



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

July 2, 2013

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 – June 18, 2013
- 3) Approve Loans
- 4) Request to Ratify Adjustments to Loan Program Interest Rates
- 5) Executive Secretary's Report
- 6) Adjourn

**BOARD MEETING
JULY 2, 2013**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the June 18, 2013, board meeting.

Board Meeting Minutes
June 18, 2013

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 |
| Kurt Schuller, Commissioner | State Treasurer |
| J.B. Van Hollen, Commissioner | Attorney General |
| 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 – JUNE 11, 2013

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

ITEM 3. APPROVE LOANS

Deputy Secretary German said the loans had received legal review.

Municipality	Municipal Type	Loan Amount
1. Clayton Polk County Application #: 02013203 Purpose: Refinance bank debt	Village Rate: 3.75% Term: 17 years	\$119,253.50
2. Clayton Polk County Application #: 02013204 Purpose: Refinance BCPL loan #2012008	Village Rate: 2.75% Term: 8 years	\$18,762.25
3. Clayton Polk County Application #: 02013205 Purpose: Refinance BCPL loan #2011088	Village Rate: 2.00% Term: 2 years	\$20,455.35
4. Clayton Polk County Application #: 02013206 Purpose: Refinance BCPL loan #2011138	Village Rate: 2.75% Term: 8 years	\$78,625.78

5.	Clayton Polk County Application #: 02013207 Purpose: Refinance BCPL loan #2012007	Village Rate: 2.75% Term: 8 years	\$51,011.30
6.	Nashotah Waukesha County Application #: 02013202 Purpose: Finance street construction and repairs	Village Rate: 2.75% Term: 10 years	\$668,500.00
7.	Rhineland Oneida County Application #: 02013208 Purpose: Refinance BCPL loan #2007042	City Rate: 3.75% Term: 13 years	\$439,091.00
8.	Rhineland Oneida County Application #: 02013209 Purpose: Finance TID #6 projects	City Rate: 3.75% Term: 13 years	\$252,000.00
9.	Rhineland Oneida County Application #: 02013210 Purpose: Refinance BCPL loan #2011053	City Rate: 3.75% Term: 17 years	\$474,732.00
10.	Rhineland Oneida County Application #: 02013211 Purpose: Refinance BCPL loan #2010081	City Rate: 2.75% Term: 6 years	\$254,717.00
11.	Rhineland Oneida County Application #: 02013212 Purpose: Finance TID #10 projects	City Rate: 3.75% Term: 20 years	\$401,500.00
12.	Rhineland Oneida County Application #: 02013213 Purpose: Finance TID #9 projects	City Rate: 2.75% Term: 10 years	\$50,000.00
13.	Rhineland Oneida County Application #: 02013214 Purpose: Finance TID #8 projects	City Rate: 2.75% Term: 10 years	\$280,000.00

14.	Two Rivers	City	\$1,162,358.00
	Manitowoc County	Rate: 2.75%	
	Application #: 02013201	Term: 10 years	
	Purpose: Finance capital improvement plan		
		TOTAL	\$4,271,006.18

MOTION: Commissioner Schuller 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 was at the agency's District Office in Lake Tomahawk. She toured a biomass plant in Rothschild on Monday. She and BCPL Forest Supervisor John Schwarzmann also met with the US Forest Service to discuss future collaborations.

ITEM 7. ADJOURN

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

**BOARD MEETING
JULY 2, 2013**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Amount
1. Grafton Ozaukee County Application #: 02013223 Purpose: Construct septic receiving station and garage	Village Rate: 3.75% Term: 13 years	\$1,000,000.00
2. Perry Dane County Application #: 02013215 Purpose: Finance Hauge Park acquisition costs	Town Rate: 3.75% Term: 20 years	\$1,175,000.00
3. Schoepke Oneida County Application #: 02013222 Purpose: Construct EMS/fire department building	Town Rate: 3.75% Term: 20 years	\$200,170.00
4. Solon Springs Douglas County Application #: 02013224 Purpose: Replace roof and purchase technology infrastructure	School Rate: 2.75% Term: 10 years	\$72,000.00
5. West Allis - West Milwaukee, Et. Al. Milwaukee and Waukesha Counties Application #: 02013216 Purpose: Finance capital improvements	School Rate: 2.75% Term: 10 years	\$1,000,000.00
6. Westfield Marquette County Application #: 02013217 Purpose: Finance TID street and sidewalk project	Village Rate: 2.75% Term: 8 years	\$500,000.00
7. Westfield Marquette County Application #: 02013218 Purpose: Refinance bank loan	Village Rate: 2.75% Term: 10 years	\$145,079.00

Municipality	Municipal Type	Loan Amount
8. Westfield Marquette County Application #: 02013219 Purpose: Refinance BCPL loan #2010080	Village Rate: 3.75% Term: 16 years	\$377,628.77
9. Westfield Marquette County Application #: 02013220 Purpose: Refinance BCPL loan #2009006	Village Rate: 2.50% Term: 5 years	\$207,314.55
10. Westfield Marquette County Application #: 02013221 Purpose: Refinance BCPL loan #2009149	Village Rate: 2.50% Term: 5 years	\$689,520.30
	TOTAL	<hr/> \$5,366,712.62

**BOARD MEETING
JULY 2, 2013**

**AGENDA ITEM 4
REQUEST TO RATIFY ADJUSTMENTS TO
LOAN PROGRAM INTEREST RATES**

Background

Over the past two months, market interest rates have increased dramatically with the 10 year benchmark Treasury moving from about 1.60% to above 2.50%. This rate increase reflects recent data indicating an improving economy, along with market reaction to the potential of reduced Federal Reserve bond purchases.

Interest rates charged by the BCPL State Trust Fund Loan Program should reflect market rates to maintain our competitive position in relation to alternative sources of funding available to our customers. In addition, from a fiduciary standpoint, we want to set loan program interest rates at a level that provides appropriate compensation for the additional default and liquidity risks when investing in loans versus an investment in U.S. Treasury notes and bonds.

Staff believes that recent increases in market interest rates may be an overreaction to recent events, and so has tempered our recommendation to reflect a potential reduction in market rates.

Interest Rate Adjustments

In an effort to reflect recent increases in market interest rates, staff recommended that program interest rates in the BCPL State Trust Fund Loan program be increased by .50% on 5, 10, and 20 year loans. The new rates will be 3.00% for loans from 3-5 years, 3.25% for loans from 6-10 years, and 4.25% for loans from 11-20 years.

As short-term rates have not shown the dramatic increase recently seen in longer term rates, staff recommended no change in the 2 year interest rate, which is currently at 2.0%.

The Board had previously authorized the Executive Secretary in consultation with the Board Chairman to adjust loan interest rates up to 1% between board meetings. In accordance with this authority, the Executive Secretary and Board Chairman approved such changes on June 27, 2013.

Proposed Resolution

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands ratifies the changes in BCPL State Trust Fund Loan Program, with annual interest rates to be set at 3.00% for 3-5 year loans, 3.25% for 6-10 year loans, and 4.25% for 11-20 year loans;