



101 E. Wilson Street
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Madison, WI 53708-8943

608 266-1370 INFORMATION
608 266-0034 LOANS
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bcpl.wisconsin.gov

Thomas P. German, *Executive Secretary*

AGENDA

September 15th, 2020
2:00 P.M.

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

Routine Business:

1. Call to Order
2. Approve Minutes – September 1st, 2020 (Attachment)
3. Approve Loans (Attachment)

Old Business:

4. None

New Business:

5. Submerged Land Lease – Dairyland Power

Routine Business:

6. Chief Investment Officer's Report
7. Executive Secretary's Report
8. Board Chair's Report
9. Future Agenda Items
10. Adjourn

AUDIO ACCESS INFORMATION

Toll Free Number: **(888) 291-0079**
Passcode: **6363690#**

Board Meeting
Minutes
September 1st, 2020

Present were:

- | | |
|---|--|
| Sarah Godlewski, Board Chair | State Treasurer |
| Josh Kaul, Commissioner | Attorney General |
| Doug LaFollette, Commissioner | Secretary of State |
| Tom German, Executive Secretary | Board of Commissioners of Public Lands |
| Jim DiUlio, Deputy Secretary | Board of Commissioners of Public Lands |
| Richard Sneider, Chief Investment Officer | Board of Commissioners of Public Lands |
| Mike Krueger, IT Manager | Board of Commissioners of Public Lands |
| Denise Nechvatal, Senior Accountant | Board of Commissioners of Public Lands |
| Thuy Nguyen, Office Manager | Board of Commissioners of Public Lands |
| Julie Benkoske, Chief of Staff | State Treasurer |

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:02 p.m.

ITEM 2. APPROVE MINUTES – August 18, 2020.

MOTION: Commissioner LaFollette moved to approve the minutes; Commissioner Kaul seconded the motion.

DISCUSSION: Board Chair Godlewski asked Executive Secretary German about loans to tribes. Is it something to consider taking legislative action at some point to include tribes in the list of entities BCPL lends to? She shared that she understands that in many cases tribes are exempt from State and Federal taxes, but they do levy their own taxes. Is it worthwhile?

Executive Secretary German explains that most of the borrowers that are specified in the statute have either the power to levy a tax or an assessment. Tribes have their own system of doing that but because it lies outside of the normal State procedures, it’s a different situation. Tribes have sovereign immunity, so if they chose not to repay their loan, would BCPL have to take action in a tribal court as opposed to a State court? In Menominee County the Menominee tribe’s reservation includes the entire county and the tribe operates the technical college, which is authorized to borrow. It may be possible to structure it in a way that works. There is not a simple solution. It would take a lot to get that point.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

MOTION: Commissioner LaFollette moved to approve the loans; Board Chair Godlewski seconded the motion.

DISCUSSION: Commissioner LaFollette commented about the City of Tomahawk spending half a million dollars on a

bike trail. He asked about loan #15, Village of Fall Creek spending money on residential development. How is the village involved in private residential development?

Mr. Sneider replied that economic improvement is an approved loan purpose for municipalities. The village is buying an adjacent farm. It intends to parcel off the farmhouse and a small plot and sell that parcel separately and then enter into a development agreement with a developer. The village will market the property to several different developers so it can maintain control of that residential development. Mark Eppli, the advisor to the investment committee, recently conducted a study (the study did not have any direct ties to this loan) about the lack of available developable lots in municipalities has a direct impact on affordable housing within the State. BCPL views this as the municipalities taking control of the situation and to move these projects forward while still maintaining control. There was an issue in the past in Fall Creek where a developer made a proposal and did not follow through with all the promises they made.

Commissioner LaFollette asked if the village would own the lot and a private citizen would build a home on the village property.

Mr. Sneider explained he believed the village's intention is to sell the entire parcel to a developer who will subdivide the parcel and develop it into residential lots. The village will retain control over that process.

Commissioner LaFollette commented that this is a unique situation.

Mr. Sneider agreed that it is a unique situation and BCPL may see more of this in the future. Mr. Sneider added that the Fall Creek loan deserved special mention and the remaining loans are standard.

Commissioner LaFollette thanked Mr. Sneider for the information.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$3,384,091.17** in State Trust Fund Loans to support **16** community projects in Wisconsin.

1. Town of Butler / Clark County / Finance purchase of grader / \$179,500.00
2. Village of Suring / Oconto County / Finance SCADA system upgrade and roadwork / \$204,000.00
3. Town of Brooklyn / Green County / Finance purchase of patrol/plow vehicle / \$165,000.00
4. Village of Woodville / St Croix County / Finance street and sewer projects and equipment purchases / \$447,000.00
5. Town of Rock Elm / Pierce County / Finance purchase of land and building for fire department / \$110,000.00
6. Town of Rock Elm / Pierce County / Refinance BCPL Loan #2019113 / \$64,920.17
7. Village of Whiting / Portage County / Finance roadwork / \$80,000.00
8. City of Brillion / Calumet County / Finance purchase of street equipment / \$57,190.00
9. City of Brillion / Calumet County / Finance roadwork / \$321,481.00
10. Town of Conover / Vilas County / Finance Rummels Road bridge project / \$100,000.00
11. Town of Conover / Vilas County / Finance Buckatabon dam bridge project / \$160,000.00
12. Town of Conover / Vilas County / Finance Park Pavilion Project / \$125,000.00
13. Legend Lake Pro & Rehab District / Menominee County / Finance storage building / \$150,000.00
14. City of Tomahawk / Lincoln County / Finance bike trail project / \$500,000.00
15. Village of Fall Creek / Eau Claire County / Finance land purchase for residential development / \$650,000.00
16. Town of Jackson / Burnett County / Finance purchase of tractor/mower / \$70,000.00

ITEM 4. OLD BUSINESS - NONE

ITEM 5. NEW BUSINESS – Conservation Easement on Mineral Estate

Board Chair Godlewski introduced the new business of authorizing a permanent conservation easement to a piece of land owned by BCPL.

Executive Secretary German commented that this is very novel. In 172 years, he does not believe that BCPL has ever sold a conservation easement against its reserved mineral estate. In 1909 a law got passed that required the reservation of mineral rights and water power rights. BCPL has been reserving those rights over the last 100 and some years and BCPL now has over 200,000 acres but these reserved rights have never produced any money for the trust fund. When BCPL was contacted by a cranberry bog owner about the possibility that BCPL would just waive those rights, he began thinking about ways the agency could do something that would work for everyone, generate money for the trust fund, allow the cranberry bog owner to be able to move forward with his plans to establish something that would qualify him to join a wetland mitigation bank and protect the environment. After some research, Executive Secretary German concluded that BCPL could sell a conservation easement against our mineral estate. He prepared the memo, ran it by BCPL's Assistant AG and they concurred with his conclusion.

Executive Secretary German shared that the difficult part is trying to figure out what it's worth. It appears that there are no easily extractable minerals there and while the surface owner was hoping that BCPL would give those rights up for nothing, he realized that those rights have a value. He was unable to find any comps in Wisconsin. He then reached out to the Western States Land Commission to see if any other states had encountered this situation and he discovered that some of the areas out West have similar situations. The land is not swampland, but they use the land for wind power or solar power and to do those projects they also have to have the mineral estates. Out West those rights sell for somewhere between \$50 to \$100 per acre. This is the best comparable he could find.

The surface owner offered to pay \$100/acre if BCPL were to sign the conservation easement granting that easement to the Department of Natural Resources (DNR). The DNR is good with it and therefore, it is being brought to the Board today with the recommendation that BCPL do this. Executive Secretary German does not believe this is going to be a one time thing. There will be more opportunities to do this.

Commissioner LaFollette asked about the resolution. He asked how many acres are involved.

Executive Secretary German replied that they are looking at doing this in phases. The first phase is roughly 40 acres, the second phase is roughly 80 acres and he is unsure if there are additional plans after the second phase.

Commissioner LaFollette asked for clarification that it was about 120 acres that they want to start with.

Executive Secretary German replied yes.

Commissioner LaFollette then asked what the cost would come to. \$12,000?

Board Chair Godlewski asked about whether the payment was annual or a one time payment.

Executive Secretary German replied yes, the payment is one time and the payment would be \$12,000.

Commissioner LaFollette commented that \$12,000 is not a lot of money but as Executive Secretary German explained the agency is getting paid for something that has sat there for over 100 years and doing this will protect it. He believes it to be a fine project. He shared that asking for more money, such as \$1,000 per acre, would likely be rejected so \$100 per acre seems like a good compromise.

Executive Secretary German agreed with Commissioner LaFollette. He added that if we start with the evaluation of swampland in Wisconsin, generally that carries a value between \$300 to \$550 an acre. Therefore, getting \$100 per acre to join in on a conservation easement for the mineral estate is a very good value for the trust fund. He wishes it were a bigger transaction worth more money, but it's reasonable for the circumstance. He believes it creates a pathway BCPL to do this again in the future.

MOTION: Commissioner LaFollette moved to approve the resolution; Commissioner Kaul seconded the motion.

DISCUSSION: Board Chair Godlewski asked about the way the resolution is drafted the language about it being a permanent easement. Will the 120 acres still be a part of BCPL on its books or not any longer?

Executive Secretary German explained that those acres will still be under BCPL's holding under its mineral estate, but those holdings will be encumbered.

Commissioner LaFollette added that that means if someone find uranium, they can't dig for it.

Executive Secretary German explained no one can dig for minerals because BCPL has promised as the owners of the mineral rights that BCPL will not dig for it.

Mr. Sneider asked if the money goes into the corpus of the fund.

Executive Secretary German replied that he believes it would go into the corpus of the fund because it is a sale of a bundle of rights of that property. It is not like crops or trees that grow back. Once it is granted it's permanent.

Commissioner LaFollette asked about the \$100 per acre. It is justified because it is swampland and low value. What would happen if the owner of a piece of property BCPL sold to them in the past decided they wanted to do this but it was on really good forest land or developed property and the development was sitting on the property with our mineral rights underneath the property. At that point would the value be much more than \$100 per acre?

Executive Secretary German replied that he believes it would be a different valuation at that point, but he does not know exactly what that valuation would be. He explained that when he approached the valuation this time he was looking at comparable other lands that did not contain mineral and that the surface lands did not have much value. He added that what Commissioner LaFollette is describing is a situation where if the surface land has significant value. Executive Secretary German would need to look for comparables different again.

Commissioner LaFollette stated that he assumes it would be more. He commented that there are thousand of acres out there. What if BCPL contacted all the owners of the land and told them that the agency has decided that it wishes to deal with mineral rights and those mineral rights would be available to Exxon or British Petroleum, or whomever would like them. But before they are sold to a corporation, let the owners know that BCPL would like to offer them the option of a permanent easement, if they wish to buy that on their property.

Executive Secretary German replied that the question Commissioner LaFollette is posing has a couple different pieces to it. When Executive Secretary German approached the situation this time, he approached it from a couple different angles. How can the agency obtain some value for its mineral rights? There are three main avenues to choose from: 1. Sell those rights; 2. Waive the rights; and 3. Sell a conservation easement. He was most comfortable after analysis with the sale of a conservation easement. He shared that he had not confirmed that BCPL had the power to do the other two options. That is why he is presenting the conservation easement. If BCPL is offering something to the surface owner, the first thing the surface owner would generally ask is, "Can you just sell me the rights?" He agreed that the idea of looking through the agency's portfolio of mineral rights and looking for other opportunities to sell conservation easements is a very good idea, but he would like to do it in a more targeted way. He shared that Gathering Waters or another group is spearheading an

effort to develop conservation easements on those watersheds. BCPL serves at the pleasure of the Board, if the Board wishes the agency to contact all owners, it could do that.

Commissioner LaFollette commented that he thought it might be a source of a lot of money. He asked if on the thousands of acres the agency has sold are there any developments on those lands. He believes the owners of the lands would not be happy if the mineral rights got into the hands of someone else. The owners might be quite excited about having a permanent easement to protect their property from any disruption.

Board Chair Godlewski commented that she brought up this in the spring with Jonathan Barry and Executive Secretary German. This is something that the western states do a lot of with mineral rights and put the revenue stream into their school fund. The conversation back then was that it is a lot of work and potentially a very low return. Knowing that the agency has minimal capacity, looking at the Trust Fund Loan Program, investment management and the land is where the conversation left off. She asked Executive Secretary German if his thoughts had changed on conversation that took place in the spring.

Executive Secretary German responded that his thoughts are the same. It is an interesting possibility, but it does require some heavy lifting. He reiterated that a targeted approach could yield some more results but a comprehensive approach at this time would not be a wise use of the agency's resources.

Commissioner LaFollette commented that at some point when it is possible, he would like an inventory of the land. What type of land is it and is there anything on the land? He agrees that would take some research and it can be put on hold for now.

Board Chair Godlewski added that when she talked about the goals and priorities at the last meeting, under the Land goals, there was priority regarding land inventory. That is something to look at and come back to.

VOTE: The motion to approve the resolution passed 3-0.

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider commented that BCPL is making progress working on the portfolio management software to improve reporting capabilities to the investment committee and the Board. Currently, the agency is making sure that all value data for LP investments is properly entered. That data must be done manually for investments that do not have published prices that can be downloaded into the system. BCPL is also determining the calendar and content of different reports that detail the status and performance of investments. Hopefully, over the next few months the Board can see some results from that work.

Also, because of the potential impact of COVID, the investment committee entered the process of moving forward on formalizing and funding \$80 million in open ended commitments in real estate funds. That suspension is coming to an end and the investment committee will be discussing over the next few weeks whether that timing has improved. There are two issues. 1. Has the real estate market changed so much that BCPL needs to consider the specific funds selected? 2. Do the prices of the real estate owned by these funds reflects the new environment? Overall, the investment committee did well on selecting property types that it believes will perform well moving forward, strong tilts toward industrial properties. It has been prudent to suspend these investments to get a better understanding of the long term effects of COVID on these markets. There is also an opportunity cost in the lost income for holding cash that now pays close to 0% interest.

BCPL is considering a fund that is debt secured by infrastructure projects. These projects are well seasoned projects with stable cash flow so that the debt is considered very safe and the fund has the targeted return of 7% distributable income. The Board will be kept well informed about the progress of these investments.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German shared this is the first meeting with new Deputy Secretary Jim DiUlio. BCPL welcomes Jim and is glad he is with us. BCPL is working on its biennial budget request which is due in a couple weeks. For the most part the BCPL budget request tends to be straight forward and simplified but we are looking at a couple of new wrinkles this time around. BCPL may be the only agency that does not have a gifts and grants line appropriation. There is no separate line to spend money that people grant or give to us. That does not cost the State any tax dollars it just allows BCPL to spend gifts or grants that are given to the agency. BCPL is looking at a separate appropriation for PILT on lands that BCPL has acquired through land banking or exchanges, BCPL steps into the shoes of the prior owner. If the prior owner were paying X dollars in property taxes, BCPL would pay X dollars of PILT. When BCPL first started land banking, that number was zero because the agency had no prior obligations but over time that number has grown and if the exchange with the Forest Service is able to be completed BCPL's annual PILT obligation would be roughly \$25,000. PILT is really a form of shared revenue that goes to the local community as opposed to an agency expense it should be accounted for that way and should be appropriated for that way. BCPL is looking at asking for a separate appropriation for that.

BCPL is looking at asking for a reinstatement if Knowles Nelson Stewardship earmark for DNR acquisition of BCPL's school trust lands. When the agency started land banking back in 2006, that earmark which was approved unanimously by both houses of the legislature at \$2 million a year. It helped the DNR make great strides in acquiring BCPL property that it deemed important and a priority. When the law changed, the acquisitions by the DNR stopped cold, so BCPL is looking at asking for a reinstatement of an earmark but at a lower level than before.

BCPL is looking at considering reviewing the change that moved us from program revenue to GPR. BCPL is considering moving back to program revenue. That would give the agency a little more breathing room in terms of its ability to spend the necessary resources it needs to be able to manage the resources and assets for the trust beneficiaries. The Board will be kept informed as to when the agency submits its budget approval.

Commissioner LaFollette asked who the motivators were of that change from program revenue to GPR. Was it the Walker administration? Who pushed for that?

Executive Secretary German replied that Senator Stroebel was one of the sponsors.

Commissioner LaFollette asked if BCPL has any idea if the senator would object to the change.

Executive Secretary German shared that he tries not to assign intentions to individuals.

Commissioner LaFollette withdrew his question. He asked if there is some chance that the legislature might go along with it at this point.

Executive Secretary German explained that BCPL is in a tighter budget environment than when the change occurred. Whatever the intention was last time, the priorities have moved on both sides of the aisle. It would be more warmly considered than it was before.

Executive Secretary German added as noted previously there are more potential submerged land leases working their way through the process. He expects there to be another submerged land lease on the agenda for the next Board meeting.

The DNR is creating a new deer stakeholder committee in the hopes of developing recommendations that address concerns in areas of conflict between snowmobiling, forestry, agricultural communities...and some of BCPL School Trust Lands are significantly negatively impacted by deer browsing. It is great to have a seat at the table to discuss these matters. John Schwarzmann, BCPL Lake Tomahawk forestry supervisor will represent BCPL at these committee meetings.

ITEM 8. BOARD CHAIR'S REPORT

Board Chair Godlewski shared that BCPL has been invited to participate in the Broadband Taskforce. The governor is looking at how we can improve broadband, especially in rural parts of the State and we have been asked to be a part of those conversations and thinking through things creatively. What would BCPL's role look like?

Board Chair Godlewski also shared that there is a potential opportunity in Wisconsin. The investment committee recently met with a fund that is looking at workforce housing investments in the State. Wisconsin has one of the most challenging workforce housing situations. Vacancies are incredibly low. A lot of the housing stock has not been improved since the '90s. Housing stock has not kept up with population growth. The situation is deterring businesses and their considerations in moving to places across the State. BCPL is looking at something that could be very interesting. An example of workforce housing opportunities is in Marinette County. The Navy has just partnered with Marinette Marine which would bring over a thousand jobs to Marinette County. This is a 10 to 20 year agreement for \$5.6 billion, which would be critical economic development money for that part of the State. Because of the limited workforce housing available in the area there is no place for new employees to live. As BCPL is doing its due diligence with its investment opportunities, the investment committee will keep the Board posted on this deal.

ITEM 9. FUTURE AGENDA ITEMS

None

ITEM 10. ADJOURN

Commissioner LaFollette moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:38 p.m.



Thomas P. German, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2020/2020-09-01 BoardMtgRecording.mp3>

**BOARD MEETING
SEPTEMBER 15, 2020**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Stockbridge Calumet County Application #: 02021052 Purpose: Finance roadwork	Town Rate: 2.50% Term: 2 years	General Obligation	\$400,000.00
2. Superior Douglas County Application #: 02021053 Purpose: Refinance 2011 Notes and Bonds	City Rate: 2.50% Term: 4 years	General Obligation	\$1,925,000.00
3. Springvale Columbia County Application #: 02021054 Purpose: Finance roadwork	Town Rate: 2.50% Term: 4 years	General Obligation	\$470,000.00
4. Barnes Bayfield County Application #: 02021055 Purpose: Finance roadwork	Town Rate: 2.50% Term: 5 years	General Obligation	\$100,000.00
5. Mishicot Manitowoc County Application #: 02021056 Purpose: Refinance BCPL Loan #2019138.02	Village Rate: 4.00% Term: 15 years	General Obligation	\$618,889.85
	TOTAL		<hr/> \$3,513,889.85

**BOARD MEETING
SEPTEMBER 15, 2020**

**AGENDA ITEM 5
DAIRYLAND POWER COOPERATIVE - SUBMERGED LAND LEASE**

- A. The Board of Commissioner of Public Lands previously entered into a fifty-year Submerged Lands Lease with Dairyland Power Cooperative (“Dairyland”) on January 24, 1978 (the “1978 Lease”) with rent starting at \$100 per year. The area subject to the 1978 Lease (the “Premises”) is approximately 2.6 acres of land lying below the ordinary high water mark of the Mississippi River legally described as a parcel of land located in Buffalo County Wisconsin, City of Alma, Section 14, Township 21 North, Range 13 West Commencing at a point 3190.2 feet S of the Northwest corner of Section 13 T21N R13W of the 4th principal meridian, Buffalo County, Wisconsin, thence N 82° 50’ E, 1700 feet along the south property line of Dairyland Power Cooperative to a point on the westerly right-of-way line of the Burlington Northern Railroad, thence northwesterly along said right-of-way line 230.3 feet, thence S 82° 50’ W, 1687.7 feet, thence S 222.8 feet, thence N 82° 50’ E, 90.7 feet to the point of beginning.
- B. Pursuant to the 1978 Lease, Dairyland filled certain areas of the Mississippi Riverbed for harbor and navigation improvements. Also pursuant to its obligations under the 1978 Lease and DNR Findings at that time, Dairyland created a pond on its adjacent lands that is open to the public for fishing. This was a material part of the consideration provided by Dairyland under the 1978 Lease.
- C. Dairyland remains the riparian owner adjacent to the Premises and Dairyland desires to enter into a new 50-year lease with the Board of Commissioners of Public Lands for the same area (the “Premises”) currently subject to the 1978 Lease.
- D. On September 8, 2020, the DNR issued findings (Docket Number IP-WC-2020-6-02781) pursuant to Section 30.11 Wisconsin Statutes relating to Dairyland Power Cooperative’s application for a submerged land lease (the “Findings”). The Findings noted that, ...“the leased area has already been filled and there will be no new changes to the land.” The Findings further noted that the DNR had issued a permit for Dairyland to dredge the pond on Dairyland’s adjacent property and that such dredging “project was completed to enhance public recreation.” The pond is an important local fishery open to the public that provides anglers with year-round opportunity to fish for bluegill, black crappie, largemouth bass, northern pike and yellow perch. The dredging project restored the depth of the pond needed for recreational boaters to access the Pond during low water conditions. The Findings concluded that, **“The proposed lease will be consistent with the public interest in navigable waters...”** A copy of the Findings are attached hereto as Exhibit A.

- E. The issuance of the above Findings by the DNR allows BCPL to enter into a new Submerged Lands Lease with Dairyland if BCPL so chooses.
- F. BCPL staff recommends that the Board authorize a new 50 year Submerged Lands Lease with Dairyland at a beginning rental rate of \$1,675 per year with regular scheduled rent increases over the term of the lease and further require that Dairyland continue to provide suitable public access facilities to allow the general public access to the Mississippi River. The proposed initial lease rental rate for the new lease has been calculated by taking the original rental rate for the 1978 lease and adjusting it slightly above the changes in the Consumer Price Index over that period of time. As noted above, a significant consideration by Dairyland in the 1978 Lease was the provision of public fishing opportunities on its adjacent riparian lands. This provision of public access for fishing opportunities is also a significant consideration required of Dairyland under the new proposed Lease.

PROPOSED RESOLUTION

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes a new fifty year Submerged Lands Lease with Dairyland Power Cooperative in accordance with Section 24.39 of the Wisconsin Statutes with a beginning rental rate of One Thousand Six Hundred Seventy-five Dollars (\$1,675.00) per year with regular scheduled rent increases over the term of the Lease and a requirement that Dairyland provide suitable public access fishing opportunities on the pond located on the Dairyland property adjacent to the Premises and 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: WI DNR's Findings of Fact



September 8, 2020

IP-WC-2020-6-02781

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

RE: 30.11 Wis. Stats. Findings – Dairyland Power Cooperative application for a submerged land lease, located in the City of Alma, Buffalo County, also described as in the NW1/4 of the SW1/4 of Section 13, Township 21 North, Range 13 West.

Dear Mr. German:

Enclosed please find the Department of Natural Resources Findings under section 30.11 Wis. Stats. for the proposed renewal of a submerged land lease in association with industrial land use for Dairyland Power Cooperative, located on the Mississippi River in Buffalo County.

If you have any questions, please call me at (715) 596-0110 or email KatieM.Mallum@wisconsin.gov.

Sincerely,

Katie Mallum
Water Management Specialist

Cc: William O'Connor; Wheeler, Van Sickle, & Anderson S.C.
Michael Kowalkowski, WDNR
Keith Patrick, WDNR
Michael Rogney, WDNR
Jonathan Bakken, ACOE
Linda Torgerson, City of Alma
Roxann Halverson, Buffalo County

EXHIBIT A
(page 2 of 3)

DEPARTMENT OF NATURAL RESOURCES FINDINGS PURSUANT TO 30.11 WISCONSIN STATUTES RELATING TO AN APPLICATION FOR A RENEWAL OF A SUBMERGED LAND LEASE TO DAIRYLAND POWER COOPERATIVE

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 Dairyland Power Cooperative (Lessee) as required under Section 24.39 and 30.11, Wis. Statutes, and hereby makes these findings:

- A. The proposed project involves a renewal to lease a previously filled portion of the Mississippi River adjacent to riparian property owned by the Lessee in Section 14, Township 21 North, Range 13 West. This is a renewal of the original lease from 1977 (Docket No. 3-WC-77-104). No additional physical changes will be made to the property.
- B. The Lessee (Dairyland Power Cooperative) holds fee title to lands in Sections 11, 12, 13, 14, and 24, Township 21 North, Range 13 West, Buffalo County, Wisconsin and is the riparian owner with respect to these lands adjacent to the Mississippi River.
- C. On July 24, 2020, the Department issued a letter notifying the Buffalo County Clerk, the City of Alma Clerk, and the United States Army Corps of Engineers (USACE) of the application pending review for a submerged land lease on the bed of the Mississippi River. The July 24, 2020 letter satisfies the notice requirement under Wis. Stats. 30.11(5). No comments were received in response to the notice.
- D. The Department reviewed the intent to continue this submerged land lease which involves use of filled riverbed for the purpose of improving a harbor. The lessee submitted a map of the current submerged land lease and the original findings dated January 24, 1978 (3-WC-77-104). Based on this information, the project serves the traditional public interest by the rail loop pond site remaining open to the public and for the improvement of navigation.
- E. The filled lands to be leased are described as Buffalo County Wisconsin, City of Alma, Section 14, Township 21 North, Range 13 West.
- Commencing at a point 3190.2 feet S of the Northwest corner of Section 13 T21N R13W of the 4th principal meridian, Buffalo County, Wisconsin, thence N 82° 50' E, 1700 feet along the south property line of Dairyland Power Cooperative to a point on the westerly right-of-way line of the Burlington Northern Railroad, thence northwesterly along said right-of-way line 230.3 feet, thence S 82° 50' W, 1687.7 feet, thence S 222.8 feet, thence N 82° 50' E, 90.7 feet to the point of beginning.
- F. The Department reviewed and issued a general permit (GP-WC-2020-6-01991) on July 21, 2020 to dredge the rail loop pond on the property. This project was completed in order to enhance public recreation.
- G. The renewal of this lease will not threaten excessive destruction of wildlife habitat because the leased area has already been filled and there will be no new changes to the land.
- H. The proposed lease will be consistent with the public interest in navigable waters provided the following conditions are met and included as obligations of the lessee and any sublessee:

EXHIBIT A

(page 3 of 3)

1. All uses and activities in the submerged land lease area shall remain consistent with navigational uses as described in 24.39 Wis. Stats.
2. No additional fill or placement of structures without written notice and approval of the Department.
3. 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.

Docket Number IP-WC-2020-6-02781

WISCONSIN DEPARTMENT OF NATURAL RESOURCES



Katie Mallum
Water Management Specialist

09/8/2020
Date

Summary - BCPL Managed Securities

As of 09/11/2020
09/10/2020 Prices

<u>Description</u>	<u>Symbol</u>	<u>Call Date</u>	<u>Maturity Date</u>	<u>Cost Basis</u>	<u>Current Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% Gain (Loss)</u>	<u>Yield at Cost</u>	<u>Projected Annual Income</u>
Publicly-Traded Fixed Income Securities									
Wisconsin and State Agency				\$95,441,705	\$102,256,759	\$6,815,054	7.1%	4.2%	\$4,018,496
Municipal/School District				\$92,312,661	\$93,472,354	\$1,159,693	1.3%	4.0%	\$3,726,128
Treasury and Agency Securities				\$9,977,500	\$10,032,040	\$54,540	0.5%	3.4%	\$343,000
Corporate Debt				\$117,584,034	\$120,383,488	\$2,799,454	2.4%	5.0%	\$5,891,705
				<u>\$315,315,900</u>	<u>\$326,144,641</u>	<u>\$10,828,741</u>	<u>3.4%</u>	<u>4.4%</u>	<u>\$13,979,329</u>
Privately-Held Fixed Income Securities									
Other Private Debt				\$22,200,000	\$22,200,000	\$0	0.0%	8.4%	\$1,875,000
Publicly-Traded Equity Securities									
Domestic Equity				\$134,285,686	\$145,811,366	\$11,525,680	8.6%	3.8%	\$5,077,980
Global Equity				\$86,899,488	\$92,632,713	\$5,733,225	6.6%	3.6%	\$3,165,321
				<u>\$221,185,174</u>	<u>\$238,444,079</u>	<u>\$17,258,905</u>	<u>7.8%</u>	<u>3.7%</u>	<u>\$8,243,301</u>
Alternatives									
Private Real Estate				\$47,878,875	\$45,428,197	\$(2,450,677)	-5.1%	5.6%	\$2,513,265
Private Equity/Venture Capital				\$13,408,843	\$12,116,474	\$(1,292,369)	-9.6%		\$0
				<u>\$61,287,717</u>	<u>\$57,544,671</u>	<u>\$(3,743,047)</u>	<u>-6.1%</u>	<u>5.6%</u>	<u>\$2,513,265</u>
				<u>\$619,988,792</u>	<u>\$644,333,391</u>	<u>\$24,344,599</u>	<u>3.9%</u>	<u>4.4%</u>	<u>\$26,610,895</u>

Detail on Select BCPL Managed Securities

As of 09/11/2020
09/10/2020 Prices

Description	Symbol	Call Date	Maturity Date	Cost Basis	Current Value	Unrealized Gain (Loss)	% Gain (Loss)	Yield at Cost	Projected Annual Income
Publicly-Traded Fixed Income Securities									
Corporate Debt									
iShares Broad USD HY Corp Bond ETF	USHY			\$61,188,106	\$62,738,689	\$1,550,583	2.5%	5.8%	\$3,573,180
JPM Income Fund	JMSIX			\$20,863,295	\$20,954,846	\$91,551	0.4%	5.2%	\$1,080,937
iShares Yield Optimized Bond ETF	BYLD			\$20,532,634	\$20,890,813	\$358,180	1.7%	3.4%	\$702,988
				\$102,584,034	\$104,584,348	\$2,000,314	1.9%	5.2%	\$5,357,105
Privately-Held Fixed Income Securities									
Other Private Debt									
Blackstone GSO Secured Lending Fund	BGSL			\$22,200,000	\$22,200,000	\$0	0.0%	8.4%	\$1,875,000
Publicly-Traded Equity Securities									
Domestic Equity									
SPDR Wells Fargo Preferred Stock ETF	PSK			\$52,547,056	\$53,637,546	\$1,090,491	2.1%	5.4%	\$2,812,495
Vanguard Total Stock Market ETF	VTI			\$30,229,589	\$37,044,934	\$6,815,345	22.5%	2.1%	\$635,238
Vanguard High Dividend Yield ETF	VYM			\$26,921,435	\$27,436,531	\$515,097	1.9%	3.7%	\$994,137
Vanguard REIT ETF	VNQ			\$9,146,610	\$9,322,948	\$176,338	1.9%	3.9%	\$358,985
Vanguard Dividend Appreciation ETF	VIG			\$7,953,941	\$9,320,682	\$1,366,741	17.2%	2.0%	\$162,850
Vanguard Extended Market	VXF			\$7,487,055	\$9,048,724	\$1,561,669	20.9%	1.5%	\$114,274
				\$134,285,686	\$145,811,366	\$11,525,680	8.6%	3.8%	\$5,077,980
Global Equity									
Vanguard FTSE All World ex-US ETF	VEU			\$33,575,302	\$37,012,045	\$3,436,744	10.2%	2.8%	\$931,266
Vanguard International High Dividend ET	VYMI			\$27,258,005	\$27,522,900	\$264,896	1.0%	3.8%	\$1,029,502
Vanguard International Div Appreciation	VIGI			\$8,115,356	\$9,391,194	\$1,275,838	15.7%	2.0%	\$159,904
Vanguard Global ex-US Real Estate ETF	VNQI			\$9,731,223	\$9,328,196	\$(403,027)	-4.1%	8.0%	\$777,426
Ishares MSCI Emerging Mkt Small Cap	EEMS			\$4,060,100	\$4,694,998	\$634,898	15.6%	3.0%	\$121,717
Ishares MSCI EAFE Small Cap	SCZ			\$4,159,502	\$4,683,379	\$523,877	12.6%	3.5%	\$145,506
				\$86,899,488	\$92,632,713	\$5,733,225	6.6%	3.6%	\$3,165,321
				\$221,185,174	\$238,444,079	\$17,258,905	7.8%	3.7%	\$8,243,301

Detail on Select BCPL Managed Securities

As of 09/11/2020
09/10/2020 Prices

<u>Description</u>	<u>Symbol</u>	<u>Call Date</u>	<u>Maturity Date</u>	<u>Cost Basis</u>	<u>Current Value</u>	<u>Unrealized Gain (Loss)</u>	<u>% Gain (Loss)</u>	<u>Yield at Cost</u>	<u>Projected Annual Income</u>
Alternatives									
Private Real Estate									
Blackstone Real Estate Investment Trust	BREIT			\$45,000,000	\$42,549,323	\$(2,450,677)	-5.4%	5.6%	\$2,513,265
Blackstone Strategic Partners RE VII	SPRE VII M			\$2,878,875	\$2,878,875	\$0	0.0%		\$0
				<u>\$47,878,875</u>	<u>\$45,428,197</u>	<u>\$(2,450,677)</u>	<u>-5.1%</u>	<u>5.6%</u>	<u>\$2,513,265</u>
Private Equity/Venture Capital									
4490 Ventures II	4490 II M			\$6,293,018	\$5,608,199	\$(684,819)	-10.9%		\$0
Venture Investors Health Fund 6	VIHF 6 M			\$5,407,500	\$5,108,636	\$(298,864)	-5.5%		\$0
Baird Venture Partners 5	BAIRD VP5 M			\$1,708,325	\$1,399,639	\$(308,686)	-18.1%		\$0
				<u>\$13,408,843</u>	<u>\$12,116,474</u>	<u>\$(1,292,369)</u>	<u>-9.6%</u>		<u>\$0</u>
				<u>\$61,287,717</u>	<u>\$57,544,671</u>	<u>\$(3,743,047)</u>	<u>-6.1%</u>	<u>5.6%</u>	<u>\$2,513,265</u>
				<u>\$407,256,926</u>	<u>\$422,773,098</u>	<u>\$15,516,172</u>	<u>3.8%</u>	<u>4.6%</u>	<u>\$17,988,670</u>