



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

March 16, 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 – March 2, 2010
3. Approve Loans
4. Proposal to Allow Executive Secretary to Extend Draw Period on State Trust Fund Loans
5. Request for Six Month Extension to Allowable Draw Period
6. Executive Secretary's Report
7. Adjourn

**BOARD MEETING
MARCH 16, 2010**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the March 2, 2010, board meeting.

Board Meeting Minutes
March 2, 2010

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:00 p.m. It was noted that the Attorney General Van Hollen was unable to attend the meeting.

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 |
| Scott Eastwood, Loan Analyst | Board of Commissioners of Public Lands |

ITEM 2. APPROVE MINUTES – February 16, 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

Deputy Secretary German said that the loans had received legal review.

Municipality	Municipal Type	Loan Amount
1. Abbotsford Counties of Clark and Marathon Application #: 02010144 Purpose: Finance TIF district project	City Rate: 4.50 Filed: February 18, 2010	\$100,000.00
2. Glenwood City Counties of Dunn and St. Croix Application #: 02010146 Purpose: Refinance prior service pension liability	School Rate: 5.25 Filed: February 18, 2010	\$483,000.00
3. Oakland County of Burnett Application #: 02010147 Purpose: Finance the purchase of capital equipment and vehicles	Town Rate: 4.50 Filed: February 18, 2010	\$290,000.00
4. Oconto County of Oconto Application #: 02010145 Purpose: Finance public works project	City Rate: 3.50 Filed: February 18, 2010	\$500,000.00
5. Sturgeon Bay County of Door Application #: 02010148 Purpose: Finance public works project	City Rate: 3.50 Filed: February 19, 2010	\$82,000.00

6.	Sturgeon Bay	City	\$42,000.00
	County of Door	Rate: 4.50	
	Application #: 02010149	Filed: February 19, 2010	
	Purpose: Finance public works project		
		TOTAL	\$1,497,000.00

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

Executive Secretary Nelson reported that she and Deputy Secretary German met the previous week with the editor of the Lakeland Times, Greg Walker, and their investigative reporter, Richard Moore, to discuss the State Trust Fund Loan Program, the agency's land bank authority, and timber revenue deposits.

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
MARCH 16, 2010**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Amount
1. Kimberly County of Outagamie Application #: 02010151 Purpose: Finance TIF district project	Village Rate: 5.50 Filed: March 4, 2010	\$1,000,000.00
2. Lena County of Oconto Application #: 02010150 Purpose: Finance public works project	Village Rate: 3.50 Filed: February 25, 2010	\$20,000.00
3. Montello County of Marquette Application #: 02010152 Purpose: Refinance other outstanding debt	City Rate: 3.50 Filed: March 4, 2010	\$284,814.00
4. Okauchee Lake Management District County of Waukesha Application #: 02010155 Purpose: Finance public works project	Lake District Rate: 4.50 Filed: March 10, 2010	\$300,000.00
5. Sullivan County of Jefferson Application #: 02010153 Purpose: Finance the purchase of capital equipment and vehicles	Town Rate: 3.50 Filed: March 8, 2010	\$30,000.00
6. West Bend County of Washington Application #: 02010154 Purpose: Finance the purchase of capital equipment and vehicles	City Rate: 4.50 Filed: March 8, 2010	\$519,005.00
TOTAL		\$2,153,819.00

**BOARD MEETING
MARCH 16, 2010**

**AGENDA ITEM 4
ADMINISTRATIVE EXTENSION OF ALLOWABLE DRAW PERIOD**

At the November 3, 2009 Board Meeting, at the request of BCPL staff, the Board reduced the loan draw period from one year to four months from the date of loan approval. The action was taken to:

- Limit the use of the State Trust Fund Loan program as a standby source of financing;
- Keep more money available for those borrowers who needed it for primary financing;
- Put more Trust Fund principal into higher yielding instruments (loans rather than SIF); and
- Produce more income for Trust Fund beneficiaries.

At that time, BCPL staff did not feel that the reduction in draw periods would have a negative impact on the majority of our borrowers. Our experience since November has shown that to be the case. The vast majority of our borrowers have not expressed any problems with the shorter, four month draw period. However, BCPL staff has occasionally encountered a situation where a borrower needs slightly more time to draw the funds due to extenuating circumstances.

At this time, we are asking the board for authority to administratively extend the draw period for up to 30 days after considering:

- The affect of the draw extension on Trust Fund earnings;
- The immediate availability of other alternative investments; and
- Extenuating circumstances encountered by the borrower after the date of the loan application.

BCPL staff proposes the following resolution to allow for such change:

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners Public Lands authorizes the Executive Secretary to administratively extend the four month allowable draw period for state trust fund loans by up to 30 days, taking into account:

- The affect of the draw extension on Trust Fund earnings;
- The immediate availability of other alternative investments; and
- Extenuating circumstances encountered by the borrower after the date of the loan application.

**BOARD MEETING
MARCH 16, 2010**

**AGENDA ITEM 5
REQUEST FOR A SIX MONTH EXTENSION OF ALLOWABLE DRAW PERIOD**

The Middleton Cross-Plains School District (the “School District”) has requested a six month extension on the draw period for their State Trust Fund Loan. A copy of such request is attached as Exhibit A. On December 1, 2009, the Board of Commissioners of Public Lands approved a loan for the School District in the amount of \$2.025 Million for the purpose of financing a variety of energy efficiency projects. The School District has confirmed that the total cost of the projects will be at least \$1.9 Million and the School District plans on drawing \$1.9 Million on its loan this coming week on March 19th. The four month draw period for the School District’s loan expires on April 1, 2010. However, at this time, the School District is unsure if it will need to draw the remaining \$125,000 that is still available on its loan approval. School District officials believe they will know by October 2010 if additional funds are needed for their project. Therefore, the School District is requesting a six month extension on their draw period.

The School District is designating its State Trust Fund Loan as a Build America Bond (BAB) and the School District does not believe it can draw the full amount of the loan and then prepay any unneeded portions of the loan due to the rules associated with the BAB program. The School District does not want to be obligated to expend the full amount of the authorized loan on additional work if it is not in the best interests of the School District.

At the November 3, 2009 Board Meeting, at the request of BCPL staff, the Board reduced the loan draw period from one year to four months from the date of loan approval. The action was taken to:

- Limit the use of the State Trust Fund Loan program as a standby source of financing;
- Keep more money available for those borrowers who needed it for primary financing;
- Put more Trust Fund principal into higher yielding instruments (loans rather than SIF); and
- Produce more income for Trust Fund beneficiaries.

BCPL staff note that the School District’s request for an extension on the loan draw period is in direct conflict with some of the goals of the Board’s action with respect to the loan draw period. Since the School District is uncertain whether or not they will need the remaining amount of the authorized loan, the extension is not merely a deferral of a draw. The draw period extension would require holding Trust Funds in a low yielding short-term account such as SIF in case the School District determines the additional money is needed. BCPL staff further note that the School District is currently under the annual borrowing limit and the School District is welcome to apply for an additional loan later this year if additional money is still needed.

For the above reasons, it is BCPL staff’s recommendation that the Middleton-Cross Plains School District’s request for a loan limit extension should be denied.



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March 11, 2010

Board of Commissioners of Public Lands
P.O. Box 8943
Madison, WI 53708-8943

Dear Board of Commissioners:

The Middleton-Cross Plains Area School District is requesting the opportunity to receive its State Trust Fund Loan #02010098 in two installments - \$1,900,000 this month and remaining balance (up to \$125,000), if needed, in October 2010. Our STFL loan is being issued as a Build America Bond (BAB). Proceeds from the STFL loan issued as a BAB must be applied to project costs and cannot be applied to lowering the cost of the loan or to fund loan principal payments. We will not know the final project cost until completion of the performance contract. Our School Board does not want to be obligated to expend the full amount of the loan on additional work if it is not in the best interest of our school district.

To receive the State Trust Fund Loan in two installments, we will need an exception to the Board of Commissioners of Public Lands (Board) policy that the loan must be drawn within four months of receiving approval from the Board. The second installment for our State Trust Fund Loan, if drawn in October 2010, would fall outside of this four month window since we received Board approval for the State Trust Fund Loan on December 1, 2009. As such we are asking for an exception to the Board's policy so that we may issue the remaining balance of the State Trust Fund Loan after the four month timeframe.

Thank you for your consideration of this request. Please contact me at (608) 829-9002 if you have any questions.

Sincerely,

Tom Wohlleber
Assistant Superintendent

C: Don Johnson, Superintendent
Scott Eastwood, STFL Analyst
Brian Lanser, Quarles & Brady