



Douglas La Follette, *Secretary of State*
Kurt Schuller, *State Treasurer*
J.B. Van Hollen, *Attorney General*
Tia Nelson, *Executive Secretary*

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Managing Wisconsin's trust assets for public education

AGENDA

December 4, 2012

2:00 P.M.

Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
Madison, Wisconsin

1. Call to Order
2. Approve Minutes – November 20, 2012
3. Approve Loans
4. Proposed Submerged Lands Lease – General Mills, LLC
5. Executive Secretary's Report
6. Adjourn

**BOARD MEETING
DECEMBER 4, 2012**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the November 20, 2012, board meeting.

Board Meeting Minutes
November 20, 2012

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. It was noted that Commissioner Van Hollen was not in attendance at the start of the meeting.

Present were:

- | | |
|---------------------------------|--|
| Doug La Follette, Board Chair | Secretary of State |
| Kurt Schuller, Commissioner | State Treasurer |
| Tia Nelson, Executive Secretary | Board of Commissioners of Public Lands |
| Tom German, Deputy Secretary | Board of Commissioners of Public Lands |
| Richard Sneider, Loan Analyst | Board of Commissioners of Public Lands |

ITEM 2. APPROVE MINUTES – November 6, 2012

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

ITEM 3. APPROVE LOANS

Deputy Secretary German said the loans had received legal review.

Municipality	Municipal Type	Loan Amount
1. Fox Point Milwaukee County Application #: 02013081 Purpose: Refinance prior service pension liability	Village Rate: 3.75% Term: 20 years	\$2,306,383.00
2. Milton Rock County Application #: 02013079 Purpose: Finance building renovations	City Rate: 2.00% Term: 2 years	\$500,000.00
3. Oneida Oneida County Application #: 02013082 Purpose: Finance ABX expansion	County Rate: 3.75% Term: 20 years	\$950,000.00
4. Turtle Lake Barron and Polk Counties Application #: 02013077 Purpose: Finance TID 3 economic development projects	Village Rate: 3.75% Term: 17 years	\$555,000.00
5. Turtle Lake Barron and Polk Counties Application #: 02013078 Purpose: Refinance BCPL Loan #2009106.01	Village Rate: 3.75% Term: 16 years	\$290,000.00

6.	Twin Lakes	Village	\$125,000.00
	Kenosha County	Rate: 2.75%	
	Application #: 02013080	Term: 10 years	
	Purpose: Finance emergency construction projects		
		TOTAL	\$4,726,383.00

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

ITEM 4. REQUEST TO INCREASE BOND PURCHASE AUTHORITY

MOTION: Commissioner Schuller moved to approve the increase in bond purchase authority; Board Chair La Follette seconded the motion. The motion passed 2-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands expands the prior staff authority to invest in Revenue Obligation Bonds to Two Hundred Million Dollars (\$200,000,000).

FURTHER RESOLVED, that the Board of Commissioners of Public Lands provides the staff with the authority to invest up to Five Million Dollars (\$5,000,000) in Certificates of Deposit or other financial institution accounts that are supported by the full faith and credit of the U.S. Government.

FURTHER RESOLVED, that these investments shall be made in accordance with Chapter 24 of the Wisconsin Statutes on such terms and conditions as the Executive Secretary determines to be reasonable and necessary. This authority shall also include the authority to sell these bonds prior to maturity. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transactions.

ITEM 5. PROPOSED LAND BANK PURCHASE – PEROUTKA FORTY (P1301)

Board Chair La Follette explained that the 40-acre parcel proposed for purchase is strategically located on a private road that connects two separate parcels of School Trust Lands and also crosses a privately-owned parcel. The property is also adjacent to a 200-acre block of landlocked School Trust Lands. The purchase of the property is contingent upon the successful exchange of an access easement with the owner of the private parcel.

MOTION: Commissioner Schuller moved to approve the proposed land bank purchase; Board Chair La Follette seconded the motion. The motion passed 2-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the exchange of access easements with Du Monte and the purchase of the Peroutka Property from Peroutka at the price of Sixty Thousand Dollars (\$60,000) contingent upon the successful exchange of access easement with Du Monte, all 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 transactions.

ITEM 6. PROPOSED LAND EXCHANGE – CAMP BIRD / MARINETTE COUNTY (E1301)

Board Chair La Follette explained that an isolated 40-acre parcel of School Trust Lands located within the Marinette County Forest will be exchanged for a productive 40-acre parcel that is owned by Marinette County and is adjacent to a 3,300-acre block of School Trust Lands.

MOTION: Commissioner Schuller moved to approve the proposed land exchange; Board Chair La Follette seconded the motion. The motion passed 2-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the exchange of the Camp Bird Property with Marinette County in return for the Exchange Property 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 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that a check presentation event will be held December 18 at 9:00 a.m. in Rhinelander. Participating Commissioners would present a check to officials from the Oneida County board.

ITEM 8. ADJOURN

MOTION: Commissioner Schuller 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, 101 E. Wilson Street, 2nd Floor, Madison, Wisconsin.

**BOARD MEETING
DECEMBER 4, 2012**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Amount
1. Albany Green County Application #: 02013084 Purpose: Finance water main project	Village Rate: 2.50% Term: 5 years	\$80,000.00
2. Boscobel Area Crawford, Grant and Richland Counties Application #: 02013090 Purpose: Refinance prior service pension liability	School Rate: 2.75% Term: 10 years	\$500,000.00
3. Douglas Douglas County Application #: 02013089 Purpose: Refinance prior service pension liability	County Rate: 3.75% Term: 20 years	\$6,000,000.00
4. Dunn Dane County Application #: 02013091 Purpose: Finance road reconstruction and purchase truck	Town Rate: 2.50% Term: 5 years	\$177,671.00
5. Dunn Dane County Application #: 02013092 Purpose: Refinance BCPL Loan #02010084.01	Town Rate: 2.50% Term: 5 years	\$92,715.41
6. Dunn Dane County Application #: 02013093 Purpose: Refinance BCPL Loan #02012051.01	Town Rate: 2.75% Term: 10 years	\$240,000.00
7. Lac La Belle Waukesha County Application #: 02013086 Purpose: Finance dam repair	Village Rate: 3.75% Term: 20 years	\$75,000.00
8. Lake Mills Jefferson County Application #: 02013094 Purpose: Finance road project engineering costs	Town Rate: 2.50% Term: 5 years	\$100,000.00

Municipality	Municipal Type	Loan Amount
9. Northern Ozaukee Ozaukee County Application #: 02013085 Purpose: Refinance prior service pension liability	School Rate: 2.00% Term: 2 years	\$1,171,402.00
10. Sturtevant Racine County Application #: 02013095 Purpose: Finance TID #3 projects	Village Rate: 2.75% Term: 10 years	\$4,000,000.00
11. Wausaukee Marinette County Application #: 02013083 Purpose: Finance wastewater projects	Village Rate: 2.75% Term: 10 years	\$800,000.00
12. Wisconsin Dells Adams, Columbia, Juneau and Sauk Counties Application #: 02013087 Purpose: Finance highway and road projects	City Rate: 3.75% Term: 16 years	\$1,944,658.00
13. Wisconsin Dells Adams, Columbia, Juneau and Sauk Counties Application #: 02013088 Purpose: Finance highway and road projects	City Rate: 2.75% Term: 10 years	\$907,981.00
TOTAL		\$16,089,427.41

**BOARD MEETING
DECEMBER 4, 2012**

**AGENDA ITEM 4
PROPOSED SUBMERGED LANDS LEASE – GENERAL MILLS, LLC.**

- A. General Mills, LLC (“General Mills”) desires to enter into a fifty-year Submerged Lands Lease with the Board of Commissioners of Public Lands for the purpose of the improvement of navigation or for the improvement or construction of “harbor facilities” as defined in Wis. Stats. Section 30.01. General Mills desires to improve, maintain and utilize a grain dock and elevator located in the city of Superior, Wisconsin. The grain dock and elevator was partially constructed on the filled bed of the St. Louis River and is considered a “harbor facility” according to Wis. Stats. Section 30.01(3).
- B. General Mills has developed a plan to repair the dock walls and improve the facility for shipping grain. General Mills and the city of Superior have worked together to obtain grants for making such improvements from the Wisconsin Department of Transportation and the Wisconsin Harbor Assistance Program.
- C. In order to improve and use the grain dock and elevator facilities, General Mills desires to enter into a fifty-year lease with the Board of Commissioners of Public Lands for approximately 7.74 acres of submerged lands. 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 in the middle of the map and shaded in light grey).
- D. The Wisconsin Department of Natural Resources has issued Findings of Fact and Decision #FOR-NO-2012-16-03864 that concluded, “...the existing pier and proposed physical changes in the navigable water of the Saint Louis River as a result of the execution of a submerged lands lease are consistent with the public interest...” A copy of the Findings is attached as Exhibit C.
- E. In 2010, Compass Land Consulting, LLC (“Compass”) appraised submerged land located in Superior Wisconsin at a value of \$12,500 per acre. Compass conducted a recent review of values in the area and concluded that the valuation of \$12,500 per acre is still valid. 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. Multiplying 7.74 acres by \$12,500 per acre and then multiplying by 5% yields a rental rate of \$4,837.50 per year.

- F. For the above reasons, BCPL staff recommends that the Board authorize a fifty-year Submerged Lands lease with General Mills at a beginning rental rate of \$4,837.50 per year with regular scheduled rent increases over the term of the lease to a rate of \$11,406.58 per year for the purpose of the improvement of navigation or for the improvement or construction of “harbor facilities.”

PROPOSED RESOLUTION

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes a fifty-year Submerged Lands Lease with General Mills, LLC in accordance with Section 24.39 of the Wisconsin Statutes with a beginning rental rate of Four Thousand Eight Hundred Thirty-seven Dollars and Fifty Cents (\$4,837.50) per year with regular scheduled rent increases over the term of the lease to a rate of Eleven Thousand Four Hundred Six Dollars and Fifty-Eight Cents (\$11,406.58) per year for the purpose of the improvement of navigation or for the improvement or construction of “harbor facilities” 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.

- 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

**BOARD MEETING
DECEMBER 4, 2012**

**AGENDA ITEM 4
PROPOSED SUBMERGED LANDS LEASE – GENERAL MILLS, LLC.**

EXHIBIT A

LEGAL DESCRIPTION OF PROPOSED LEASED AREA

The filled lands to be leased are described as Lot 1 of Certified Survey Map No 1157 recorded in volume 8 of Certified Survey Maps, Pages 209-210 and also being part of Certified Survey Map No. 933 recorded in Volume 6 of Certified Survey Maps, pages 294-295 in the Douglas County Register of Deeds Office, Douglas County Wisconsin, City of Superior, Lot 4 of Section 10, Township 49 North; Range 14 West, and as described below.

Beginning at the Northeast corner of said Lot 1 of Certified Survey Map No 1157; Thence S00.08'22"W, 1239 feet along the east line of Lot 1 to the original shore line of the Saint Louis River, Superior Bay as platted by the original Government Survey of 1854.

Thence S 72 25'24"W, 155.55 feet along said shoreline; Thence continuing along the original shoreline S 67 07'10"W, 118.31 feet; Thence continuing along said shoreline as platted in 1854, S 50 11'40"W, 26.49 feet;

Thence N00 02' 43"E, 1197.56 feet to the north line of Certified Survey Map No. 933; Thence N61 31' 44"E, 318.2 feet along said north line and along the north line of Lot 1 of Certified Survey Map No. 1157 to the point of beginning

Said parcel containing 337,206 square feet, or 7.74 acres, more or less



Item 4
Exhibit C
Page 1

November 27, 2012

Tom German, Deputy Secretary
Board of Commissioners of Public Lands
125 S. Webster Street, Suite 200
Madison, WI 53703

Subject: s. 30.11 Findings – General Mills Grain Shipping Facility - #FOR-NO-2012-16-03864

Dear Mr. German:

Enclosed please find the Department of Natural Resources Findings under section 30.11, Wis. Stats., for the proposed submerged land lease at the General Mills Grain Shipping Facility, located on the St. Louis River in Douglas County.

If you have any questions, please contact me.

Sincerely,

Liesa Lehmann, Chief
Waterways and Wetlands Section
Bureau of Watershed Management

enclosure

c: Steve LaValley - DNR-Superior
Megan Correll – LS/8
Andrea Carruthers, General Mills
City of Superior Clerk
Douglas County Clerk
Jason Berkner, U.S. Army Corps of Engineers

**DEPARTMENT OF NATURAL RESOURCES FINDINGS
PURSUANT TO 30.11 WISCONSIN STATUTES
RELATING TO AN APPLICATION FOR LEASE FOR
GENERAL MILLS GRAIN SHIPPING FACILITY IMPROVEMENTS**

The Department of Natural Resources (“Department”) has been notified of the proposed Submerged Land Lease (“Lease”) submitted to the State of Wisconsin Board of Commissioners of Public Lands (“Lessor”) by General Mills (“Lessee”) as required under Section 24.39 and 30.11, Wis. Statutes, and hereby makes these findings:

- A. The proposed project (“Project”) involves proposed physical changes and continued use of an existing solid pier extending approximately 1163 feet from shore as depicted on the 1854 Original Government Land Survey and along approximately 350 feet of shoreline on the St. Louis River in the Superior Harbor, in the City of Superior, Douglas County, Wisconsin. The maintenance will involve repair of historic dock walls for loading ships with grain and the stabilization of grain elevators. The Project will allow for the protection of grain storage and shipping facility that has been in existence at this site for at least 80 years.
- B. On September 17, 2012, the Department issued a written letter notifying the Douglas County Clerk, City of Superior Clerk, and the United States Army Corps of Engineers of the Application of General Mills of the pending review of a proposed submerged land lease on the St. Louis River. The September 17, 2012 letter satisfies the notice requirement under Wis. Stat. 30.11(5). No comments were received in response to the notice.
- C. The Department reviewed the intent to repair dock walls and stabilize the storage silos, including plans dated January 27, 2012 and conducted an inspection of the Project site. Based on this information, the Project serves the traditional public interest in commercial navigation, for the continued shipping of grain. The proposed physical changes include temporarily removing the bollard fenders and installing 1,110 feet of pre-coated sheet piling just outside the failing dock wall, installing 1,110 feet of double channel and tiebacks to stabilize the outer sheet piled wall, and then placing 25,000 yards of clean fill behind the new sheet piled wall.
- D. The existing solid pier and proposed physical changes will be consistent with the public interest in the navigable waters of the St. Louis River provided that it includes and requires the Lessee to comply with all of the following conditions:
 1. Material deposited within the leased area consist of clean fill. The Lessee shall obtain approval by the Department as a low hazard waste under s. 289.43(8), Wisconsin Statutes, if applicable.
 2. All uses and activities in the submerged land lease area shall remain 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. Upon reasonable notice, the Lessee shall allow access to the Project site during reasonable hours to any Department employee who is investigating the Project's construction, operation, maintenance or compliance.
 5. The lease is valid for a period of no more than 50 years. Any activities to fill, place structures, grade or conduct any other regulated activity in the area leased will require Department authorization.
- E. The filled lands to be leased are described as Lot 1 of Certified Survey Map No 1157 recorded in volume 8 of Certified Survey Maps, Pages 209-210 and also being part of Certified Survey Map No. 933 recorded in Volume 6 of Certified Survey Maps, pages 294-295 in the Douglas County Register of Deeds Office, Douglas County Wisconsin, City of Superior, Lot 4 of Section 10, Township 49 North; Range 14 West, and as described below.

Beginning at the Northeast corner of said Lot 1 of Certified Survey Map No 1157; Thence S00.08'22"W, 1239 feet along the east line of Lot 1 to the original shore line of the Saint Louis River, Superior Bay as platted by the original Government Survey of 1854. Thence S 72 25'24"W, 155.55 feet along said shoreline; Thence continuing along the original shoreline S 67 07'10"W, 118.31 feet; Thence continuing along said shoreline as platted in 1854, S 50 11'40"W, 26.49 feet; Thence N00 02' 43"E, 1197.56 feet to the north line of Certified Survey Map No. 933; Thence N61 31' 44"E, 318.2 feet along said north line and along the north line of Lot 1 of Certified Survey Map No. 1157 to the point of beginning

Said parcel containing 337,206 square feet, or 7.74 acres, more or less

- F. The Department has determined that the ordinary high water mark of the St. Louis River at the Project location is the meander line as platted by the 1854 Original Government Land Survey, and shown on the property survey identified in Finding E.
- G. The Department hereby determines on the basis of the findings listed above, that the existing pier and proposed physical changes in the navigable water of 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 D.

#FOR-NO-2012-16-03864

Dated this 27th day of November, 2012

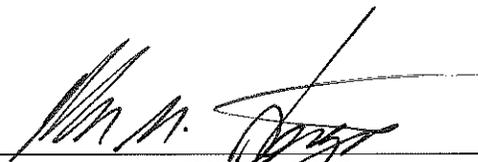

Wisconsin Department of Natural Resources
By Liesa Lehmann, Waterways and Wetlands Section Chief
Bureau of Watershed Management

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