 3.50 Filed: September 3, 2010	\$40,000.00
3. Waukesha County of Waukesha Application #: 02011041 Purpose: Refinance other outstanding debt	School Rate: 4.25 Filed: September 14, 2010	\$15,670,000.00
4. Westby County of Vernon Application #: 02011040 Purpose: Finance street and utility improvement projects	City Rate: 5.25 Filed: September 14, 2010	\$1,145,000.00
TOTAL		\$17,105,000.00

MOTION: Commissioner Sass moved to approve the loans; Board Chair La Follette seconded the motion. The motion passed, 2-0.

ITEM 4. EXECUTIVE SECRETARY'S REPORT

Nothing to report.

ITEM 5. ADJOURN

MOTION: Commissioner Sass moved to adjourn the meeting; Board Chair La Follette seconded the motion. The motion passed, 2-0.



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
OCTOBER 5, 2010**

**AGENDA ITEM 3
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
1. Cadott Community Counties of Chippewa and Eau Claire Application #: 02011042 Purpose: Finance building repairs and energy projects	School Rate: 4.25 Filed: September 16, 2010	\$1,000,000.00
2. North Lake Management District County of Waukesha Application #: 02011044 Purpose: Reconstruct Monches Dam	Lake District Rate: 3.50 Filed: September 22, 2010	\$115,000.00
3. Remington County of Wood Application #: 02011043 Purpose: Purchase tractor	Town Rate: 4.25 Filed: September 21, 2010	\$34,000.00
	TOTAL	<hr/> \$1,149,000.00

**BOARD MEETING
OCTOBER 5, 2010**

**AGENDA ITEM 4
PROPOSED LAND BANK PURCHASE – McKINNON PROPERTY (P1001)**

Roderick W. McKinnon III (McKinnon) is offering to sell 392.66 acres of land in Vilas County. With the intent of making a partial gift to BCPL, McKinnon is willing to sell the Property at a significant discount.

BCPL staff recommends the purchase of the property from McKinnon for the following reasons:

- Purchase of the Property would provide BCPL with productive timberland that can be expected to produce revenue for the Trust Funds through future timber harvests;
- Purchase of the Property would improve management efficiency by providing BCPL with a large manageable block of land in reasonable proximity to the Lake Tomahawk Office;
- Purchase of the Property would reduce forest fragmentation as it would keep a sizeable block of forestland from subdivision; and
- The property is available at a significant discount from its appraised value due to Mr. McKinnon's intent to make a partial gift to BCPL.

Attachments:

Resolution w/Exhibits
Exhibit A - BCPL Purchase Criteria
Exhibit B – Appraisal Certification
BCPL Project Maps

**BOARD MEETING
OCTOBER 5, 2010**

**AGENDA ITEM 4
PROPOSED LAND BANK PURCHASE – McKINNON PURCHASE (P1001)**

RECITALS

- A. On behalf of RW McKinnon & Co., Inc. and the First Sugar Bush Trust, Mr. Roderick W. McKinnon III (McKinnon) has offered to sell certain property more particularly described as:

The Northeast Quarter of the Southeast Quarter (NESE), and the Southeast Quarter of the Southeast Quarter (SESE), except that portion lying south of County Hwy B and west of Helen Creek, of Section Nineteen (19), The Northwest Quarter of the Southwest Quarter (NWSW), and the Southwest Quarter of the Southwest Quarter (SWSW) of Section Twenty (20), the Northwest Quarter of the Northwest Quarter (NWNW) and the Northeast Quarter of the Northwest Quarter (NENW), the Southwest Quarter of the Northeast Quarter (SWNE) and that part of Government Lot Two (2) west of County Hwy B, the Northwest Quarter of the Southeast Quarter (NWSE), and that part of the Northeast Quarter of the Southeast Quarter (NESE) lying west of County Hwy B and north and west of Thousand Island Rd, that part of the Southwest Quarter of the Southeast Quarter (SWSE) lying north of Deer Farm Rd. and that part of the Southeast Quarter of the Southeast Quarter (SESE) lying west of County Hwy B and north of Deer Farm Rd, of Section Twenty-nine (29), the Northeast Quarter of the Southeast Quarter (NESE) of Section Thirty-two (32) except for the Northeast Quarter (NE ¼) thereof and the Northwest Quarter of the Southwest Quarter (NWSW) of Section Thirty-three (33) all located in Township Forty-three (43) North, Range Nine (9) East, Town of Land O' Lakes, Vilas County, Wisconsin totaling approximately 392.66 acres (Collectively, the "Property").

- B. The Property has been evaluated by BCPL staff against purchase criteria previously adopted by the Board. The Property has been determined by BCPL staff to be appropriate for purchase according to such criteria. A copy of the summary purchase analysis for the Property is attached to this resolution as Exhibit A.
- C. The Property is comprised of a large productive tract of timberland within BCPL's consolidation zone.
- D. The Property has been independently appraised by Steigerwaldt Land Services, Inc. at a value of \$2,600 per acre for a total value of \$1,020,916. A copy of the certification of the Appraisal is attached as Exhibit B. Mr. McKinnon has obtained another appraisal from Appraisal Associates which values the Property at \$1,384,000. However, with the intent

of making a partial gift to BCPL, McKinnon is willing to sell the Property at the discounted price of \$1,900 per acre for a total price of \$746,054.

- E. BCPL currently has sufficient land bank funds available for this investment.
- F. BCPL staff recommends the approval of the purchase of the Property from McKinnon because:
 - a. Purchase of the Property would provide BCPL with productive timberland that can be expected to produce revenue for the Trust Funds through future timber harvests;
 - b. Purchase of the Property would improve management efficiency by providing BCPL with a large manageable block of land in reasonable proximity to the Lake Tomahawk Office;
 - c. Purchase of the Property would reduce forest fragmentation as it would keep a sizeable block of forestland from subdivision; and
 - d. The property is available at a significant discount from its appraised value.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes the purchase of the Property at a price not to exceed Seven Hundred Forty-Six Thousand, Fifty-Four Dollars (\$746,054.00) 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 purchase transaction.

**Summary Analysis of Potential Property Purchase
McKinnon Property**

Purchase Criteria

1. Forest Fragmentation

- Average tract size increases
- The ratio of perimeter to area decreases
- There is a clear reduction of the threat for conversion from forest to non-forest use

2. Access

- Management access to our existing timber tracts is improved
- There is an increase in the number of BCPL acres open to the public

3. Management Efficiency

- The percentage of upland on BCPL properties increases
- The amount of line work per acre decreases
- The average distance from the tracts to the BCPL field office decreases

4. Timber Character and Value

- The average site index of forest soils on BCPL property increases
- Within one cutting cycle there is an increase in the potential high value sawlog volume and growth, on the tract
- There is an increase in the forest types and species that diversify the BCPL's timber portfolio
- There is an increase in the number of acres and size of tracts where the BCPL has summer logging opportunities

I recommend that BCPL purchase the above property on terms and conditions acceptable to BCPL:

- Yes
- No


Trust Lands Forestry Supervisor 1/19/2010
Date

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

- Yes
- No


Executive Secretary Jan 25 2010
Date

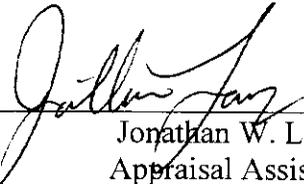
CERTIFICATION

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

- a. The statements of fact contained in this report are true and correct and no important facts have been withheld.
- b. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, unbiased professional analyses, opinions, and conclusions.
- c. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
- d. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
- e. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the "Uniform Standards of Professional Appraisal Practice."
- f. Jeffrey A. Olson and Jonathan W. Long conducted a personal inspection of the appraised property on February 25, 2010. Terry Hess of the Board of Commissioners of Public Lands and Joe Hovel (agent of the landowner) met with the appraiser on the inspection date, and participated in the field inspection. All of the comparable sales were inspected within the last six years by Jeffrey A. Olson, Jonathan W. Long, or other qualified staff of Steigerwaldt Land Services, Inc.
- g. Jeffrey A. Olson and Jonathan W. Long prepared this report. No one provided significant professional assistance to the appraiser signing this certification.
- h. The appraiser did not discuss the subject property's value with the owners or the owners' representatives. I am not aware that the property is listed for sale.
- i. It is my opinion that the market value of the subject property is \$1,020,916.00, as of February 25, 2010.



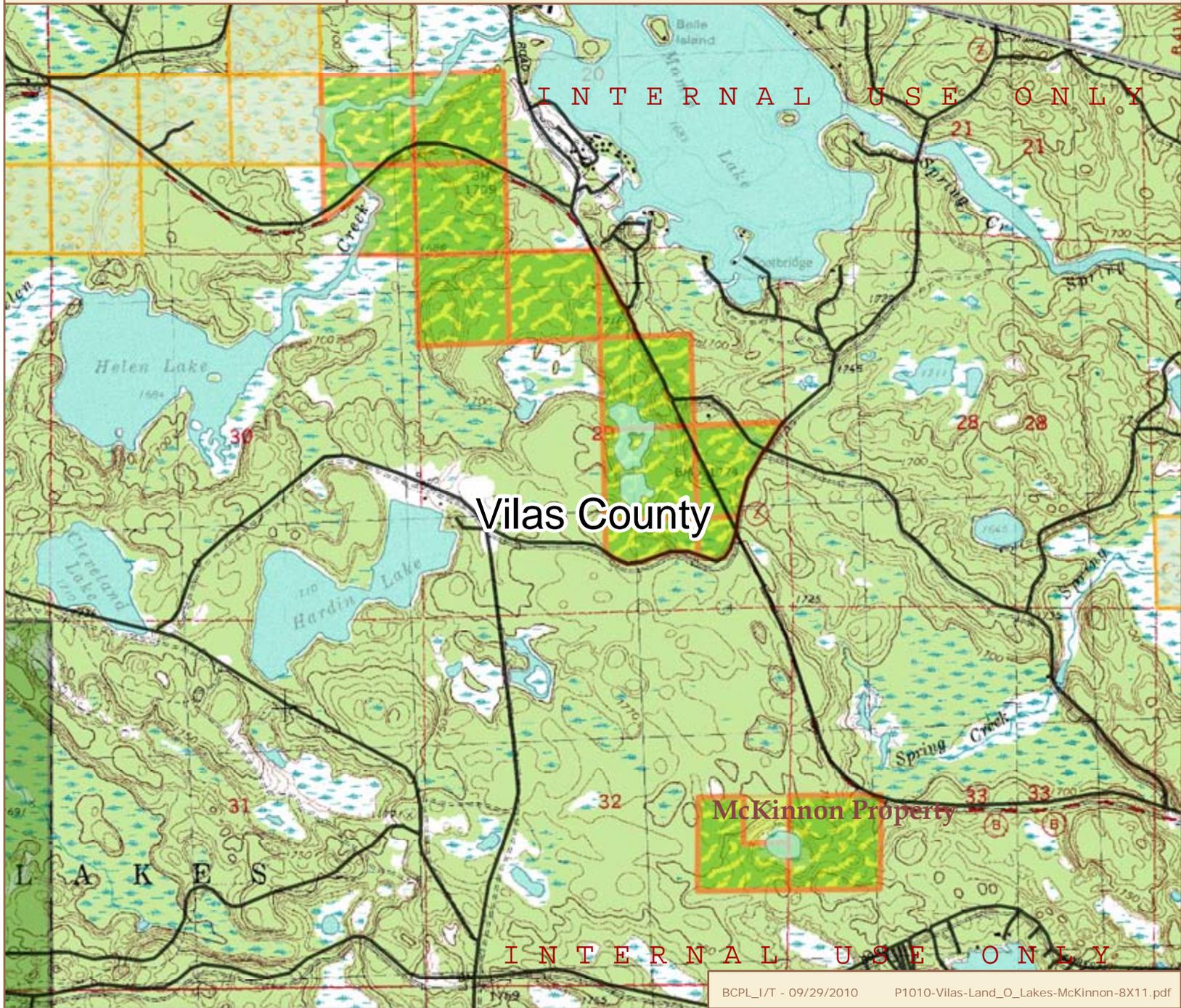
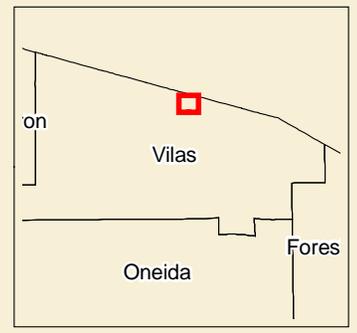
Jeffrey A. Olson, ACF
Wisconsin Certified General Appraiser #1502



Jonathan W. Long
Appraisal Assistant

STEIGERWALDT LAND SERVICES, INC.

McKinnon Purchase



BCPL Project #: P1001
County: Vilas
Town: Land O'Lakes
Common Name: McKinnon
Acres - 392.66
Fund 74?



- Incoming
- Other BCPL Land
- DNR PROJECT LANDS
- COUNTY FOREST
- USFS_NICH_OWN_P_24K

