



Douglas La Follette, *Secretary of State*  
Kurt Schuller, *State Treasurer*  
J.B. Van Hollen, *Attorney General*  
Tia Nelson, *Executive Secretary*

101 E. Wilson Street  
2nd Floor  
PO Box 8943  
Madison, WI 53708-8943

608 266-1370 INFORMATION  
608 266-0034 LOANS  
608 267-2787 FAX  
[bcpl.wisconsin.gov](http://bcpl.wisconsin.gov)

**Managing Wisconsin's trust assets for public education**

## AGENDA

July 1, 2014

2:00 P.M.

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

- 1) Call to Order
- 2) Approve Minutes – June 3, 2014
- 3) Approve Loans
- 4) Approval of Change in Loan Limit Policy
- 5) Executive Secretary's Report
- 6) Adjourn

**BOARD MEETING  
JULY 1, 2014**

**AGENDA ITEM 2  
APPROVE MINUTES**

Attached for approval are the minutes from the June 3, 2014, board meeting.

Board Meeting Minutes  
June 3, 2014

**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

Kurt Schuller, Commissioner

J.B. Van Hollen, Commissioner

Tom German, Deputy Secretary

Richard Sneider, Loan Analyst

Secretary of State

State Treasurer

Attorney General

Board of Commissioners of Public Lands

Board of Commissioners of Public Lands

**ITEM 2. APPROVE MINUTES – MAY 20, 2014**

**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 that the loans had received legal review.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
1. Cadott Chippewa County Application #: 02014165 Purpose: Finance TID #4 street and utility projects	Village Rate: 4.25% Term: 20 years	\$335,000.00
2. Endeavor Marquette County Application #: 02014164 Purpose: Finance road construction	Village Rate: 3.50% Term: 10 years	\$75,000.00
3. Mosinee Marathon County Application #: 02014167 Purpose: Finance Ranger Street reconstruction project	City Rate: 4.25% Term: 20 years	\$430,000.00
4. Two Rivers Manitowoc County Application #: 02014168 Purpose: Finance 2014 Capital Projects	City Rate: 3.50% Term: 10 years	\$1,588,600.00
5. Two Rivers Manitowoc County Application #: 02014169 Purpose: Refinance 2011 Bond Anticipation Notes	City Rate: 4.25% Term: 20 years	\$3,025,000.00

6.	Two Rivers Manitowoc County Application #: 02014170 Purpose: Refinance BCPL Loan #2006024	City Rate: 3.50% Term: 9 years	\$804,959.64
7.	Waupun Dodge and Fond du Lac Counties Application #: 02014166 Purpose: Finance hotel development incentive	City Rate: 3.50% Term: 7 years	\$700,000.00
<b>TOTAL</b>			<b>\$6,958,559.64</b>

**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**

Deputy Secretary German reported the results of the public lands sales, which were authorized by the Board at the March 18 meeting. BCPL offered eight parcels for sale via sealed bid process and four of them sold. The amount of the sales totaled \$198,744 and was almost \$40,000 more than the appraised value, the minimum bid price. Bids were not received on the other four parcels.

#### **ITEM 5. ADJOURN**

**MOTION:** Commissioner Schuller moved to adjourn the meeting; Commissioner Van Hollen seconded the motion. The motion passed 3-0.



Thomas P. German, Deputy 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 recording may do so at the Board of Commissioners of Public Lands, 101 E. Wilson Street, 2<sup>nd</sup> Floor, Madison, Wisconsin.

**BOARD MEETING  
JULY 1, 2014**

**AGENDA ITEM 3  
APPROVE LOANS**

Municipality	Municipal Type	Loan Amount
1. Brodhead Green and Rock Counties Application #: 02014175 Purpose: Refinance BCPL loan #2011165	City Rate: 4.25% Term: 13 years	\$216,503.44
2. Brodhead Green and Rock Counties Application #: 02014176 Purpose: Finance road construction	City Rate: 4.25% Term: 20 years	\$350,000.00
3. Frederic Polk County Application #: 02014171 Purpose: Finance street and utility projects	Village Rate: 4.25% Term: 20 years	\$290,321.00
4. Fulton Rock County Application #: 02014177 Purpose: Finance road project	Town Rate: 3.00% Term: 5 years	\$474,200.00
5. Lake Holcombe Chippewa County Application #: 02014181 Purpose: Finance business development project	Town Rate: 3.50% Term: 10 years	\$1,000,000.00
6. Mayville Dodge County Application #: 02014178 Purpose: Finance TID #5 development incentives	City Rate: 4.25% Term: 20 years	\$660,000.00
7. Ojibwa Sawyer County Application #: 02014179 Purpose: Finance operations	Town Rate: 2.50% Term: 2 years	\$30,000.00
8. Sheboygan Sheboygan County Application #: 02014180 Purpose: Finance road construction	Town Rate: 3.50% Term: 10 years	\$2,000,000.00

Municipality	Municipal Type	Loan Amount
9. Sparta Monroe County Application #: 02014174 Purpose: Purchase plow truck and equipment	Town Rate: 3.00% Term: 4 years	\$110,000.00
10. Washington Door County Application #: 02014172 Purpose: Finance energy efficiency projects	School Rate: 3.50% Term: 10 years	\$580,000.00
11. Withee Clark County Application #: 02014173 Purpose: Finance street projects	Village Rate: 2.50% Term: 2 years	\$40,000.00
	<b>TOTAL</b>	<hr/> <b>\$5,751,024.44</b>

**BOARD MEETING**

**July 1, 2014**

**AGENDA ITEM 4**

**APPROVAL OF CHANGE IN LOAN LIMIT POLICY**

**Description of Proposal** – BCPL staff is recommending that the Board eliminate the current policy of restricting the annual amount that may be borrowed from the State Trust Funds by any individual borrower, and authorize staff to create temporary limits on loan amounts as needed in the future.

**Summary Explanation** – Municipalities and school districts are limited by statute as to the total amount of debt they can accumulate. In addition to these statutory limitations, BCPL has maintained a policy of limiting the amount that any individual municipality or school district may borrow during a calendar year. This amount varies depending on our cash balance.

This loan cap policy was designed to improve the long-term stability of the program by assuring that funds would be available for the smaller borrowers that have traditionally been the primary customers of the Trust Fund Loan Program. A loan request exceeding the maximum loan amount requires a Board action granting an exception to the loan limit.

The State Trust Fund Loan Program continues to provide the best combination of risk and return of any investment available to BCPL. As our best option, BCPL should be making all efforts to maximize the amount invested in Trust Fund Loans. BCPL staff believes that the current loan limit policy may be deterring some larger borrowers from requesting loan amounts that exceed the loan limit. If so, the loan limit policy may be eliminating certain opportunities to invest trust funds in loans that produce excellent returns to the beneficiaries with an extremely low risk of default.

Funds available for investment currently exceed \$104 million, and total cash has not been below \$50 million since December 2006. Trust Fund cash is invested in the State Investment Fund (SIF), which currently pays 0.09%. Minimizing the amount of cash invested at this low rate is an important goal when attempting to maximize overall investment returns. Eliminating the current loan limit policy will allow staff to increase the amount of cash invested in Trust Fund Loans and reduce the amount held in cash. This change will likely increase overall investment returns without increasing portfolio default risk, and may allow an increase in the annual distribution to Trust Fund beneficiaries.

Staff will closely monitor available funds and maintain a level of cash necessary to fund smaller loan requests. Depending on the time of the year and the timing of expected fund inflows, it may be necessary for staff to institute temporary loan limits to regulate loan demand.

**Proposed Resolution**

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Commissioners of Public Lands eliminates the policy of restricting the annual amount that may be borrowed from the State Trust Funds by any individual borrower, and authorizes staff to create temporary limits on loan amounts as needed in the future.