



Douglas La Follette, *Secretary of State*
Dawn Marie Sass, *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

January 26, 2009

9:00 A.M.

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

1. Call to Order
2. Approve Minutes – January 6, 2008
3. Approve Loans
4. Loan Limit Exception – City of Menasha
5. Executive Secretary's Report
6. Adjourn

**BOARD MEETING
JANUARY 26, 2009**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the January 6, 2009, board meeting.

Board Meeting Minutes
January 6, 2009

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 | Secretary of State |
| Dawn Marie Sass, Commissioner | State Treasurer |
| J.B. Van Hollen, Commissioner | Attorney General |
| Bob Hunter, Asst. Attorney General | Dept. of Justice |
| Tia Nelson, Executive Secretary | Board of Commissioners of Public Lands |
| Tom German, Deputy Secretary | Board of Commissioners of Public Lands |
| Scott Eastwood, Loan Analyst | Board of Commissioners of Public Lands |

ITEM 2. APPROVE MINUTES – December 16, 2008

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

ITEM 3. APPROVE LOANS

Board Chair La Follette commended Executive Secretary Nelson and staff for publicity that the agency recently received surrounding the record amount of loans that were processed.

He asked if the list of loans for approval had received legal review. Mr. Hunter replied that they had and were for public purpose.

| <u>Municipality</u> | <u>Municipal Type</u> | <u>Loan Amount</u> |
|---|---|--------------------|
| 1. Arena County of Iowa Application #: 02009139 Purpose: Construct sewer lift station | Village Rate: 5.50 Filed: December 23, 2008 | \$236,724.00 |
| 2. Lancaster County of Grant Application #: 02009136 Purpose: Complete various municipal projects | City Rate: 4.50 Filed: December 23, 2008 | \$3,075,000.00 |
| 3. Lancaster County of Grant Application #: 02009137 Purpose: Refinance unfunded prior service liability | City Rate: 5.25 Filed: December 23, 2008 | \$850,000.00 |
| 4. Laona County of Forest Application #: 02009135 Purpose: Refinance unfunded prior service liability | School Rate: 6.25 Filed: December 23, 2008 | \$538,336.00 |

| | | | |
|--------------|--|---|-----------------------|
| 5. | Nashotah County of Waukesha Application #: 02009134 Purpose: Finance various street repair projects | Village Rate: 3.50 Filed: December 23, 2008 | \$225,000.00 |
| 6. | Racine County of Racine Application #: 02009138 Purpose: Purchase new phone system | School Rate: 3.50 Filed: December 23, 2008 | \$950,000.00 |
| 7. | West Allis County of Milwaukee Application #: 02009141 Purpose: Finance TID #10 projects | City Rate: 5.50 Filed: December 29, 2008 | \$1,500,000.00 |
| 8. | West Allis County of Milwaukee Application #: 02009142 Purpose: Finance TID #10 project | City Rate: 3.50 Filed: December 29, 2008 | \$250,000.00 |
| 9. | Woodville County of St Croix Application #: 02009140 Purpose: Reconstruct street and acquire land | Village Rate: 5.50 Filed: December 29, 2008 | \$323,000.00 |
| TOTAL | | | \$7,948,060.00 |

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

ITEM 4. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that she and staff from the District Office would be meeting with members of the legislative forestry committees. Commissioner Sass reported that the State Treasurer's Office would be transferring \$10 million in unclaimed property to the Common School Fund.

ITEM 5. ADJOURN

MOTION: Commissioner Sass moved to adjourn the meeting; Commissioner Van Hollen 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
JANUARY 26, 2009**

**AGENDA ITEM 3
APPROVE LOANS**

| Municipality | Municipal Type | Loan Amount |
|--|--|--------------|
| 1. Cashton County of Monroe Application #: 02009151 Purpose: Finance street reconstruction | Village Rate: 5.50 Filed: January 20, 2009 | \$150,000.00 |
| 2. Coloma County of Waushara Application #: 02009144 Purpose: Refinance sewer loans | Village Rate: 4.50 Filed: January 5, 2009 | \$220,000.00 |
| 3. Dewey County of Portage Application #: 02009147 Purpose: Purchase truck | Town Rate: 3.50 Filed: January 12, 2009 | \$120,000.00 |
| 4. Marshfield County of Marathon and Wood Application #: 02009146 Purpose: Finance city contribution to TID #7 improvements | City Rate: 4.50 Filed: January 8, 2009 | \$600,000.00 |
| 5. Merrill County of Lincoln Application #: 02009152 Purpose: Finance capital improvements | City Rate: 4.50 Filed: January 20, 2009 | \$216,500.00 |
| 6. Navarino County of Shawano Application #: 02009150 Purpose: Purchase tanker fire truck | Town Rate: 4.50 Filed: January 16, 2009 | \$81,000.00 |
| 7. North Bay County of Racine Application #: 02009154 Purpose: Repair bridge | Village Rate: 3.50 Filed: January 20, 2009 | \$78,000.00 |

| <u>Municipality</u> | <u>Municipal Type</u> | <u>Loan Amount</u> |
|--|--|-----------------------|
| 8. Star Prairie County of St. Croix Application #: 02009153 Purpose: Purchase property | Village Rate: 4.50 Filed: January 20, 2009 | \$100,000.00 |
| 9. Twin Lakes County of Kenosha Application #: 02009143 Purpose: Purchase capital equipment | Village Rate: 3.50 Filed: January 2, 2009 | \$123,350.00 |
| 10. West Allis - West Milwaukee, Et. Al. County of Milwaukee and Waukesha Application #: 02009148 Purpose: Refinance unfunded prior service liability | School Rate: 5.25 Filed: January 15, 2009 | \$1,935,000.00 |
| 11. Westfield County of Marquette Application #: 02009149 Purpose: Refinance loan and finance TIF road project | Village Rate: 4.50 Filed: January 16, 2009 | \$1,138,000.00 |
| TOTAL | | \$4,761,850.00 |

**BOARD MEETING
JANUARY 26, 2009**

**AGENDA ITEM 4
LOAN LIMIT EXCEPTION – CITY OF MENASHA**

The city of Menasha has requested an exception to the State Trust Fund Loan Program's current loan limit, which is currently set at \$5,000,000 for all loans to any customer in a single calendar year. The purpose of this loan to Menasha would be to refinance currently outstanding bond anticipation notes that were originally issued to finance the conversion of an existing power plant into a municipally-owned, industrial steam production facility. The City originally requested a loan limit exception that would allow a total loan amount of \$21,000,000 from the State Trust Funds. BCPL staff is recommending that the Board approve a loan limit exception for \$7,000,000 rather than the full request of \$21,000,000.

BCPL staff believes that a loan limit exception for the full request of \$21,000,000 may leave the trust funds without enough unencumbered funds to satisfy the borrowing needs of many other Wisconsin municipalities and school districts. Approximately \$77,000,000 in unencumbered funds are available to lend at this point in time. The Board approved more than \$77,000,000 in loans in just the last two months. A full \$21,000,000 exemption would encumber more than 27% of available funds and leave less than \$56,000,000 available for lending to other borrowers. BCPL staff is concerned that at the present time, the available funds are too low and loan demand is too high to warrant a loan limit exception of the size originally requested.

A smaller loan limit exception of \$7,000,000 will address the most critical borrowing needs of Menasha while still leaving a reasonable amount of funds available for the borrowing needs of other municipalities and school districts. In addition, if loan demand subsides and sufficient funds remain available at a later point this year, Menasha could submit another loan limit exception request.

Menasha would use the \$7,000,000 loan towards refinancing revenue bond anticipation notes that mature this year and must be paid or refinanced within the next eight months. This loan would take Menasha up to its current general obligation borrowing limit. The other \$14,000,000 in loans that Menasha requested would have been used to refinance other outstanding general obligation debt that must be paid or refinanced before September of 2010. That debt could still be refinanced either later this year or next year.

The proposed loan to the city of Menasha would be for a term of 20 years and carry an interest rate of 5.5%. Currently, unencumbered funds in the State Investment Fund are earning less than 2.0%. Therefore, the loan would provide more trust fund income than if the money were left in the SIF. We believe that this loan will offer the Board an opportunity to make an investment with a good rate of return and help a Wisconsin community during this difficult economic time.

BCPL staff recommends that the Board of Commissioners of Public Lands grant the city of Menasha an exception to the \$5,000,000 loan limit in an amount sufficient to allow Menasha to apply for up to **\$7,000,000** in loans in 2009.