



Minnesota Department of Natural Resources  
Division of Parks and Trails  
500 Lafayette Road  
St. Paul, 55155

November 21, 2023

Legislative-Citizen Commissions on MN Resources  
100 Rev. Dr. Martin Luther King Jr. Blvd.,  
State Office Building, Room  
65 St. Paul, MN 55155

Dear LCCMR Committee,

I am writing to request a Work Plan amendment to a LCCMR grant. The Department of Natural Resources, Division of Parks and Trails (DNR) received the ENRTF appropriation (M.L. 2021, Chp. 6, Art 6. Sec. 02, Art2, Subd. 09u, "State Parks and State Trails Inholdings") to purchase inholdings within state parks. The original approved Work Plan provided a list of potential parcels to be acquired. Those parcels have mostly either been purchased, the land has been lost to higher bidders, or the landowner is not interested in selling at this time.

The DNR requests to add to the proposed acquisition list a parcel located within the statutory boundary of Tettegouche State Park currently owned by the Minnesota Department of Transportation (MnDOT); Parcel ID 26-5607-22255.

The Tettegouche State Park management plan completed in 1997 recommended including the Lake Superior shoreline from Crystal Bay to Palisade Head in the park's statutorily authorized boundary and the subject property is now inside the park's statutory boundary. MnDOT acquired half of the property in 1934 and the other half in 1936 to support construction of Highway 61 using funding from the Highway Trust Fund. For several decades MnDOT had operated a truck maintenance facility known as the Illgen City truck station at the subject property. In the early 2000's MnDOT relocated the truck station to the City of Silver Bay and no longer utilizes the former truck station.

Shortly after MnDOT left the site, the DNR and MnDOT began conversations on possible transfer of the property to DNR to become part of the park but discovered a significant hurdle to the transfer. Since the property was acquired with Highway Trust Fund funding, legal counsel from MnDOT determined that the property must be sold to the DNR at fair market value. The sale of fair market value is supported by [MN Statute 161.44 subd 1](#). Proceeds of the sale would reimburse the Highway Trust Fund according to [MN Statute 161.44 subd 9](#). Both MnDNR and MnDOT attorneys reviewed the statues and agree that MnDOT can require MnDNR to pay fair market value for the Illgen Truck Station property.

This is a high priority acquisition for the Division of Parks and Trails justified on the following:

- This is one of three properties along the Palisade Coastline at Tettegouche not owned by the DNR.
  - The parcel includes approximately 1,700 feet of Lake Superior shoreline; the largest of the remaining unowned shoreline parcels.
  - The lakeshore is considered high quality due to the vast rocky shoreline and scenic vistas of Palisade Head and Shovel Point.
  - The property will provide improved public access to Lake Superior.
- With this acquisition, Tettegouche State Park will protect more than 3.75 miles of Lake Superior shoreline.
- The property is entirely within the statutory boundary of Tettegouche State Park.
- This acquisition would allow for contiguous ownership, elimination of trespass issues, protection of natural & cultural resources, restoration of the site and numerous other benefits.
- MnDOT plans to remove the building prior to selling to the DNR.

The preliminary project estimate is \$1.5 million. An appraisal will need to be completed and other standard acquisition due diligence completed. With this letter you will find a map, a photo of the property and attorney reviews.

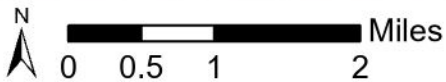
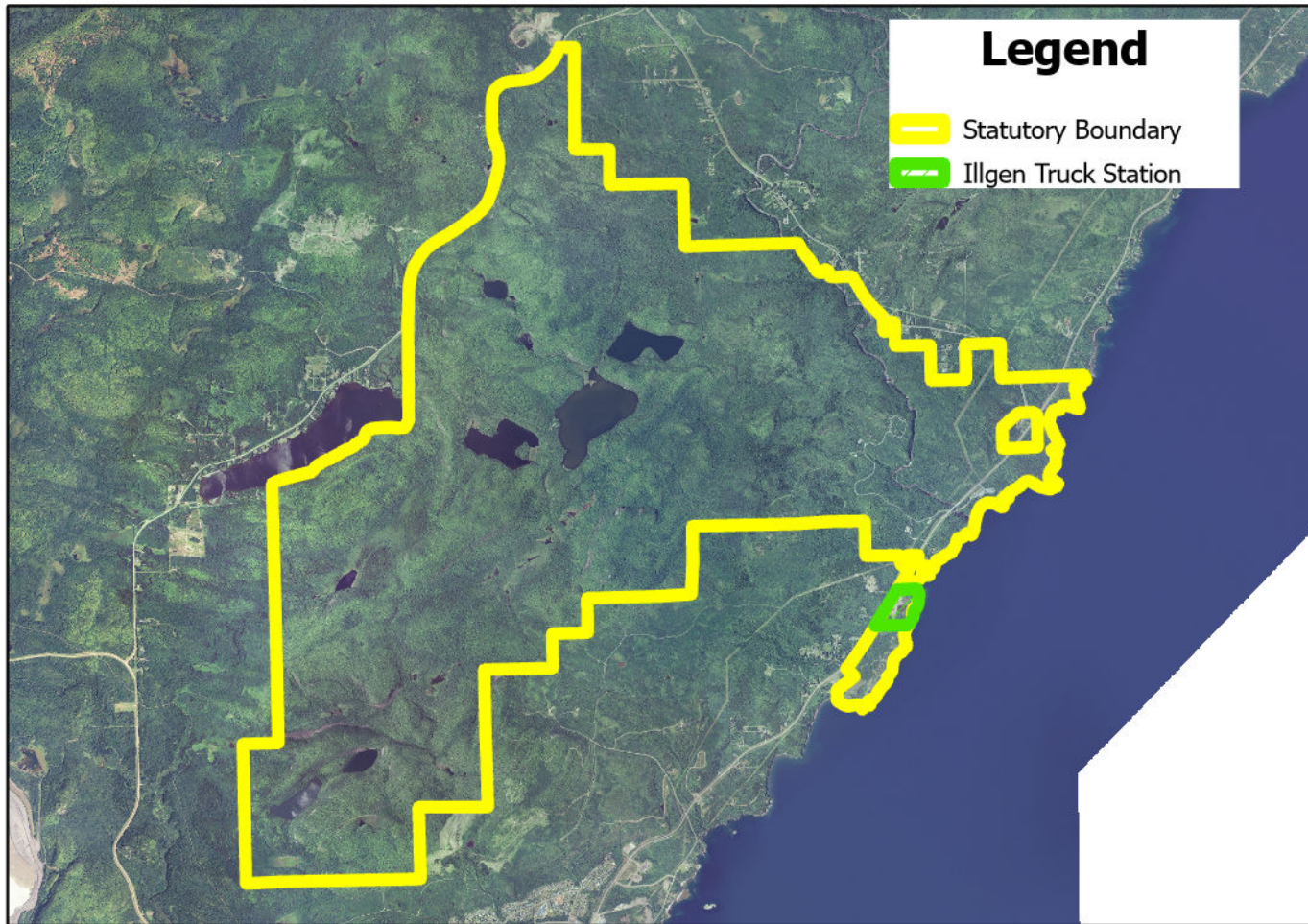
I am available to answer any questions from the commission or staff and to provide additional information if needed. Thank you for your consideration.

Sincerely,

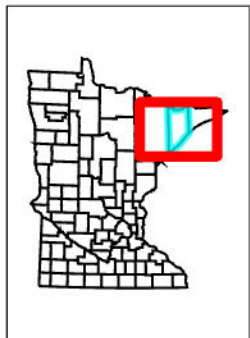
Shelby Kok

Acquisition Consultant, Division of Parks and Trail

# Tettegouche State Park Proposed Acquisition



Proposed Acquisition Parcel Information  
 Acres: 32  
 County: Lake  
 Section 22, Township 56 North, Range 7 West



Map and geographic data should not be interpreted as establishing or describing legal boundaries or legal access and should not be used for navigational purposes. Map and geographic data should be used for reference only. Users of the data are responsible for verifying public land or water boundaries by observing boundary signs and markers, consulting official surveys and maps, and contacting local MNDNR offices.







**From:** [Jellinger, Keith \(DOT\)](#)  
**To:** [Kok, Shelby \(DNR\)](#)  
**Subject:** RE: DOT Attorney Review  
**Date:** Tuesday, November 14, 2023 11:06:55 AM  
**Attachments:** [image.png](#)  
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It is more of a general explanation to 161.44 as a whole.

80% of FMV is not an option. This is used for property that has been for sale for a long time (after going out for bid and sitting on our over the counter for over a year) and someone offers 80% of the appraised value. To my knowledge this has never been used or agreed upon.

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**From:** Kok, Shelby (DNR) <[Shelby.Kok@state.mn.us](mailto:Shelby.Kok@state.mn.us)>  
**Sent:** Tuesday, November 14, 2023 8:10 AM  
**To:** Jellinger, Keith (DOT) <[keith.jellinger@state.mn.us](mailto:keith.jellinger@state.mn.us)>  
**Subject:** RE: Attorney Review

Just for clarification this is for statute [MN Statute 161.44 subd 9.](#)?

Also can we negotiate a purchase of 80% of FMV? It says "but must not be less than 80 percent of the appraised market value as determined by the commissioner."

Thank you,

Shelby

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**From:** Jellinger, Keith (DOT) <[keith.jellinger@state.mn.us](mailto:keith.jellinger@state.mn.us)>  
**Sent:** Monday, November 13, 2023 8:17 AM  
**To:** Kok, Shelby (DNR) <[Shelby.Kok@state.mn.us](mailto:Shelby.Kok@state.mn.us)>  
**Subject:** RE: Attorney Review

Under the statute, MnDOT, in its discretion, may determine how, when, and under what conditions lands acquired with Trunk Highway dollars are reconveyed. MnDOT has determined that this land will be sold for the fair market value, as prescribed under the statute. The funds received from the sale will be reimbursed to the Trunk Highway fund as required by the statute.

Thank you,

**Keith Jellinger**  
Land Surveyor Principal | Property Conveyance Unit

**Minnesota Department of Transportation**

395 John Ireland Blvd

St. Paul, MN 55155

O: (651) 366-3497

<https://www.dot.state.mn.us/row/propsales.html>

mndot-email-signature



**From:** [Hilding, Derek \(DNR\)](#)  
**To:** [Kok, Shelby \(DNR\)](#)  
**Subject:** Illgen Truck Station- DNR Attorney Review  
**Date:** Tuesday, November 21, 2023 9:00:23 AM  
**Attachments:** [image.png](#)  
[image.png](#)  
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[image.png](#)

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Hi, Shelby,

Based on my reading of Minn. Stat. section 161.44, subdivision 1, I agree that MnDOT can require DNR to pay fair market value for the Illgen Truck Station property, if that's what MnDOT wants to happen. The second part of subdivision 1 says that notwithstanding other parts of 161.44 MnDOT can convey excess trunk highway property for public purposes to other state agencies upon the terms and conditions as may be agreed upon the MnDOT and the agency.

So, bottom line: MnDOT isn't legally required to charge DNR fair market value, but MnDOT can charge DNR fair market value if MnDOT wants to.

Please let me know if you have any questions or want to discuss further.

Thanks,  
Derek

**Derek Hilding**

Attorney | Division of Lands and Minerals

**Minnesota Department of Natural Resources**

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[mndnr.gov](http://mndnr.gov)

