BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848

Managing Wisconsin's trust assets for public education

Douglas La Follette, *Secretary of State*
Matt Adamczyk, *State Treasurer*
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Tia Nelson, *Executive Secretary*

AGENDA A

March 3, 2015
2:00 P.M.
Attorney General's Office
114 East
State Capitol
Madison, Wisconsin

1) Call to Order

2) Select an Agenda

3) Approve Minutes – February 17, 2015 (Attachments)

4) Approve Loans (Attachments)

5) Staff Analysis of BCPL Land Bank Authority and Impacts of LRB-0169/1 (Attachments)

6) Proposed Land Bank Sale to Forest County (S1301 – Johnson Road) (Attachments)

7) Proposed Land Exchange (E1501 – Rustic Lane) (Attachments)

8) Executive Secretary's Report

9) Future Agenda Items

10) Adjourn

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 2
SELECT AN AGENDA

The Executive Secretary was confronted with conflicting directions for the March 3, 2015, board meeting; specifically, whether or not certain agenda items should be included in the board packet. These agenda items were not discussed as "future agenda items" at the February 3 board meeting and were submitted after what the Executive Secretary understood to be the agreed upon deadline for board meeting materials.

The Executive Secretary sought guidance from the Wisconsin Department of Justice and was advised to prepare two different agendas – one including the agenda items in question and the other excluding them. The first order of business to be taken up after the meeting is called to order is for the Board to select an agenda.

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 3
APPROVE MINUTES

Attached for approval are the minutes from the February 17, 2015, board meeting.

Board Meeting Minutes
February 17, 2015

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:08 p.m.

Present were:

Doug La Follette, Board Chair	Secretary of State
Matt Adamczyk, Commissioner	State Treasurer
Brad Schimel, 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
John Schwarzmann, Forest Supervisor	Board of Commissioners of Public Lands
Randy Bixby, Land Records Archivist	Board of Commissioners of Public Lands
Denise Nechvatal, Accountant	Board of Commissioners of Public Lands
Natalie Jablonski, Reporter	WXPR, Rhinelander

ITEM 2. APPROVE MINUTES – FEBRUARY 3, 2015

Commissioner Adamczyk said that the minutes did not include some of his comments regarding the evaluation and appointment of an Executive Secretary under agenda item 8. He said that while he was in agreement with an annual evaluation each June, he did not want the Board to be limited to only being able to appoint a new Executive Secretary in June if the Board decided to make a change. Board Chair La Follette said that the Board would not be limited in what they could do and they had simply agreed to an annual evaluation timeframe.

MOTION: Commissioner Schimel moved to approve the minutes; Commissioner Adamczyk seconded the motion. The motion passed 3-0.

ITEM 3. APPROVE LOANS

Executive Secretary said that the loans had received legal review.

	Municipality	Municipal Type	Loan Type	Loan Amount
1.	Elk Mound Dunn County Application #: 02015096 Purpose: Finance utility meter replacement	Village Rate: 3.25% Term: 10 years	General Obligation	$49,000.00
2.	Fredonia Ozaukee County Application #: 02015093 Purpose: Refinance building loan	Town Rate: 3.75% Term: 14 years	General Obligation	$298,243.00
3.	Green Bay Brown County Application #: 02015094 Purpose: Finance TIF project	City Rate: 4.25% Term: 20 years	General Obligation	$2,500,000.00

4.	Stockbridge Calumet County Application #: 02015091 Purpose: Finance energy efficiency projects	School Rate: 3.00% Term: 5 years	General Obligation	$1,000,000.00
5.	Stockbridge Calumet County Application #: 02015092 Purpose: Refinance BCPL loan #2008099	School Rate: 3.75% Term: 13 years	General Obligation	$209,368.49
			TOTAL	**$4,056,611.49**

MOTION: Commissioner Adamczyk moved to approve the loans; Commissioner Schimel seconded the motion. The motion passed 3-0.

ITEM 4. PROPOSED LAND EXCHANGE (E1501 – RUSTIC LANE)

Board Chair La Follette said the Board would be exchanging 120 acres of unproductive lands and acquiring 40 acres of productive timberland. The appraisals indicate the exchange would be favorable for the Board. He said the exchange would help consolidate School Trust Lands, also.

Commissioner Adamczyk asked if he could make a comment.

Board La Follette replied that, theoretically, a motion should be made before discussion but gave Commissioner Adamczyk the floor.

Commissioner Adamczyk said the proposed transaction was listed as an exchange but, after reviewing the agenda documents, it appeared to him that someone will purchase the 120 acres of BCPL land in one county and BCPL will then buy 40 acres of land in a different county. He expressed his concerns about buying more land, as a general problem. He said he knows of legislators who have been working on this and has talked to them. He said his overall concern is that BCPL is not making money on current Trust Lands and asked staff if money was made on land in 2015.

Board Chair La Follette interrupted and said that the discussion had strayed from the agenda topic of the proposed land exchange.

Commissioner Adamczyk said the Board would be discussing the topics that he just brought up later in the meeting because it was included in the Executive Secretary's Report.

Board Chair La Follette said that the Board was not discussing that agenda item (Executive Secretary's Report) at this time.

Commissioner Adamczyk said he is being asked, as a Commissioner, to vote on this proposed land exchange and is asking if the Board makes money on its land.

Board Chair La Follette explained that he was trying to follow Robert's Rules of Order, which allows for discussion only after a motion had been made and seconded.

MOTION: Board Chair La Follette moved to approve the exchange. He said there was no second to the motion and, therefore, the item could not be discussed and would move to the next agenda item. *(Commissioner Schimel seconded the motion a little later in the proceedings.)*

Executive Secretary Nelson said she would be happy to answer Commissioner Adamczyk's questions. She said information had been distributed in the last 12 hours that clearly demonstrated that the Board is, indeed, making money on the trust lands.

SECOND TO THE MOTION: Commissioner Schimel seconded the motion so the Board could discuss the proposed land exchange.

Board Chair La Follette thanked him. He said that a motion was made by him and seconded by Commissioner Schimel. He asked if there were questions or discussion.

DISCUSSION: Commissioner Adamczyk said that he was okay with selling land but had a problem with buying land. He said that Tara Lila does not own the 40-acre parcel but would be purchasing it and then exchanging it with the Board. He asked why the Board wouldn't just purchase that property.

Deputy Secretary German replied that the three, forty-acre parcels the Board was offering in the exchange were unproductive lands and appraised at $60,000 (the Rustic Lane property located in Oneida County). The adjacent landowner, Tara Lila LLC., was interested in those lands and was willing to pay a premium for a 40-acre parcel in Forest County and then turn around and trade that land to the Board for the 120-acre Rustic Lane property. He said it seemed appropriate to conduct a trade in this situation.

John Schwarzmann, the Board's Forestry Supervisor, said that the other landowners had invested money and resources in obtaining appraisals. They had been patient with the process thus far and were willing to work together in order to achieve an outcome that benefited all parties.

Commissioner Adamczyk said he did not have a problem selling the land if it is worth $60,000, which is the Board's constitutional mission. He questioned why the Board would not just purchase the 40-acre parcel in Forest County in the private market because they may be able to negotiate a better deal. He said it made no sense to him to conduct this transaction as a trade.

Executive Secretary Nelson said that trades have been conducted in the past in situations where it benefited the Board. She said this exchange would not be impacted by Rep. Sanfelippo's proposed legislation.

Commissioner Adamczyk asked if Tara Lila owned the other tract of land (the Forest County property). Executive Secretary Nelson replied that they did not. Commissioner Adamczyk said that this was not an exchange since they (Tara Lila) did not own the property; the Board could purchase it. He said that ***he*** did not want to buy it but the Board could.

Board Chair La Follette asked if the transaction could be done as a purchase and sale rather than an exchange.

Mr. Schwarzmann said he would have to ask the other parties.

Executive Secretary Nelson explained that prior to Land Bank authority the only way for the agency to achieve its goals of consolidating its landholdings, improving timber management efficiencies, and enhancing public access was through land exchanges. She apologized for not having answers to the Board's questions on why this transaction was negotiated as an exchange. She said that perhaps the item could be tabled until she has the answers.

Commissioner Adamczyk said that while Tara Lila was willing to purchase the Roberts parcel for $65,000, no one knows what the final sale price will be it; it could be $50,000. He was concerned that the Board could potentially be exchanging the Rustic Lane parcel (appraised at $60,000) for a parcel purchased for $50,000. He said he was willing to sell land but did not think the Board should be purchasing more land; that was not his goal. He could see limited instances in doing trades with the counties or the Forest Service to remove isolated (Trust Land) parcels within their landholdings or to achieve better blocking. He said the Roberts parcel is already a large block of land and it does not need to be bigger.

Commissioner Adamczyk referred to the "Rustic Lane 120-acre sale" email he sent to Ms. Nelson and which she forwarded to the other Commissioners. He was concerned that while the property was valued at $60,000, future timber sales may not realize a return of the same value, and if no sales are conducted, there would be no revenue. Executive Secretary Nelson replied that it was incorrect to assume that the Board would be earning a rate of return on the $60,000 if the property was sold outright. She said the Board currently has cash reserves over $100 million earning less than 1% interest (in the State Investment Fund); having more cash is a disadvantage for the beneficiaries. Commissioner Adamczyk said that the Board invests in bonds and asked why the $100 million isn't smaller. Executive Secretary Nelson replied that loan demand has dropped and bonds available for purchase are limited. This cash reserve is undesirable and selling land for cash only exacerbates an already challenging situation.

Board Chair La Follette asked if the 40-acre parcel was purchased, rather than exchanged, would more revenue be realized from a timber sale compared to a 1% investment.

Executive Secretary Nelson replied yes. The 40 acres the Board would receive is timber-producing land and the 120-acres the Board would be giving up are non-timber producing land.

Commissioner Adamczyk said the board manages approximately 75,000 acres of land and asked if the Board made any money this last fiscal year after subtracting expenses. He referred to timber sale information he received from staff that totaled 477 ($477,000) in revenue but expenses for the District office that totaled 530 ($530,000). He said based on that information, it appears as though the Board made no money on the lands. He asked if that was incorrect.

Executive Secretary Nelson replied that was incorrect. Commissioner Adamczyk asked how much was earned from timber sales. She replied that the analysis he was making was problematic because the return on investment in real estate exceeds the return on other investments at this time. Commissioner Adamczyk said, "We don't know that." She replied, "Yes, we do know that."

Board Chair La Follette said the conversation had strayed from the topic of the agenda item and asked Commissioner Schimel if he'd like the conversation to continue. Commissioner Schimel said the conversation was relevant and it would not violate the open meetings law.

Commissioner Adamczyk reiterated what he said about the District Office's expenses being more than timber sale revenues. John Schwarzmann said that prior to the agency being granted Land Bank Authority in 2006 the School Trust Lands were very fragmented, scattered and difficult to manage. The legislature recognized those challenges and gave the agency the tools to remedy the situation. Since then the agency has been able to consolidate its land holdings into larger blocks, which have resulted in higher timber sale bids on those larger land tracts. He said this trend will continue as more School Trust Lands are consolidated. Commissioner Adamczyk replied that he understood that but it has been ten years since Land Bank was granted and the District Office expenses were still more than timber sale revenues last year.

Richard Sneider, the agency's financial specialist, said that Commissioner Adamczyk was ignoring the appreciation of timber land. Over the last 20 years, according to a report conducted by the National Committee for the Real Estate Investment Fiduciaries, timberland in the U.S. had increased at an annual average rate of return of 12.3%. Mr. Sneider analyzed property acquired by the Board since Land Bank Authority (2006) and reported that the agency has made more money through timber sale revenues than if those lands were sold and the funds invested in the State Investment Fund. He added that real estate is an important diversification to the Board's investment portfolio. Commissioner Adamczyk said that no money is being returned to the beneficiaries from year-to-year. Mr. Sneider replied that was not true because income is generated from timber sales.

Board Chair La Follette said the discussion of the value of timber land and expenses had been allowed to continue but said it was time to vote on the exchange. Commissioner Schimel asked if he was correct in hearing that the other parties involved had invested in appraisals. Executive Secretary Nelson said they had. Commissioner Schimel asked if the exchange was tabled until the next board meeting, would those parties lose money and does the Board lose an opportunity. Executive Secretary Nelson said that was a possibility. She added that all parties

invested time and money for a mutually beneficial outcome and she could not predict what would happen.

Board Chair La Follette said the discussion of the fiduciary value of timber land was a topic that could be discussed at a future meeting. It was his opinion that it was inappropriate to apply it to this exchange transaction. He said staff could prepare information, present it to the Board, and decisions about future land transactions could be based off the information. He did not want this particular exchange to fail due to the time invested by the parties involved. Commissioner Schimel said that two legislators had asked the Board not to take action on the exchange. He said that while they (the legislature) do not dictate how the Board makes their decisions, they do dictate larger policies. He said he would like to talk with the legislators to learn more about their concerns and position.

MOTION: Commissioner Schimel moved to table the agenda item; commissioner Adamczyk seconded the motion.

Deputy Secretary German said that while the Board had identified two risks, time and money, the most important risk may actually be reputational. The Board has always been a dependable partner in these types of transactions. He said that parties investing time and effort into potential land transactions with an unreliable partner could have some serious repercussions. Commissioner Schimel said he appreciated that but still wanted to talk to the legislators.

VOTE: Commissioner Schimel and Commissioner Adamczyk voted aye; Board Chair La Follette voted no. The motion passed 2-1.

Board Chair La Follette asked Commissioner Schimel if he would relay information about his meetings with the legislators to Executive Secretary Nelson to be shared at the next board meeting. Commissioner Schimel agreed to do that.

(Commissioner Schimel was unable to stay for the remainder of the meeting and excused himself.)

ITEM 5. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that the Governor's 2015-2017 budget proposed a pilot program that would move accounting and information technology staff from smaller agencies to the Department of Administration in an effort to achieve efficiencies, which have yet to be described. In speaking with the agency's DOA budget analyst, it appears as though BCPL was not an intended target of the initiative. She said that other agencies with large investment responsibilities were exempted, such as the State Investment Board and WHEDA. There was also concern that trust assets would be diverted from the beneficiaries to pay salaries within another agency. She said she would be speaking informally to a member of the Governor's staff on this issue.

Commissioner Adamczyk said he would like for the Commissioners to be involved in these types of decisions and then direct staff. He expressed concern when members of the staff take action without the Commissioners' involvement. He prefers that the information be provided to the Board so they can discuss it and then they decide how to proceed. He gave an example of an email and information that Executive Secretary Nelson sent to Representative Sanfelippo regarding LRB-0169/1. Commissioner Adamczyk said he spoke with Rep. Sanfelippo who asked if the information provided to him by Executive Secretary Nelson was the Board's opinion, meaning Commissioner Adamczyk, Commissioner Schimel and Board Chair La Follette. Commissioner Adamczyk told Rep. Sanfelippo that "no, it was not." He said he generally supports the bill with minor changes in regard to land exchanges. He said that the email seemed to imply that the Commissioners weighed in when they hadn't.

Executive Secretary Nelson said she took it upon herself to contact Rep. Sanfelippo's office to correct the record because his co-sponsorship letter incorrectly stated that the Board of Commissioners of Public Lands was unelected. She did not think it required the Board's permission for her to contact a legislator's office to inform them that the members of the Board of Commissioners of Public Lands are constitutionally-elected officials. Commissioner Adamczyk said that was a minor issue and, obviously, was inaccurate. He said the email also included information about loans and library aid in Rep. Sanfelippo's district, which have very little to do with the

lands. He said the loans and library aid come from the Common School Fund but over 92% of the lands are under the Normal School Fund. He said sending that information to Rep. Sanfelippo made no sense to him.

Board Chair La Follette said he supported Executive Secretary Nelson providing information. He asked that staff prepare information on the proposed legislation (LRB-0169/1) and present it to the Commissioners at the March 3 meeting. The Board could then decide what action, if any, they would like to take. Commissioner Adamczyk did not agree with that and said that the analysis would be "skewed toward the Board." He said that the Board can read the bill, discuss it and decide whether or not it has merit. Board Chair La Follette replied that it made sense to him to get advice from staff. Commissioner Adamczyk said the Board already had that advice and he felt it was inaccurate.

Board Chair La Follette addressed Commissioner Adamczyk's criticism of Ms. Nelson and her providing the loan information to the legislator. He asked her if they asked for that information. Executive Secretary Nelson replied that when she interacts with legislators, it is her practice to provide loan and library aid information because it helps to promote the (State Trust Fund) loan program.

ITEM 6. FUTURE AGENDA ITEMS

Board Chair La Follette suggested that the next board meeting agenda include a discussion of LRB-0169/1, particularly since Commissioner Schimel was not present for this discussion. All three Commissioners could then discuss the topic, ask staff questions and provide staff with direction if the Board chose to take action. Commissioner Adamczyk agreed with that suggestion. He said he was concerned with staff making an analysis, posting it for an open meeting and it then appearing as though it is the Board's position when it is not ***his*** position. He could not speak for the other Commissioners.

Executive Secretary Nelson asked for clarification on what Board Chair La Follette was directing her and staff to prepare. Board Chair La Follette replied that staff should prepare an analysis of LRB-0169/1 to include the impact and implications of the proposed legislation. The Board could then discuss it and take action if they desired.

ITEM 7. ADJOURN

MOTION: Commissioner Adamczyk moved to adjourn the meeting; Board Chair La Follette seconded the

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 recording may do so at the Board of Commissioners of Public Lands, 101 E. Wilson Street, 2nd Floor, Madison, Wisconsin.

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 4
APPROVE LOANS

	Municipality	Municipal Type	Loan Type	Loan Amount
1.	Ashippun Dodge County Application #: 02015098 Purpose: Finance road and bridge projects	Town Rate: 3.75% Term: 20 years	General Obligation	$500,000.00
2.	Freedom Sauk County Application #: 02015101 Purpose: Purchase fire truck	Town Rate: 3.25% Term: 10 years	General Obligation	$176,000.00
3.	Lincoln Monroe County Application #: 02015099 Purpose: Purchase fire truck	Town Rate: 3.25% Term: 10 years	General Obligation	$250,000.00
4.	Primrose Dane County Application #: 02015097 Purpose: Purchase tractor	Town Rate: 3.00% Term: 5 years	General Obligation	$63,000.00
5.	Seneca Wood County Application #: 02015100 Purpose: Finance bridge and road repair	Town Rate: 3.00% Term: 5 years	General Obligation	$100,000.00
		TOTAL		**$1,089,000.00**

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 5
STAFF ANALYSIS OF LAND BANK AUTHORITY AND IMPACTS OF LRB-0169/1

At the Board's February 17 meeting, Board Chair La Follette directed staff to prepare an analysis of LRB-0169/1 to include the impact and implications of this proposed legislation on the Board's Land Bank Authority program.

Attachment: Staff Memo to Commissioners

CORRESPONDENCE/MEMORANDUM STATE OF WISCONSIN

Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
Post Office Box 8943
Madison, Wisconsin 53708-8943
Lands (608) 266-1370
Loans (608) 266-0034

DATE: February 25, 2015

TO: Douglas la Follette, Secretary of State
Matt Adamczyk, State Treasurer
Brad D. Schimel, Attorney General

FROM: Richard Sneider, BCPL Loan Analyst

SUBJECT: Staff Analysis of BPCL Land Bank Authority and Impacts of LRB-0169/1
Attachment to Agenda Item 5 – March 3, 2015, Board Meeting

Executive Summary – Since unanimous approval by the State Legislature in 2006, Land Bank Authority (Land Bank) has been a critical tool for increasing the value of School Trust Land assets. Land Bank has also improved investment returns, lowered portfolio risk by enhancing diversification, and increased management efficiencies. As a result of successful implementation of this authority, timber revenues have exceeded all direct costs of the BCPL land management office in Lake Tomahawk by more than $120,000 during each of the past four years, while generating substantial unrealized appreciation in land asset values.

LRB-0169, which is currently under consideration in the State Legislature, would eliminate the Board's statutory authority to invest in land. It is indisputable that allowing BCPL to maximize the value of managed assets and improve Trust Land revenue potential through the continuation of Land Bank is in the best interest of Trust Fund beneficiaries.

The Board has a fiduciary duty to work in the best interests of Trust Fund beneficiaries and LRB-0169 would do harm by removing a tool that enhances returns available to these same beneficiaries.

History of BCPL Land Ownership – The BCPL has managed State of Wisconsin School Trust Lands since statehood in 1848. Originally granted to Wisconsin from the Federal Government, these lands eventually totaled over 4 million acres with the vast majority sold during the 1800s. The scattered parcels that remained in the BCPL portfolio were mostly received with the Swamp Land Grant of 1850 and had little monetary value and/or severe management impediments. Many of these parcels were lands that no one wanted or had no legal access.

Wisconsin Constitution – Article X, Section 7 of the State Constitution created the BCPL to sell the lands granted to the State by the Federal Government and invest the proceeds within a trust to benefit public schools. Section 8 requires that lands be appraised before sale, and allows the Board to withhold land from sale "when they shall deem it expedient." Section 8 also provides that funds shall be invested "in such manner as the legislature shall provide." In 2006, the legislature provided that BCPL could invest in land under certain limited conditions.

Trust Land Holdings and Land Bank – BCPL currently manages less than 78,000 acres concentrated within a nine county consolidation zone in North Central Wisconsin. One condition of Land Bank was that Trust Funds could not own more than the 77,845 acres of land BCPL managed at the time of passage. Since 2006, BCPL has actively used this authority to improve the quality and value of land assets owned by the Trust Funds through the sale of 13,715 acres and the purchase of 12,904 acres.

Since Land Bank was granted, BCPL has accomplished the following:

- Increased timberlands by a net total of 24.6%
- Increased acres with permanent legal access by 27.8%

This realignment has significantly increased the value and revenue potential of School Trust Lands (see below). While these achievements are notable, it should be pointed out that significant challenges remain. In fact, only 41% of the School Trust Lands managed by the BCPL (31,700 acres) have been determined to have no significant remaining management challenges.

Land Bank provides the only efficient means to address these management impediments and continue the process of improving the value and revenue potential of BCPL-managed School Trust Lands. Without Land Bank these problems become hardened into the Trust Land portfolio without the tools to address them, thereby diminishing the ability of BCPL to attain full realizable value in future sales.

Land Bank purchases since 2006 have provided BCPL-managed Trust Funds with:

1. **Better Returns** – The BCPL has invested $16,000,000 (sixteen million dollars) in land since Land Bank was granted in 2006. Timber revenues from harvests on these newly purchased lands exceed by more than threefold the interest income that would have been generated by the same investment in the State Investment Fund (SIF). SIF is the appropriate benchmark because the Trust Funds held large cash balances during this period, primarily due to the Great Recession and the consequent effects on municipal loan demand and the financial markets. Any additions to the cash balance of the Trust Funds during this time (e.g., had we not purchased timberland) would have been invested in the SIF.

   BCPL land purchases since 2006 have certainly been a better investment for Trust Fund beneficiaries than available alternative investments. Of course, when including the unrealized appreciation of these land and timber assets, this investment comparison becomes even more lopsided (see below).

2. **Increased Land Management Efficiency** - One Land Bank strategy involves creating larger blocks of timberland. Loggers have certain fixed costs associated with timber contracts, and will bid more per acre on larger tracts. As BCPL has created larger blocks of productive timberland, our timber bids have improved for both pulpwood and saw timber. And, as the amount of timberland within the BCPL portfolio has increased, efficiency measures including the operating expense ratio and net management costs per acre have improved as well.

3. **Improvements in Adjacent Land Values -** Another Land Bank strategy includes the acquisition of legally accessible lands that are adjacent to landlocked parcels already held by the Trust Funds, thereby creating legal access to the interior parcels and unlocking the inherent value. While it is difficult to put an exact number on the appreciation of land assets, recent independent appraisals completed for BCPL show discounts of 30% for lands without legal public access. That percentage seems low, as the only parties that would place any value on a landlocked parcel may be the adjacent landowners. Neighbors are not often eager to buy, as they already benefit from using the adjacent trust land without the associated costs.

   Since 2006, Land Bank has allowed BCPL to provide access to over 3,000 acres of previously landlocked parcels, increasing Trust Land values by more than $1 million. A simple extrapolation would suggest that using Land Bank to obtain access rights for some (or all) of the remaining 31,000 managed acres without permanent legal access would provide the Trust Fund beneficiaries with significant increases in value.

4. **Asset Value Appreciation -** Institutional timberland investments nationwide, according to the National Council of Real Estate Investment Fiduciaries (NCREIF), have experienced an average annual return of 12.3% since 1987. While some of this return is from cash timber sales, a significant portion comes from the appreciation in land values. Experts in Northern Wisconsin indicate that local timberland values increased 5-10% annually from 1990 to 2005, remained stable during the recession, and have begun to increase at an annual rate of 1-2%.

5. **Diversification of Investment Portfolio –** Land provides significant diversification to Trust Fund investment portfolios that are otherwise restricted to a few types of fixed-income investments. One important element of this diversification is that when market interest rates increase, land values will tend to rise and the value of all other Trust Fund assets will decline. Diversification is critical for long-term fund performance, which is an important reason that real estate, including timberland, is included in the strategic asset allocation of most institutional funds. In addition, timberland is the only real estate asset available for BCPL investment and provides the only inflation hedge within our investment portfolio.

   Strategic asset allocation is an important function of Trust Fund management. At some point in time, it may make sense for the Board to reconsider the current allocation to land assets. But any strategic reallocation process will require an assessment of the expected future investment risks and returns in land and timber markets relative to other investment options available to the BCPL. This process must also include an analysis of the impact of reallocation on the diversification of investments within Trust Fund portfolios.

Recommendation – Staff recommends that the Board support continued use of Land Bank Authority in order to increase the value of Trust Land assets and improve Trust Land timber revenue potential, and oppose legislative efforts to rescind such authority.

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 6
PROPOSED LAND BANK SALE TO FOREST COUNTY (S1301)

Forest County has determined that 40 acres of BCPL land in Forest County is required for county use.

BCPL staff recommends the sale of the property to Forest County for the following reasons:

- The property is an isolated parcel within the Consolidation Zone.
- The property is adjacent to county forest lands.
- Sale of the property to Forest County would improve management efficiency for the county and reduce the threat of forest fragmentation.
- Sale of the property would provide BCPL with funds to purchase other lands that would provide better access to its existing lands, produce timber revenue, improve management efficiency, reduce forest fragmentation, or a combination of the above.

Attachments:
Resolution w/Exhibits
Exhibit A - BCPL Sale Criteria
Exhibit B - Appraisal Certification
BCPL Project Map

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 6
PROPOSED LAND BANK SALE TO FOREST COUNTY (S1301)

RECITALS

A. Forest County has determined that certain property, more particularly described as the Southeast ¼ of the Northeast ¼ (SENE) of Section Nine (9) Township Thirty-six (36) North, Range Thirteen (13) East, Lincoln Township, Forest County, Wisconsin totaling 40 acres in size (the "Johnson Road Property"), is required for county use.

B. The Johnson Road Property is currently owned by the Board of Commissioners of Public Lands.

C. The Johnson Road Property has been evaluated by BCPL staff against sale criteria previously adopted by the Board. The Johnson Road Property has been determined by BCPL staff to be appropriate for sale according to such criteria. A copy of the sale analysis is attached to this resolution as Exhibit A.

D. The Johnson Road Property has been independently appraised by Compass Land Consultants, Inc. at a value of Seven Hundred Thirty Dollars ($730) per acre rounded to a total of Twenty-nine Thousand Dollars ($29,000). A copy of the Certification of the Appraisal has been attached to this resolution as Exhibit B.

E. Forest County has offered to pay the sum of Twenty-nine Thousand Dollars ($29,000) to acquire the Johnson Road Property.

F. The offered price is equal to the appraised value.

G. BCPL staff recommends that the Board authorize the sale of the Johnson Road Property to Forest County at the appraised value of $29,000.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Johnson Road Property to Forest County at the price of Twenty-nine Thousand Dollars ($29,000) in accordance with Chapter 24 of the Wisconsin Statutes on such terms and conditions as the Executive Secretary determines to be reasonable and necessary. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

Item 6
Exhibit A

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Sale
Transaction ID#: S 1301

Common Name for Land Parcel **Johnson Road**

County Forest Township Lincoln

Legal Description Southeast Quarter of the Northeast Quarter of Section Nine (9), Township Thirty-six (36) North, Range Thirteen (13) East, Town of Lincoln, Forest County, Wisconsin

GLO Acres 40

Sale Criteria

1. Title
- ☐ Ownership verified with Register of Deeds
- ☒ Title appears merchantable

2. Timber Management
- ☐ Parcel is located outside of Consolidation Zone
- ☐ Parcel is an isolated or unproductive parcel within the Consolidation Zone
- ☐ Parcel is a deferred natural area

3. Access
- ☒ Parcel does not provide the only reasonable access to other BCPL parcels that will be retained.
- ☐ If parcel does provide the only reasonable access to other BCPL parcels to be retained, a public access easement across the parcel has been reserved.
- ☒ Parcel has no current access

4. Parcel Required By Other Government Entity
- ☐ The parcel is located within a project boundary of another government agency or adjacent to a parcel of land owned by another unit of government.
- ☒ Parcel is otherwise required by another unit of government.

I recommend that BCPL sell the above property on terms and conditions acceptable to BCPL:

☒ Yes
☐ No

Signature of Forest Land Supervisor — Date 9/24/12

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

☒ Yes
☐ No

Executive Secretary — Date 9/28/2012

Item 6
Exhibit B

RESTRICTED APPRAISAL REPORT

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on December 3, 2014. Comparable sales #1, #2, and #4 were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on various dates in 2014. Sale #3 was not field inspected due to seasonal conditions and trespassing concerns.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of $29,000 as of December 3, 2014.

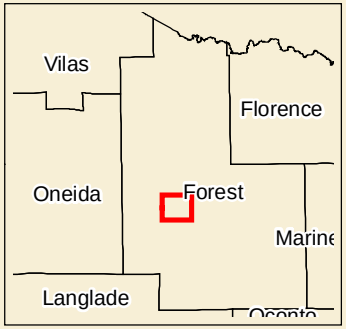
William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)

Daniel T. Schummer (LDH)
Daniel T. Schummer
Appraisal Assistant

BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848

Managing Wisconsin's trust assets for public education

JOHNSON ROAD SALE TO FOREST COUNTY



BCPL Project #: S1301

County: Forest

Town: Lincoln

Common Name

Johnson Road

Acres - 40.00

Fund 745

N W E S

Outgoing

County Forest

0 0.175 0.35 Miles

BCPL_I/T - June 12, 2014 S1301-Forest-Lincoln-Johnson_Road-8X11.pdf

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 7
PROPOSED LAND EXCHANGE – RUSTIC LANE (E1501)

This agenda item was tabled by the Board at their February 17 meeting. In order to discuss this agenda item a motion must be made, seconded, and a majority vote must be achieved in order to take the matter from the table.

Staff is requesting authority to convey a 120-acre parcel of Trust Lands in Oneida County to Tara Lila in exchange for a 40 acre parcel that is adjacent to an existing 3,500-acre block of Trust Lands in Forest County.

BCPL staff recommends the exchange with Tara Lila for the following reasons:

- The BCPL property that would be conveyed to Tara Lila is an isolated, landlocked, low productive parcel that is mostly wetland.

- The property that BCPL would receive in the exchange would:
    - contribute to the consolidation of a block of land;
    - improve management access to an existing block of land; and
    - include a well-stocked hardwood forest that would provide additional timber revenue for the Trust Fund

The properties to be exchanged have been appraised at approximately equal values.

Attachments:
Email from Executive Secretary Nelson to the Commissioners
Resolution w/Exhibits
Exhibit A – Summary Analysis – Outgoing Property (Rustic Lane Parcel)
Exhibit B – Appraisal Certification – Outgoing Property (Rustic Lane Parcel)
Exhibit C – Summary Analysis – Incoming Property (Roberts Parcel)
Exhibit D – Appraisal Certification – Incoming Property (Roberts Parcel)
BCPL Project Maps

From: Nelson, Tia - BCPL
To: Adamczyk, Matt - OST; Brad Schimel; La Follette, Doug J - SOS
Cc: Churchill, Susan J - SOS; Cook, Andrew C - DOJ
Bcc: BCPL DL Lake Tomahawk; German, Tom - BCPL
Subject: BCPL land exchange
Date: Tuesday, February 24, 2015 11:22:00 AM

Dear Commissioners,

At the last meeting the Board tabled a land exchange, pending further information. My apologies for not having a ready answer to why this transaction was presented as an three party exchange.

I asked Terry Hess, BCPL Real-estate Specialist, to summarize the history of interactions with the land owners involved and explain why the deal came together the way it did. The short answer is we were able to meet our goals and the goals of two private land owners without expending any BCPL land bank funds. The longer answer can be found below.

Let me know if you need any additional information.

Sincerely, Tia

Tia Nelson, Executive Secretary
Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
PO Box 8943
Madison, WI 53708-8943
(608) 266-8369 (608) 267-2787 - Fax
tia.nelson@wisconsin.gov
http://bcpl.wisconsin.gov

From: Hess, Terry - BCPL
Sent: Tuesday, February 24, 2015 10:59 AM
To: Nelson, Tia - BCPL
Cc: Schwarzmann, John - BCPL; German, Tom - BCPL
Subject: E1501

Tia,

John asked me to send you an email explaining why transaction E1501-Oneida-Sugar_Camp-Rustic_Lane, was set up as an exchange rather than a sale of the BCPL parcel to Tara Lila and a purchase from Mr. Roberts.

The short answer is that I saw it as a way to get the job done while at the same time conserving trust funds.

The long answer is as follows. Prior to May of 2010 the outgoing 120 acre Rustic Lane parcel touched the Northwest corner of the One Stone Lake parcel (S0922) that was conveyed to the DNR. BCPL had hoped that DNR would purchase the 120 acre Rustic Lane parcel as part of the One Stone Lake purchase but they did not. That left BCPL with an isolated, landlocked parcel that no one

except possibly an adjacent landowner or perhaps a duck hunter would want.

On March 4, 2010, BCPL closed on an extremely difficult and complicated exchange with Tara Lila, E0904 (the Sundstein Road Exchange). During the process of putting that transaction together I formed a working relationship with the land manager for Tara Lila, his name is Mike. After 3/4/2010 I had asked Mike several times if he felt that Tara Lila would have interest in acquiring the 120 acre Rustic Lane parcel. Each time he told me no they would not, that they felt they had enough land to manage.

Fast forward to 9/23/2014 when I received an email from Mike asking me if the 120 acres were still available. I told Mike it was and set up a meeting with him.

Also around this same time (2013-2014) I was working to gain the trust of a Mr. Isaac Roberts whom BCPL had interest in acquiring a 40 acre parcel located in Forest County from. After doing the math regarding what I believed to be the valuation of the 120 acre BCPL parcel and the 40 acre Roberts parcel it became apparent to me that the two parcels would match up almost perfectly with regards to valuation and that an exchange would possibly be one way to complete both transactions. I contacted Mr. Roberts and asked him if he would be interested in pursuing an exchange. Mr. Roberts said that we was willing to talk about it. In prior meetings with Mr. Roberts he had told me that his neighbor had offered him around $60,000 for his parcel and that after he completed his mandatory MFL timber harvest that he was going to talk to the neighbor again. I asked Mr. Roberts to hold off on completing his timber harvest (he was 80% complete, he was waiting for his father to recover from a stroke and they planned to complete the harvest this winter) while I put the exchange together. Mr. Roberts agreed to wait and I contacted the DNR and explained the situation to them.

On 10/30/2014 I met with Mike and told him that I had received a thumbs up from Mr. Roberts with regards to pursuing an exchange. From that point on the transaction has progressed through the normal process for completing an exchange.

Sincerely,

Terry Hess

Board of Commissioners of Public Lands
7271 Main Street
PO Box 277
Lake Tomahawk, WI 54539-0277

Office: (715) 277-3366
Fax: (715) 277-3363
terry.hess@wisconsin.gov
URL: http://bcpl.wisconsin.gov

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 7
PROPOSED LAND EXCHANGE – RUSTIC LANE (E1501)

RECITALS

A. BCPL currently owns a 120 acre parcel in Oneida County described as the NE ¼ of the SW ¼, the SW ¼ of the SW ¼ and the NW ¼ of the SE ¼ of Section 21, Township 39 North, Range 10 East, located in the Town of Sugar Camp (the "Rustic Lane Property").

B. Tara Lila, LLC ("Tara Lila") is an adjacent landowner and Richard Aylward, the managing member of Tara Lila, has proposed that BCPL exchange the Rustic Lane Property for other property of approximately equal value.

C. The Rustic Lane Property has been evaluated by BCPL staff against criteria previously adopted by the Board and has been determined by BCPL staff to be appropriate for exchange according to such criteria. A copy of the summary analysis for the Rustic Lane Property (outgoing property) is attached to this resolution as Exhibit A.

D. The Rustic Lane Property has been independently appraised by Compass Land Consultants, Inc. at $500 per acre for a total value of $60,000. A copy of the Certification of Appraisal of The Rustic Lane Property is attached to this resolution as Exhibit B.

E. BCPL staff has identified a 40 acre parcel in Forest County described as the SE ¼ of the SE ¼ of Section 12, Township 37 North, Range 13 East, Town of Argonne (the "Roberts Parcel") as suitable for the proposed exchange. The Roberts Parcel (incoming property) is adjacent to and blocks with existing BCPL property. The Roberts Parcel contains productive timberland as well.

F. The Roberts Parcel has the potential to significantly improve access to a large block of existing BCPL School Trust Lands.

G. The Roberts Parcel is not owned at this time by Tara Lila, but it has been offered for sale at a price of $65,000 and Tara Lila is willing to acquire it in order to exchange it with BCPL.

H. The Roberts Parcel has been evaluated by BCPL staff against criteria previously adopted by the Board and has been determined by BCPL staff to be appropriate for exchange according to such criteria. A copy of the summary analysis for the Roberts Parcel is attached to this resolution as Exhibit C.

I. The Roberts Parcel has been independently appraised by Compass Land Consultants, Inc. at $1,600 per acre for a total value of $64,000. A copy of the Certification of Appraisal of the Roberts Parcel is attached to this resolution as Exhibit D.

J. The value of the Rustic Lane Parcel is approximately equal to the value of the Roberts Parcel as determined pursuant to Wis. Stats. Section 24.09(bm).

K. BCPL staff recommends approval of this proposed exchange of parcels of approximately equal value for the following reasons:

a. BCPL staff has determined that the Rustic Lane Parcel is appropriate for sale or exchange;

b. The exchange will enable BCPL to dispose of an isolated, landlocked, low productive parcel that is mostly wetland;

c. BCPL staff has determined that the acquisition of the Roberts Parcel would contribute to the consolidation of a block of land, improve management access to an existing block of trust lands and add a well-stocked hardwood forest that would produce more timber revenue for the Trust Fund; and

d. The values of the properties in the proposed exchange are "approximately equal" as the term is defined in Wis. Stat. Section 24.09.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the exchange of the Rustic Lane Parcel for the Roberts Parcel with Tara Lila in accordance with Chapter 24 of the Wisconsin Statutes on such terms and conditions as the Executive Secretary determines to be reasonable and necessary. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

Item 7
Exhibit A

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Exchange
Transaction ID#: E/501

Common Name for Land Parcel **Rustic Lane**

County Oneida Township Sugar Camp

Legal Description NESW, SWSW, NWSE of Section 21, T39N, R10E

GLO Acres 120

Criteria – Outgoing BCPL Property

1. Title
- ☐ Ownership verified with Register of Deeds
- ☒ Title appears merchantable

2. Timber Management
- ☐ Parcel is located outside of Consolidation Zone
- ☒ Parcel is an isolated or unproductive parcel within the Consolidation Zone
- ☐ Parcel is a deferred natural area

3. Access
- ☐ Parcel does not provide the only reasonable access to other BCPL parcels that will be retained.
- ☐ If parcel does provide the only reasonable access to other BCPL parcels to be retained, a public access easement across the parcel has been reserved.
- ☒ Parcel has no current access

4. Parcel Required By Other Government Entity
- ☐ The parcel is located within a project boundary of another government agency or adjacent to a parcel of land owned by another unit of government.
- ☐ Parcel is otherwise required by another unit of government.

I recommend that BCPL sell the above property on terms and conditions acceptable to BCPL:

☒ Yes
☐ No

Signature of Forest Land Supervisor — Date 10/29/14

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

☒ Yes
☐ No

Executive Secretary — Date Nov 21 2014

Q:\RealEstate\TRANSACTIONS\Proposed\Proposed Roberts Exchange\Roberts Exchange.docx
Revised: October 23, 2014

REC'D NOV - 1 2014

Item 7
Exhibit B

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on December 3, 2014. The comparable sales were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on various dates in 2014 and 2015.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of $60,000 as of December 3, 2014.

William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)

Daniel T. Schummer
Appraisal Assistant

Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501

Criteria – Incoming Property

1. Forest Fragmentation

- ☐ Average tract size increases
- ☐ The ratio of perimeter to area decreases
- ☒ There is a clear reduction of the threat for conversion from forest to non-forest use

2. Access

- ☒ Management access to our existing timber tracts is improved
- ☐ There is an increase in the number of BCPL acres open to the public

3. Management Efficiency

- ☒ The percentage of upland on BCPL properties increases
- ☐ The amount of line work per acre decreases
- ☐ The average distance from the tracts to the BCPL field office decreases

4. Timber Character and Value

- ☒ The average site index of forest soils on BCPL property increases
- ☒ Within one cutting cycle there is an increase in the potential high value sawlog volume and growth, on the tract
- ☐ There is an increase in the forest types and species that diversify the BCPL's timber portfolio
- ☐ There is an increase in the number of acres and size of tracts where the BCPL has summer logging opportunities

I recommend that BCPL purchase the above property on terms and conditions acceptable to BCPL:

☒ Yes
☐ No

Trust Lands Forestry Supervisor — Date: 10/29/14

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

☒ Yes
☐ No

Executive Secretary — Date: NOV 2, 2014

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501

Incoming Property

Common Name for Land Parcel: **Roberts**

County: Forest Township: Argonne

Legal Description: SESE of Section 12, T37N, R13E

Acres: 40

Parcel ID Number: 004-00328-0000

Previous Year Tax Levy: $31.60

Name(s) of Seller(s): Isaac Roberts

Address of Seller(s): 9100 Highway 32
Argonne, WI 54511

Seller Phone #: (715) 617-9988

Seller's Attorney or Agent: _____

Contact Information: _____
_____
_____

Seller's Attorney or Agent Phone Number(s): (_____) _____

Asking Price: $70,000

Summary Analysis of Potential Property Exchange
Transaction ID#: E /501

Incoming Property

Acres of productive forest land in parcel(s):	39 acres
Acres of non productive land in parcel(s):	1 acres
Acres of land with public access in parcel(s):	0 acres
Acres of land without public access in parcel(s):	40 acres
Acres of current BCPL land that will become accessible to the public through parcel(s):	0 acres
Acres of our current BCPL land that will become accessible for timber management purposes through parcel(s):	0 acres

Comments (parcel cover type or other attributes of parcel or transaction):

This private parcel is located in an area where BCPL is try to create a large contigious block of land. Acquisition of this parcel would eliminate an inholding and would put BCPL one purchase away from all weather road access to the western side of BCPL's existing block of land in the Argonne area. The neighbors to the Roberts parcel are currently willing to grant management access and timber sale access across their lands, the hope is to someday purchase public access or another parcel that would provide public access. This parcel is mostly all productive highland nicely stocked with small sawlog and pole size timber.

Item 7
Exhibit D

CERTIFICATION

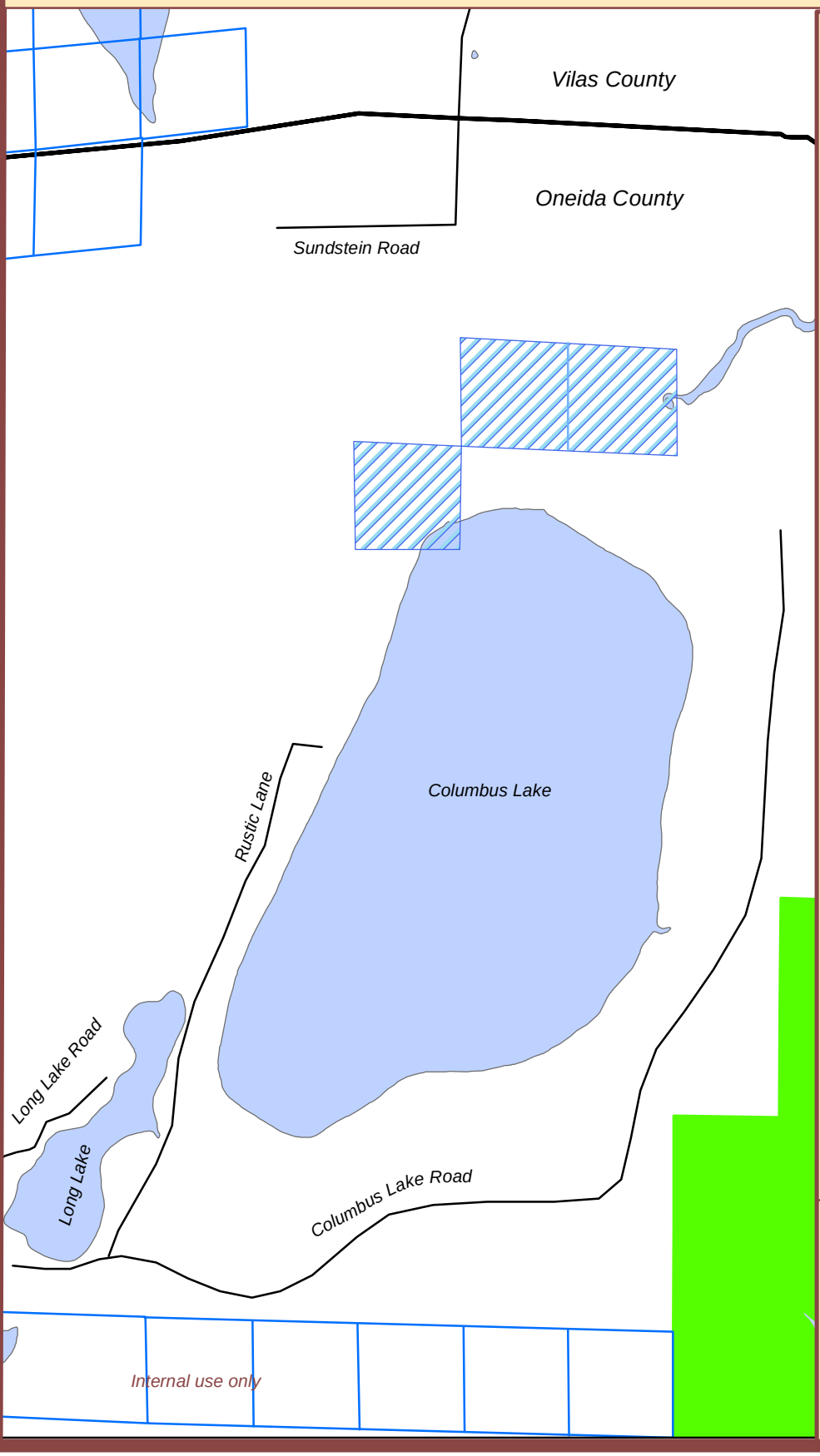
I certify that, to the best of my knowledge and belief:

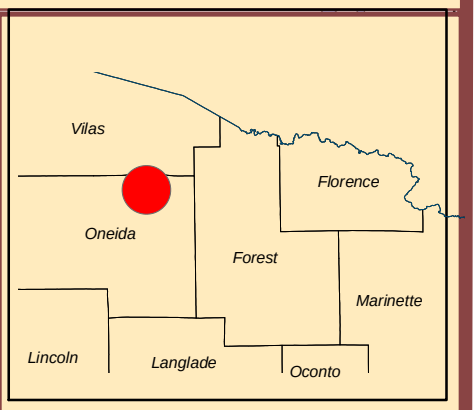
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on December 3, 2014. The comparable sales were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on December 18 and 19, 2014.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of $64,000 as of December 3, 2014.

William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)

Daniel T. Schummer
Appraisal Assistant

Exchange E1501
Outgoing Rustic Lane Parcel





BCPL Project # : E1501

County: Oneida

Town: Sugar Camp

Common Name: Rustic Lane

Acres - 120

Fund - 745

Proposed Parcel to be Conveyed

BCPL Lands

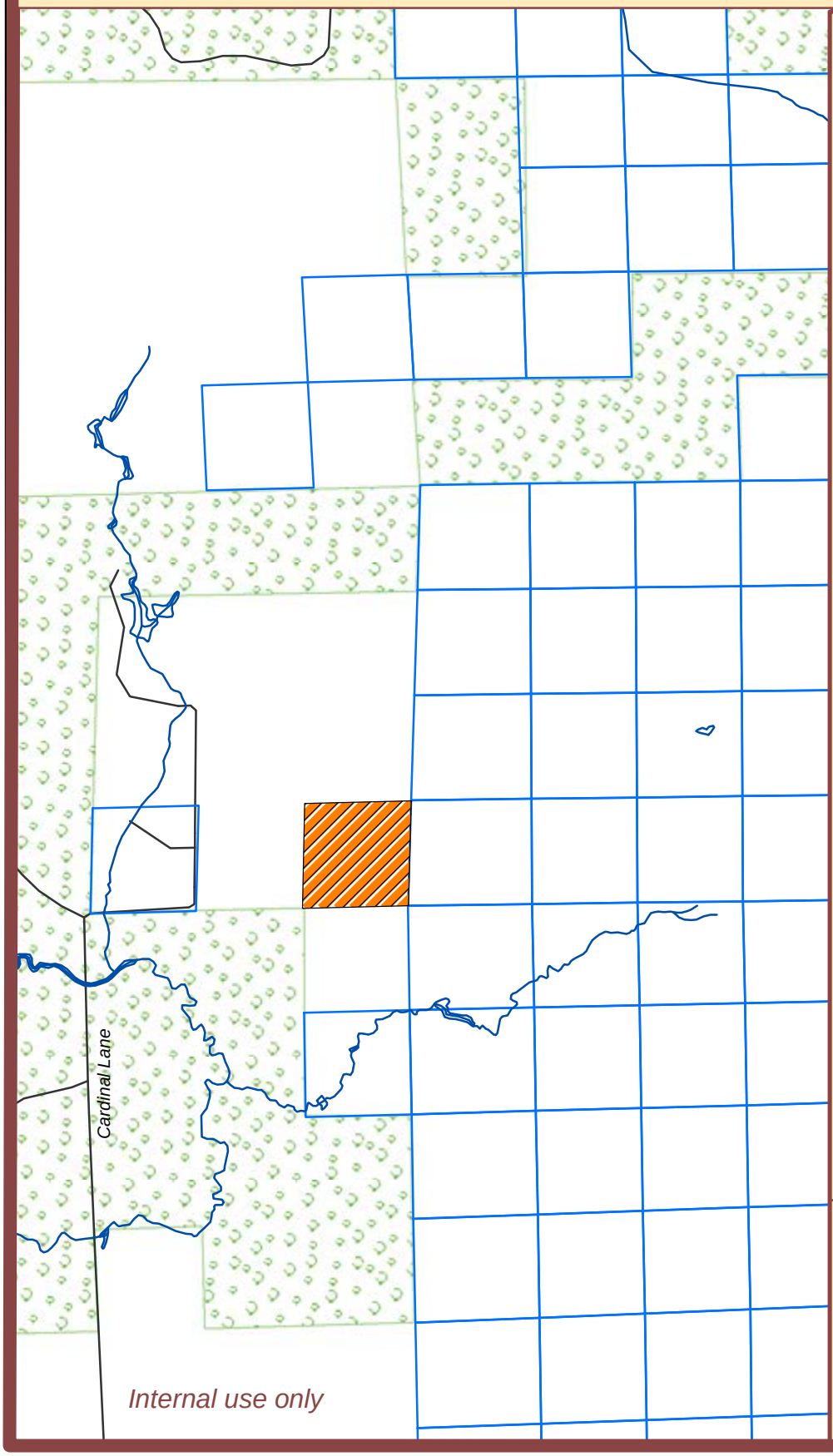
WDNR Lands

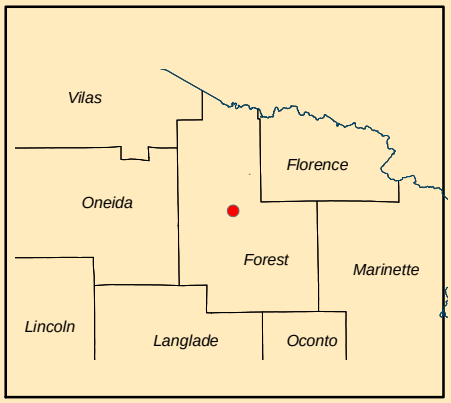
Scale = 1:24,000

N
W E
S

E1501-Oneida-Sugar_Camp-Rustic_Lane
BCPL-TMH-12-16-2014

Exchange E1501
Incoming Roberts Parcel





BCPL Project # : E1501

County: Forest

Town: Argonne

Common Name: Roberts Parcel

Acres - 40

Fund - 744

Proposed Parcel to be Acquired

BCPL Lands

Nicolet National Forest Lands

Scale = 1:24,000

N
W E
S

E1501-Oneida-Sugar_Camp-Rustic_Lane
BCPL-TMH-12-16-2014

Internal use only

BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848

Managing Wisconsin's trust assets for public education

Douglas La Follette, *Secretary of State*
Matt Adamczyk, *State Treasurer*
Brad D. Schimel, *Attorney General*

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

Tia Nelson, *Executive Secretary*

AGENDA B

March 3, 2015
2:00 P.M.
Attorney General's Office
114 East
State Capitol
Madison, Wisconsin

1) Call to Order

2) Select an Agenda

3) Approve Minutes – February 17, 2015 (Attachments)

4) Approve Loans (Attachments)

5) Staff Analysis of BCPL Land Bank Authority and Impacts of LRB-0169/1 (Attachments)

6) Proposed Land Bank Sale to Forest County (S1301 – Johnson Road) (Attachments)

7) Proposed Land Exchange (E1501 – Rustic Lane) (Attachments)

8) Executive Secretary's Report

9) Discussion and Possible Vote Regarding Board Chair

10) Discussion and Possible Vote Regarding Executive Secretary (Attachments)

11) Future Agenda Items

12) Adjourn

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 2
SELECT AN AGENDA

The Executive Secretary was confronted with conflicting directions for the March 3, 2015, board meeting; specifically, whether or not certain agenda items should be included in the board packet. These agenda items were not discussed as "future agenda items" at the February 3 board meeting and were submitted after what the Executive Secretary understood to be the agreed upon deadline for board meeting materials.

The Executive Secretary sought guidance from the Wisconsin Department of Justice and was advised to prepare two different agendas – one including the agenda items in question and the other excluding them. The first order of business to be taken up after the meeting is called to order is for the Board to select an agenda.

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 3
APPROVE MINUTES

Attached for approval are the minutes from the February 17, 2015, board meeting.

Board Meeting Minutes
February 17, 2015

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:08 p.m.

Present were:

Doug La Follette, Board Chair	Secretary of State
Matt Adamczyk, Commissioner	State Treasurer
Brad Schimel, 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
John Schwarzmann, Forest Supervisor	Board of Commissioners of Public Lands
Randy Bixby, Land Records Archivist	Board of Commissioners of Public Lands
Denise Nechvatal, Accountant	Board of Commissioners of Public Lands
Natalie Jablonski, Reporter	WXPR, Rhinelander

ITEM 2. APPROVE MINUTES – FEBRUARY 3, 2015

Commissioner Adamczyk said that the minutes did not include some of his comments regarding the evaluation and appointment of an Executive Secretary under agenda item 8. He said that while he was in agreement with an annual evaluation each June, he did not want the Board to be limited to only being able to appoint a new Executive Secretary in June if the Board decided to make a change. Board Chair La Follette said that the Board would not be limited in what they could do and they had simply agreed to an annual evaluation timeframe.

MOTION: Commissioner Schimel moved to approve the minutes; Commissioner Adamczyk seconded the motion. The motion passed 3-0.

ITEM 3. APPROVE LOANS

Executive Secretary said that the loans had received legal review.

	Municipality	Municipal Type	Loan Type	Loan Amount
1.	Elk Mound Dunn County Application #: 02015096 Purpose: Finance utility meter replacement	Village Rate: 3.25% Term: 10 years	General Obligation	$49,000.00
2.	Fredonia Ozaukee County Application #: 02015093 Purpose: Refinance building loan	Town Rate: 3.75% Term: 14 years	General Obligation	$298,243.00
3.	Green Bay Brown County Application #: 02015094 Purpose: Finance TIF project	City Rate: 4.25% Term: 20 years	General Obligation	$2,500,000.00

4.	Stockbridge Calumet County Application #: 02015091 Purpose: Finance energy efficiency projects	School Rate: 3.00% Term: 5 years	General Obligation	$1,000,000.00
5.	Stockbridge Calumet County Application #: 02015092 Purpose: Refinance BCPL loan #2008099	School Rate: 3.75% Term: 13 years	General Obligation	$209,368.49
			TOTAL	**$4,056,611.49**

MOTION: Commissioner Adamczyk moved to approve the loans; Commissioner Schimel seconded the motion. The motion passed 3-0.

ITEM 4. PROPOSED LAND EXCHANGE (E1501 – RUSTIC LANE)

Board Chair La Follette said the Board would be exchanging 120 acres of unproductive lands and acquiring 40 acres of productive timberland. The appraisals indicate the exchange would be favorable for the Board. He said the exchange would help consolidate School Trust Lands, also.

Commissioner Adamczyk asked if he could make a comment.

Board La Follette replied that, theoretically, a motion should be made before discussion but gave Commissioner Adamczyk the floor.

Commissioner Adamczyk said the proposed transaction was listed as an exchange but, after reviewing the agenda documents, it appeared to him that someone will purchase the 120 acres of BCPL land in one county and BCPL will then buy 40 acres of land in a different county. He expressed his concerns about buying more land, as a general problem. He said he knows of legislators who have been working on this and has talked to them. He said his overall concern is that BCPL is not making money on current Trust Lands and asked staff if money was made on land in 2015.

Board Chair La Follette interrupted and said that the discussion had strayed from the agenda topic of the proposed land exchange.

Commissioner Adamczyk said the Board would be discussing the topics that he just brought up later in the meeting because it was included in the Executive Secretary's Report.

Board Chair La Follette said that the Board was not discussing that agenda item (Executive Secretary's Report) at this time.

Commissioner Adamczyk said he is being asked, as a Commissioner, to vote on this proposed land exchange and is asking if the Board makes money on its land.

Board Chair La Follette explained that he was trying to follow Robert's Rules of Order, which allows for discussion only after a motion had been made and seconded.

MOTION: Board Chair La Follette moved to approve the exchange. He said there was no second to the motion and, therefore, the item could not be discussed and would move to the next agenda item. *(Commissioner Schimel seconded the motion a little later in the proceedings.)*

Executive Secretary Nelson said she would be happy to answer Commissioner Adamczyk's questions. She said information had been distributed in the last 12 hours that clearly demonstrated that the Board is, indeed, making money on the trust lands.

SECOND TO THE MOTION: Commissioner Schimel seconded the motion so the Board could discuss the proposed land exchange.

Board Chair La Follette thanked him. He said that a motion was made by him and seconded by Commissioner Schimel. He asked if there were questions or discussion.

DISCUSSION: Commissioner Adamczyk said that he was okay with selling land but had a problem with buying land. He said that Tara Lila does not own the 40-acre parcel but would be purchasing it and then exchanging it with the Board. He asked why the Board wouldn't just purchase that property.

Deputy Secretary German replied that the three, forty-acre parcels the Board was offering in the exchange were unproductive lands and appraised at $60,000 (the Rustic Lane property located in Oneida County). The adjacent landowner, Tara Lila LLC., was interested in those lands and was willing to pay a premium for a 40-acre parcel in Forest County and then turn around and trade that land to the Board for the 120-acre Rustic Lane property. He said it seemed appropriate to conduct a trade in this situation.

John Schwarzmann, the Board's Forestry Supervisor, said that the other landowners had invested money and resources in obtaining appraisals. They had been patient with the process thus far and were willing to work together in order to achieve an outcome that benefited all parties.

Commissioner Adamczyk said he did not have a problem selling the land if it is worth $60,000, which is the Board's constitutional mission. He questioned why the Board would not just purchase the 40-acre parcel in Forest County in the private market because they may be able to negotiate a better deal. He said it made no sense to him to conduct this transaction as a trade.

Executive Secretary Nelson said that trades have been conducted in the past in situations where it benefited the Board. She said this exchange would not be impacted by Rep. Sanfelippo's proposed legislation.

Commissioner Adamczyk asked if Tara Lila owned the other tract of land (the Forest County property). Executive Secretary Nelson replied that they did not. Commissioner Adamczyk said that this was not an exchange since they (Tara Lila) did not own the property; the Board could purchase it. He said that ***he*** did not want to buy it but the Board could.

Board Chair La Follette asked if the transaction could be done as a purchase and sale rather than an exchange.

Mr. Schwarzmann said he would have to ask the other parties.

Executive Secretary Nelson explained that prior to Land Bank authority the only way for the agency to achieve its goals of consolidating its landholdings, improving timber management efficiencies, and enhancing public access was through land exchanges. She apologized for not having answers to the Board's questions on why this transaction was negotiated as an exchange. She said that perhaps the item could be tabled until she has the answers.

Commissioner Adamczyk said that while Tara Lila was willing to purchase the Roberts parcel for $65,000, no one knows what the final sale price will be it; it could be $50,000. He was concerned that the Board could potentially be exchanging the Rustic Lane parcel (appraised at $60,000) for a parcel purchased for $50,000. He said he was willing to sell land but did not think the Board should be purchasing more land; that was not his goal. He could see limited instances in doing trades with the counties or the Forest Service to remove isolated (Trust Land) parcels within their landholdings or to achieve better blocking. He said the Roberts parcel is already a large block of land and it does not need to be bigger.

Commissioner Adamczyk referred to the "Rustic Lane 120-acre sale" email he sent to Ms. Nelson and which she forwarded to the other Commissioners. He was concerned that while the property was valued at $60,000, future timber sales may not realize a return of the same value, and if no sales are conducted, there would be no revenue. Executive Secretary Nelson replied that it was incorrect to assume that the Board would be earning a rate of return on the $60,000 if the property was sold outright. She said the Board currently has cash reserves over $100 million earning less than 1% interest (in the State Investment Fund); having more cash is a disadvantage for the beneficiaries. Commissioner Adamczyk said that the Board invests in bonds and asked why the $100 million isn't smaller. Executive Secretary Nelson replied that loan demand has dropped and bonds available for purchase are limited. This cash reserve is undesirable and selling land for cash only exacerbates an already challenging situation.

Board Chair La Follette asked if the 40-acre parcel was purchased, rather than exchanged, would more revenue be realized from a timber sale compared to a 1% investment.

Executive Secretary Nelson replied yes. The 40 acres the Board would receive is timber-producing land and the 120-acres the Board would be giving up are non-timber producing land.

Commissioner Adamczyk said the board manages approximately 75,000 acres of land and asked if the Board made any money this last fiscal year after subtracting expenses. He referred to timber sale information he received from staff that totaled 477 ($477,000) in revenue but expenses for the District office that totaled 530 ($530,000). He said based on that information, it appears as though the Board made no money on the lands. He asked if that was incorrect.

Executive Secretary Nelson replied that was incorrect. Commissioner Adamczyk asked how much was earned from timber sales. She replied that the analysis he was making was problematic because the return on investment in real estate exceeds the return on other investments at this time. Commissioner Adamczyk said, "We don't know that." She replied, "Yes, we do know that."

Board Chair La Follette said the conversation had strayed from the topic of the agenda item and asked Commissioner Schimel if he'd like the conversation to continue. Commissioner Schimel said the conversation was relevant and it would not violate the open meetings law.

Commissioner Adamczyk reiterated what he said about the District Office's expenses being more than timber sale revenues. John Schwarzmann said that prior to the agency being granted Land Bank Authority in 2006 the School Trust Lands were very fragmented, scattered and difficult to manage. The legislature recognized those challenges and gave the agency the tools to remedy the situation. Since then the agency has been able to consolidate its land holdings into larger blocks, which have resulted in higher timber sale bids on those larger land tracts. He said this trend will continue as more School Trust Lands are consolidated. Commissioner Adamczyk replied that he understood that but it has been ten years since Land Bank was granted and the District Office expenses were still more than timber sale revenues last year.

Richard Sneider, the agency's financial specialist, said that Commissioner Adamczyk was ignoring the appreciation of timber land. Over the last 20 years, according to a report conducted by the National Committee for the Real Estate Investment Fiduciaries, timberland in the U.S. had increased at an annual average rate of return of 12.3%. Mr. Sneider analyzed property acquired by the Board since Land Bank Authority (2006) and reported that the agency has made more money through timber sale revenues than if those lands were sold and the funds invested in the State Investment Fund. He added that real estate is an important diversification to the Board's investment portfolio. Commissioner Adamczyk said that no money is being returned to the beneficiaries from year-to-year. Mr. Sneider replied that was not true because income is generated from timber sales.

Board Chair La Follette said the discussion of the value of timber land and expenses had been allowed to continue but said it was time to vote on the exchange. Commissioner Schimel asked if he was correct in hearing that the other parties involved had invested in appraisals. Executive Secretary Nelson said they had. Commissioner Schimel asked if the exchange was tabled until the next board meeting, would those parties lose money and does the Board lose an opportunity. Executive Secretary Nelson said that was a possibility. She added that all parties

invested time and money for a mutually beneficial outcome and she could not predict what would happen.

Board Chair La Follette said the discussion of the fiduciary value of timber land was a topic that could be discussed at a future meeting. It was his opinion that it was inappropriate to apply it to this exchange transaction. He said staff could prepare information, present it to the Board, and decisions about future land transactions could be based off the information. He did not want this particular exchange to fail due to the time invested by the parties involved. Commissioner Schimel said that two legislators had asked the Board not to take action on the exchange. He said that while they (the legislature) do not dictate how the Board makes their decisions, they do dictate larger policies. He said he would like to talk with the legislators to learn more about their concerns and position.

MOTION: Commissioner Schimel moved to table the agenda item; commissioner Adamczyk seconded the motion.

Deputy Secretary German said that while the Board had identified two risks, time and money, the most important risk may actually be reputational. The Board has always been a dependable partner in these types of transactions. He said that parties investing time and effort into potential land transactions with an unreliable partner could have some serious repercussions. Commissioner Schimel said he appreciated that but still wanted to talk to the legislators.

VOTE: Commissioner Schimel and Commissioner Adamczyk voted aye; Board Chair La Follette voted no. The motion passed 2-1.

Board Chair La Follette asked Commissioner Schimel if he would relay information about his meetings with the legislators to Executive Secretary Nelson to be shared at the next board meeting. Commissioner Schimel agreed to do that.

(Commissioner Schimel was unable to stay for the remainder of the meeting and excused himself.)

ITEM 5. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that the Governor's 2015-2017 budget proposed a pilot program that would move accounting and information technology staff from smaller agencies to the Department of Administration in an effort to achieve efficiencies, which have yet to be described. In speaking with the agency's DOA budget analyst, it appears as though BCPL was not an intended target of the initiative. She said that other agencies with large investment responsibilities were exempted, such as the State Investment Board and WHEDA. There was also concern that trust assets would be diverted from the beneficiaries to pay salaries within another agency. She said she would be speaking informally to a member of the Governor's staff on this issue.

Commissioner Adamczyk said he would like for the Commissioners to be involved in these types of decisions and then direct staff. He expressed concern when members of the staff take action without the Commissioners' involvement. He prefers that the information be provided to the Board so they can discuss it and then they decide how to proceed. He gave an example of an email and information that Executive Secretary Nelson sent to Representative Sanfelippo regarding LRB-0169/1. Commissioner Adamczyk said he spoke with Rep. Sanfelippo who asked if the information provided to him by Executive Secretary Nelson was the Board's opinion, meaning Commissioner Adamczyk, Commissioner Schimel and Board Chair La Follette. Commissioner Adamczyk told Rep. Sanfelippo that "no, it was not." He said he generally supports the bill with minor changes in regard to land exchanges. He said that the email seemed to imply that the Commissioners weighed in when they hadn't.

Executive Secretary Nelson said she took it upon herself to contact Rep. Sanfelippo's office to correct the record because his co-sponsorship letter incorrectly stated that the Board of Commissioners of Public Lands was unelected. She did not think it required the Board's permission for her to contact a legislator's office to inform them that the members of the Board of Commissioners of Public Lands are constitutionally-elected officials. Commissioner Adamczyk said that was a minor issue and, obviously, was inaccurate. He said the email also included information about loans and library aid in Rep. Sanfelippo's district, which have very little to do with the

lands. He said the loans and library aid come from the Common School Fund but over 92% of the lands are under the Normal School Fund. He said sending that information to Rep. Sanfelippo made no sense to him.

Board Chair La Follette said he supported Executive Secretary Nelson providing information. He asked that staff prepare information on the proposed legislation (LRB-0169/1) and present it to the Commissioners at the March 3 meeting. The Board could then decide what action, if any, they would like to take. Commissioner Adamczyk did not agree with that and said that the analysis would be "skewed toward the Board." He said that the Board can read the bill, discuss it and decide whether or not it has merit. Board Chair La Follette replied that it made sense to him to get advice from staff. Commissioner Adamczyk said the Board already had that advice and he felt it was inaccurate.

Board Chair La Follette addressed Commissioner Adamczyk's criticism of Ms. Nelson and her providing the loan information to the legislator. He asked her if they asked for that information. Executive Secretary Nelson replied that when she interacts with legislators, it is her practice to provide loan and library aid information because it helps to promote the (State Trust Fund) loan program.

ITEM 6. FUTURE AGENDA ITEMS

Board Chair La Follette suggested that the next board meeting agenda include a discussion of LRB-0169/1, particularly since Commissioner Schimel was not present for this discussion. All three Commissioners could then discuss the topic, ask staff questions and provide staff with direction if the Board chose to take action. Commissioner Adamczyk agreed with that suggestion. He said he was concerned with staff making an analysis, posting it for an open meeting and it then appearing as though it is the Board's position when it is not ***his*** position. He could not speak for the other Commissioners.

Executive Secretary Nelson asked for clarification on what Board Chair La Follette was directing her and staff to prepare. Board Chair La Follette replied that staff should prepare an analysis of LRB-0169/1 to include the impact and implications of the proposed legislation. The Board could then discuss it and take action if they desired.

ITEM 7. ADJOURN

MOTION: Commissioner Adamczyk moved to adjourn the meeting; Board Chair La Follette seconded the

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 recording may do so at the Board of Commissioners of Public Lands, 101 E. Wilson Street, 2nd Floor, Madison, Wisconsin.

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 4
APPROVE LOANS

	Municipality	Municipal Type	Loan Type	Loan Amount
1.	Ashippun Dodge County Application #: 02015098 Purpose: Finance road and bridge projects	Town Rate: 3.75% Term: 20 years	General Obligation	$500,000.00
2.	Freedom Sauk County Application #: 02015101 Purpose: Purchase fire truck	Town Rate: 3.25% Term: 10 years	General Obligation	$176,000.00
3.	Lincoln Monroe County Application #: 02015099 Purpose: Purchase fire truck	Town Rate: 3.25% Term: 10 years	General Obligation	$250,000.00
4.	Primrose Dane County Application #: 02015097 Purpose: Purchase tractor	Town Rate: 3.00% Term: 5 years	General Obligation	$63,000.00
5.	Seneca Wood County Application #: 02015100 Purpose: Finance bridge and road repair	Town Rate: 3.00% Term: 5 years	General Obligation	$100,000.00
		TOTAL		**$1,089,000.00**

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 5
STAFF ANALYSIS OF LAND BANK AUTHORITY AND IMPACTS OF LRB-0169/1

At the Board's February 17 meeting, Board Chair La Follette directed staff to prepare an analysis of LRB-0169/1 to include the impact and implications of this proposed legislation on the Board's Land Bank Authority program.

Attachment: Staff Memo to Commissioners

CORRESPONDENCE/MEMORANDUM STATE OF WISCONSIN

Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
Post Office Box 8943
Madison, Wisconsin 53708-8943
Lands (608) 266-1370
Loans (608) 266-0034

DATE: February 25, 2015

TO: Douglas la Follette, Secretary of State
Matt Adamczyk, State Treasurer
Brad D. Schimel, Attorney General

FROM: Richard Sneider, BCPL Loan Analyst

SUBJECT: Staff Analysis of BPCL Land Bank Authority and Impacts of LRB-0169/1
Attachment to Agenda Item 5 – March 3, 2015, Board Meeting

Executive Summary – Since unanimous approval by the State Legislature in 2006, Land Bank Authority (Land Bank) has been a critical tool for increasing the value of School Trust Land assets. Land Bank has also improved investment returns, lowered portfolio risk by enhancing diversification, and increased management efficiencies. As a result of successful implementation of this authority, timber revenues have exceeded all direct costs of the BCPL land management office in Lake Tomahawk by more than $120,000 during each of the past four years, while generating substantial unrealized appreciation in land asset values.

LRB-0169, which is currently under consideration in the State Legislature, would eliminate the Board's statutory authority to invest in land. It is indisputable that allowing BCPL to maximize the value of managed assets and improve Trust Land revenue potential through the continuation of Land Bank is in the best interest of Trust Fund beneficiaries.

The Board has a fiduciary duty to work in the best interests of Trust Fund beneficiaries and LRB-0169 would do harm by removing a tool that enhances returns available to these same beneficiaries.

History of BCPL Land Ownership – The BCPL has managed State of Wisconsin School Trust Lands since statehood in 1848. Originally granted to Wisconsin from the Federal Government, these lands eventually totaled over 4 million acres with the vast majority sold during the 1800s. The scattered parcels that remained in the BCPL portfolio were mostly received with the Swamp Land Grant of 1850 and had little monetary value and/or severe management impediments. Many of these parcels were lands that no one wanted or had no legal access.

Wisconsin Constitution – Article X, Section 7 of the State Constitution created the BCPL to sell the lands granted to the State by the Federal Government and invest the proceeds within a trust to benefit public schools. Section 8 requires that lands be appraised before sale, and allows the Board to withhold land from sale "when they shall deem it expedient." Section 8 also provides that funds shall be invested "in such manner as the legislature shall provide." In 2006, the legislature provided that BCPL could invest in land under certain limited conditions.

Trust Land Holdings and Land Bank – BCPL currently manages less than 78,000 acres concentrated within a nine county consolidation zone in North Central Wisconsin. One condition of Land Bank was that Trust Funds could not own more than the 77,845 acres of land BCPL managed at the time of passage. Since 2006, BCPL has actively used this authority to improve the quality and value of land assets owned by the Trust Funds through the sale of 13,715 acres and the purchase of 12,904 acres.

Since Land Bank was granted, BCPL has accomplished the following:

- Increased timberlands by a net total of 24.6%
- Increased acres with permanent legal access by 27.8%

This realignment has significantly increased the value and revenue potential of School Trust Lands (see below). While these achievements are notable, it should be pointed out that significant challenges remain. In fact, only 41% of the School Trust Lands managed by the BCPL (31,700 acres) have been determined to have no significant remaining management challenges.

Land Bank provides the only efficient means to address these management impediments and continue the process of improving the value and revenue potential of BCPL-managed School Trust Lands. Without Land Bank these problems become hardened into the Trust Land portfolio without the tools to address them, thereby diminishing the ability of BCPL to attain full realizable value in future sales.

Land Bank purchases since 2006 have provided BCPL-managed Trust Funds with:

1. **Better Returns** – The BCPL has invested $16,000,000 (sixteen million dollars) in land since Land Bank was granted in 2006. Timber revenues from harvests on these newly purchased lands exceed by more than threefold the interest income that would have been generated by the same investment in the State Investment Fund (SIF). SIF is the appropriate benchmark because the Trust Funds held large cash balances during this period, primarily due to the Great Recession and the consequent effects on municipal loan demand and the financial markets. Any additions to the cash balance of the Trust Funds during this time (e.g., had we not purchased timberland) would have been invested in the SIF.

   BCPL land purchases since 2006 have certainly been a better investment for Trust Fund beneficiaries than available alternative investments. Of course, when including the unrealized appreciation of these land and timber assets, this investment comparison becomes even more lopsided (see below).

2. **Increased Land Management Efficiency** - One Land Bank strategy involves creating larger blocks of timberland. Loggers have certain fixed costs associated with timber contracts, and will bid more per acre on larger tracts. As BCPL has created larger blocks of productive timberland, our timber bids have improved for both pulpwood and saw timber. And, as the amount of timberland within the BCPL portfolio has increased, efficiency measures including the operating expense ratio and net management costs per acre have improved as well.

3. **Improvements in Adjacent Land Values -** Another Land Bank strategy includes the acquisition of legally accessible lands that are adjacent to landlocked parcels already held by the Trust Funds, thereby creating legal access to the interior parcels and unlocking the inherent value. While it is difficult to put an exact number on the appreciation of land assets, recent independent appraisals completed for BCPL show discounts of 30% for lands without legal public access. That percentage seems low, as the only parties that would place any value on a landlocked parcel may be the adjacent landowners. Neighbors are not often eager to buy, as they already benefit from using the adjacent trust land without the associated costs.

   Since 2006, Land Bank has allowed BCPL to provide access to over 3,000 acres of previously landlocked parcels, increasing Trust Land values by more than $1 million. A simple extrapolation would suggest that using Land Bank to obtain access rights for some (or all) of the remaining 31,000 managed acres without permanent legal access would provide the Trust Fund beneficiaries with significant increases in value.

4. **Asset Value Appreciation -** Institutional timberland investments nationwide, according to the National Council of Real Estate Investment Fiduciaries (NCREIF), have experienced an average annual return of 12.3% since 1987. While some of this return is from cash timber sales, a significant portion comes from the appreciation in land values. Experts in Northern Wisconsin indicate that local timberland values increased 5-10% annually from 1990 to 2005, remained stable during the recession, and have begun to increase at an annual rate of 1-2%.

5. **Diversification of Investment Portfolio –** Land provides significant diversification to Trust Fund investment portfolios that are otherwise restricted to a few types of fixed-income investments. One important element of this diversification is that when market interest rates increase, land values will tend to rise and the value of all other Trust Fund assets will decline. Diversification is critical for long-term fund performance, which is an important reason that real estate, including timberland, is included in the strategic asset allocation of most institutional funds. In addition, timberland is the only real estate asset available for BCPL investment and provides the only inflation hedge within our investment portfolio.

   Strategic asset allocation is an important function of Trust Fund management. At some point in time, it may make sense for the Board to reconsider the current allocation to land assets. But any strategic reallocation process will require an assessment of the expected future investment risks and returns in land and timber markets relative to other investment options available to the BCPL. This process must also include an analysis of the impact of reallocation on the diversification of investments within Trust Fund portfolios.

Recommendation – Staff recommends that the Board support continued use of Land Bank Authority in order to increase the value of Trust Land assets and improve Trust Land timber revenue potential, and oppose legislative efforts to rescind such authority.

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 6
PROPOSED LAND BANK SALE TO FOREST COUNTY (S1301)

Forest County has determined that 40 acres of BCPL land in Forest County is required for county use.

BCPL staff recommends the sale of the property to Forest County for the following reasons:

- The property is an isolated parcel within the Consolidation Zone.
- The property is adjacent to county forest lands.
- Sale of the property to Forest County would improve management efficiency for the county and reduce the threat of forest fragmentation.
- Sale of the property would provide BCPL with funds to purchase other lands that would provide better access to its existing lands, produce timber revenue, improve management efficiency, reduce forest fragmentation, or a combination of the above.

Attachments:
Resolution w/Exhibits
Exhibit A - BCPL Sale Criteria
Exhibit B - Appraisal Certification
BCPL Project Map

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 6
PROPOSED LAND BANK SALE TO FOREST COUNTY (S1301)

RECITALS

A. Forest County has determined that certain property, more particularly described as the Southeast ¼ of the Northeast ¼ (SENE) of Section Nine (9) Township Thirty-six (36) North, Range Thirteen (13) East, Lincoln Township, Forest County, Wisconsin totaling 40 acres in size (the "Johnson Road Property"), is required for county use.

B. The Johnson Road Property is currently owned by the Board of Commissioners of Public Lands.

C. The Johnson Road Property has been evaluated by BCPL staff against sale criteria previously adopted by the Board. The Johnson Road Property has been determined by BCPL staff to be appropriate for sale according to such criteria. A copy of the sale analysis is attached to this resolution as Exhibit A.

D. The Johnson Road Property has been independently appraised by Compass Land Consultants, Inc. at a value of Seven Hundred Thirty Dollars ($730) per acre rounded to a total of Twenty-nine Thousand Dollars ($29,000). A copy of the Certification of the Appraisal has been attached to this resolution as Exhibit B.

E. Forest County has offered to pay the sum of Twenty-nine Thousand Dollars ($29,000) to acquire the Johnson Road Property.

F. The offered price is equal to the appraised value.

G. BCPL staff recommends that the Board authorize the sale of the Johnson Road Property to Forest County at the appraised value of $29,000.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Johnson Road Property to Forest County at the price of Twenty-nine Thousand Dollars ($29,000) in accordance with Chapter 24 of the Wisconsin Statutes on such terms and conditions as the Executive Secretary determines to be reasonable and necessary. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

Item 6
Exhibit A

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Sale
Transaction ID#: S 1301

Common Name for Land Parcel **Johnson Road**

County Forest Township Lincoln

Legal Description Southeast Quarter of the Northeast Quarter of Section Nine (9), Township Thirty-six (36) North, Range Thirteen (13) East, Town of Lincoln, Forest County, Wisconsin

GLO Acres 40

Sale Criteria

1. Title
- ☐ Ownership verified with Register of Deeds
- ☒ Title appears merchantable

2. Timber Management
- ☐ Parcel is located outside of Consolidation Zone
- ☐ Parcel is an isolated or unproductive parcel within the Consolidation Zone
- ☐ Parcel is a deferred natural area

3. Access
- ☒ Parcel does not provide the only reasonable access to other BCPL parcels that will be retained.
- ☐ If parcel does provide the only reasonable access to other BCPL parcels to be retained, a public access easement across the parcel has been reserved.
- ☒ Parcel has no current access

4. Parcel Required By Other Government Entity
- ☐ The parcel is located within a project boundary of another government agency or adjacent to a parcel of land owned by another unit of government.
- ☒ Parcel is otherwise required by another unit of government.

I recommend that BCPL sell the above property on terms and conditions acceptable to BCPL:

☒ Yes
☐ No

Signature of Forest Land Supervisor — Date 9/24/12

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

☒ Yes
☐ No

Executive Secretary — Date 9/28/2012

Item 6
Exhibit B

RESTRICTED APPRAISAL REPORT

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on December 3, 2014. Comparable sales #1, #2, and #4 were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on various dates in 2014. Sale #3 was not field inspected due to seasonal conditions and trespassing concerns.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of $29,000 as of December 3, 2014.

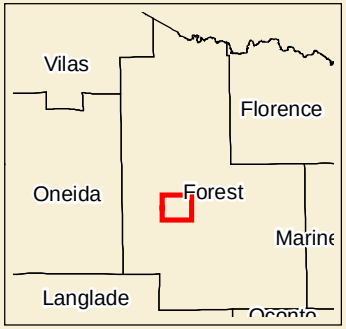
William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)

Daniel T. Schummer (LDH)
Daniel T. Schummer
Appraisal Assistant

BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848

Managing Wisconsin's trust assets for public education

JOHNSON ROAD SALE TO FOREST COUNTY



BCPL Project #: S1301

County: Forest

Town: Lincoln

Common Name

Johnson Road

Acres - 40.00

Fund 745

N W E S

Outgoing

County Forest

0 0.175 0.35 Miles

BCPL_I/T - June 12, 2014 S1301-Forest-Lincoln-Johnson_Road-8X11.pdf

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 7
PROPOSED LAND EXCHANGE – RUSTIC LANE (E1501)

This agenda item was tabled by the Board at their February 17 meeting. In order to discuss this agenda item a motion must be made, seconded, and a majority vote must be achieved in order to take the matter from the table.

Staff is requesting authority to convey a 120-acre parcel of Trust Lands in Oneida County to Tara Lila in exchange for a 40 acre parcel that is adjacent to an existing 3,500-acre block of Trust Lands in Forest County.

BCPL staff recommends the exchange with Tara Lila for the following reasons:

- The BCPL property that would be conveyed to Tara Lila is an isolated, landlocked, low productive parcel that is mostly wetland.

- The property that BCPL would receive in the exchange would:
    - contribute to the consolidation of a block of land;
    - improve management access to an existing block of land; and
    - include a well-stocked hardwood forest that would provide additional timber revenue for the Trust Fund

The properties to be exchanged have been appraised at approximately equal values.

Attachments:
Email from Executive Secretary Nelson to the Commissioners
Resolution w/Exhibits
Exhibit A – Summary Analysis – Outgoing Property (Rustic Lane Parcel)
Exhibit B – Appraisal Certification – Outgoing Property (Rustic Lane Parcel)
Exhibit C – Summary Analysis – Incoming Property (Roberts Parcel)
Exhibit D – Appraisal Certification – Incoming Property (Roberts Parcel)
BCPL Project Maps

From: Nelson, Tia - BCPL
To: Adamczyk, Matt - OST; Brad Schimel; La Follette, Doug J - SOS
Cc: Churchill, Susan J - SOS; Cook, Andrew C - DOJ
Bcc: BCPL DL Lake Tomahawk; German, Tom - BCPL
Subject: BCPL land exchange
Date: Tuesday, February 24, 2015 11:22:00 AM

Dear Commissioners,

At the last meeting the Board tabled a land exchange, pending further information. My apologies for not having a ready answer to why this transaction was presented as an three party exchange.

I asked Terry Hess, BCPL Real-estate Specialist, to summarize the history of interactions with the land owners involved and explain why the deal came together the way it did. The short answer is we were able to meet our goals and the goals of two private land owners without expending any BCPL land bank funds. The longer answer can be found below.

Let me know if you need any additional information.

Sincerely, Tia

Tia Nelson, Executive Secretary
Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
PO Box 8943
Madison, WI 53708-8943
(608) 266-8369 (608) 267-2787 - Fax
tia.nelson@wisconsin.gov
http://bcpl.wisconsin.gov

From: Hess, Terry - BCPL
Sent: Tuesday, February 24, 2015 10:59 AM
To: Nelson, Tia - BCPL
Cc: Schwarzmann, John - BCPL; German, Tom - BCPL
Subject: E1501

Tia,

John asked me to send you an email explaining why transaction E1501-Oneida-Sugar_Camp-Rustic_Lane, was set up as an exchange rather than a sale of the BCPL parcel to Tara Lila and a purchase from Mr. Roberts.

The short answer is that I saw it as a way to get the job done while at the same time conserving trust funds.

The long answer is as follows. Prior to May of 2010 the outgoing 120 acre Rustic Lane parcel touched the Northwest corner of the One Stone Lake parcel (S0922) that was conveyed to the DNR. BCPL had hoped that DNR would purchase the 120 acre Rustic Lane parcel as part of the One Stone Lake purchase but they did not. That left BCPL with an isolated, landlocked parcel that no one

except possibly an adjacent landowner or perhaps a duck hunter would want.

On March 4, 2010, BCPL closed on an extremely difficult and complicated exchange with Tara Lila, E0904 (the Sundstein Road Exchange). During the process of putting that transaction together I formed a working relationship with the land manager for Tara Lila, his name is Mike. After 3/4/2010 I had asked Mike several times if he felt that Tara Lila would have interest in acquiring the 120 acre Rustic Lane parcel. Each time he told me no they would not, that they felt they had enough land to manage.

Fast forward to 9/23/2014 when I received an email from Mike asking me if the 120 acres were still available. I told Mike it was and set up a meeting with him.

Also around this same time (2013-2014) I was working to gain the trust of a Mr. Isaac Roberts whom BCPL had interest in acquiring a 40 acre parcel located in Forest County from. After doing the math regarding what I believed to be the valuation of the 120 acre BCPL parcel and the 40 acre Roberts parcel it became apparent to me that the two parcels would match up almost perfectly with regards to valuation and that an exchange would possibly be one way to complete both transactions. I contacted Mr. Roberts and asked him if he would be interested in pursuing an exchange. Mr. Roberts said that we was willing to talk about it. In prior meetings with Mr. Roberts he had told me that his neighbor had offered him around $60,000 for his parcel and that after he completed his mandatory MFL timber harvest that he was going to talk to the neighbor again. I asked Mr. Roberts to hold off on completing his timber harvest (he was 80% complete, he was waiting for his father to recover from a stroke and they planned to complete the harvest this winter) while I put the exchange together. Mr. Roberts agreed to wait and I contacted the DNR and explained the situation to them.

On 10/30/2014 I met with Mike and told him that I had received a thumbs up from Mr. Roberts with regards to pursuing an exchange. From that point on the transaction has progressed through the normal process for completing an exchange.

Sincerely,

Terry Hess

Board of Commissioners of Public Lands
7271 Main Street
PO Box 277
Lake Tomahawk, WI 54539-0277

Office: (715) 277-3366
Fax: (715) 277-3363
terry.hess@wisconsin.gov
URL: http://bcpl.wisconsin.gov

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 7
PROPOSED LAND EXCHANGE – RUSTIC LANE (E1501)

RECITALS

A. BCPL currently owns a 120 acre parcel in Oneida County described as the NE ¼ of the SW ¼, the SW ¼ of the SW ¼ and the NW ¼ of the SE ¼ of Section 21, Township 39 North, Range 10 East, located in the Town of Sugar Camp (the "Rustic Lane Property").

B. Tara Lila, LLC ("Tara Lila") is an adjacent landowner and Richard Aylward, the managing member of Tara Lila, has proposed that BCPL exchange the Rustic Lane Property for other property of approximately equal value.

C. The Rustic Lane Property has been evaluated by BCPL staff against criteria previously adopted by the Board and has been determined by BCPL staff to be appropriate for exchange according to such criteria. A copy of the summary analysis for the Rustic Lane Property (outgoing property) is attached to this resolution as Exhibit A.

D. The Rustic Lane Property has been independently appraised by Compass Land Consultants, Inc. at $500 per acre for a total value of $60,000. A copy of the Certification of Appraisal of The Rustic Lane Property is attached to this resolution as Exhibit B.

E. BCPL staff has identified a 40 acre parcel in Forest County described as the SE ¼ of the SE ¼ of Section 12, Township 37 North, Range 13 East, Town of Argonne (the "Roberts Parcel") as suitable for the proposed exchange. The Roberts Parcel (incoming property) is adjacent to and blocks with existing BCPL property. The Roberts Parcel contains productive timberland as well.

F. The Roberts Parcel has the potential to significantly improve access to a large block of existing BCPL School Trust Lands.

G. The Roberts Parcel is not owned at this time by Tara Lila, but it has been offered for sale at a price of $65,000 and Tara Lila is willing to acquire it in order to exchange it with BCPL.

H. The Roberts Parcel has been evaluated by BCPL staff against criteria previously adopted by the Board and has been determined by BCPL staff to be appropriate for exchange according to such criteria. A copy of the summary analysis for the Roberts Parcel is attached to this resolution as Exhibit C.

I. The Roberts Parcel has been independently appraised by Compass Land Consultants, Inc. at $1,600 per acre for a total value of $64,000. A copy of the Certification of Appraisal of the Roberts Parcel is attached to this resolution as Exhibit D.

J. The value of the Rustic Lane Parcel is approximately equal to the value of the Roberts Parcel as determined pursuant to Wis. Stats. Section 24.09(bm).

K. BCPL staff recommends approval of this proposed exchange of parcels of approximately equal value for the following reasons:

a. BCPL staff has determined that the Rustic Lane Parcel is appropriate for sale or exchange;

b. The exchange will enable BCPL to dispose of an isolated, landlocked, low productive parcel that is mostly wetland;

c. BCPL staff has determined that the acquisition of the Roberts Parcel would contribute to the consolidation of a block of land, improve management access to an existing block of trust lands and add a well-stocked hardwood forest that would produce more timber revenue for the Trust Fund; and

d. The values of the properties in the proposed exchange are "approximately equal" as the term is defined in Wis. Stat. Section 24.09.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the exchange of the Rustic Lane Parcel for the Roberts Parcel with Tara Lila in accordance with Chapter 24 of the Wisconsin Statutes on such terms and conditions as the Executive Secretary determines to be reasonable and necessary. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

Item 7
Exhibit A

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Exchange
Transaction ID#: E/501

Common Name for Land Parcel **Rustic Lane**

County Oneida Township Sugar Camp

Legal Description NESW, SWSW, NWSE of Section 21, T39N, R10E

GLO Acres 120

Criteria – Outgoing BCPL Property

1. Title
- ☐ Ownership verified with Register of Deeds
- ☒ Title appears merchantable

2. Timber Management
- ☐ Parcel is located outside of Consolidation Zone
- ☒ Parcel is an isolated or unproductive parcel within the Consolidation Zone
- ☐ Parcel is a deferred natural area

3. Access
- ☐ Parcel does not provide the only reasonable access to other BCPL parcels that will be retained.
- ☐ If parcel does provide the only reasonable access to other BCPL parcels to be retained, a public access easement across the parcel has been reserved.
- ☒ Parcel has no current access

4. Parcel Required By Other Government Entity
- ☐ The parcel is located within a project boundary of another government agency or adjacent to a parcel of land owned by another unit of government.
- ☐ Parcel is otherwise required by another unit of government.

I recommend that BCPL sell the above property on terms and conditions acceptable to BCPL:

☒ Yes
☐ No

Signature of Forest Land Supervisor — Date: 10/29/14

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

☒ Yes
☐ No

Executive Secretary — Date: Nov 2, 2014

Q:\RealEstate\TRANSACTIONS\Proposed\Proposed Roberts Exchange\Roberts Exchange.docx
Revised: October 23, 2014

REC'D NOV - 1 2014

Item 7
Exhibit B

CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on December 3, 2014. The comparable sales were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on various dates in 2014 and 2015.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of $60,000 as of December 3, 2014.

William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)

Daniel T. Schummer
Appraisal Assistant

Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501

Criteria – Incoming Property

1. Forest Fragmentation

- ☐ Average tract size increases
- ☐ The ratio of perimeter to area decreases
- ☒ There is a clear reduction of the threat for conversion from forest to non-forest use

2. Access

- ☒ Management access to our existing timber tracts is improved
- ☐ There is an increase in the number of BCPL acres open to the public

3. Management Efficiency

- ☒ The percentage of upland on BCPL properties increases
- ☐ The amount of line work per acre decreases
- ☐ The average distance from the tracts to the BCPL field office decreases

4. Timber Character and Value

- ☒ The average site index of forest soils on BCPL property increases
- ☒ Within one cutting cycle there is an increase in the potential high value sawlog volume and growth, on the tract
- ☐ There is an increase in the forest types and species that diversify the BCPL's timber portfolio
- ☐ There is an increase in the number of acres and size of tracts where the BCPL has summer logging opportunities

I recommend that BCPL purchase the above property on terms and conditions acceptable to BCPL:

☒ Yes
☐ No

Trust Lands Forestry Supervisor — Date: 10/29/14

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

☒ Yes
☐ No

Executive Secretary — Date: NOV 2, 2014

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501

Incoming Property

Common Name for Land Parcel: **Roberts**

County: Forest Township: Argonne

Legal Description: SESE of Section 12, T37N, R13E

Acres: 40

Parcel ID Number: 004-00328-0000

Previous Year Tax Levy: $31.60

Name(s) of Seller(s): Isaac Roberts

Address of Seller(s): 9100 Highway 32
Argonne, WI 54511

Seller Phone #: (715) 617-9988

Seller's Attorney or Agent: _____

Contact Information: _____
_____
_____

Seller's Attorney or Agent Phone Number(s): (_____) _____

Asking Price: $70,000

Summary Analysis of Potential Property Exchange
Transaction ID#: E /501

Incoming Property

Acres of productive forest land in parcel(s):	39 acres
Acres of non productive land in parcel(s):	1 acres
Acres of land with public access in parcel(s):	0 acres
Acres of land without public access in parcel(s):	40 acres
Acres of current BCPL land that will become accessible to the public through parcel(s):	0 acres
Acres of our current BCPL land that will become accessible for timber management purposes through parcel(s):	0 acres

Comments (parcel cover type or other attributes of parcel or transaction):

This private parcel is located in an area where BCPL is try to create a large contigious block of land. Acquisition of this parcel would eliminate an inholding and would put BCPL one purchase away from all weather road access to the western side of BCPL's existing block of land in the Argonne area. The neighbors to the Roberts parcel are currently willing to grant management access and timber sale access across their lands, the hope is to someday purchase public access or another parcel that would provide public access. This parcel is mostly all productive highland nicely stocked with small sawlog and pole size timber.

Item 7
Exhibit D

CERTIFICATION

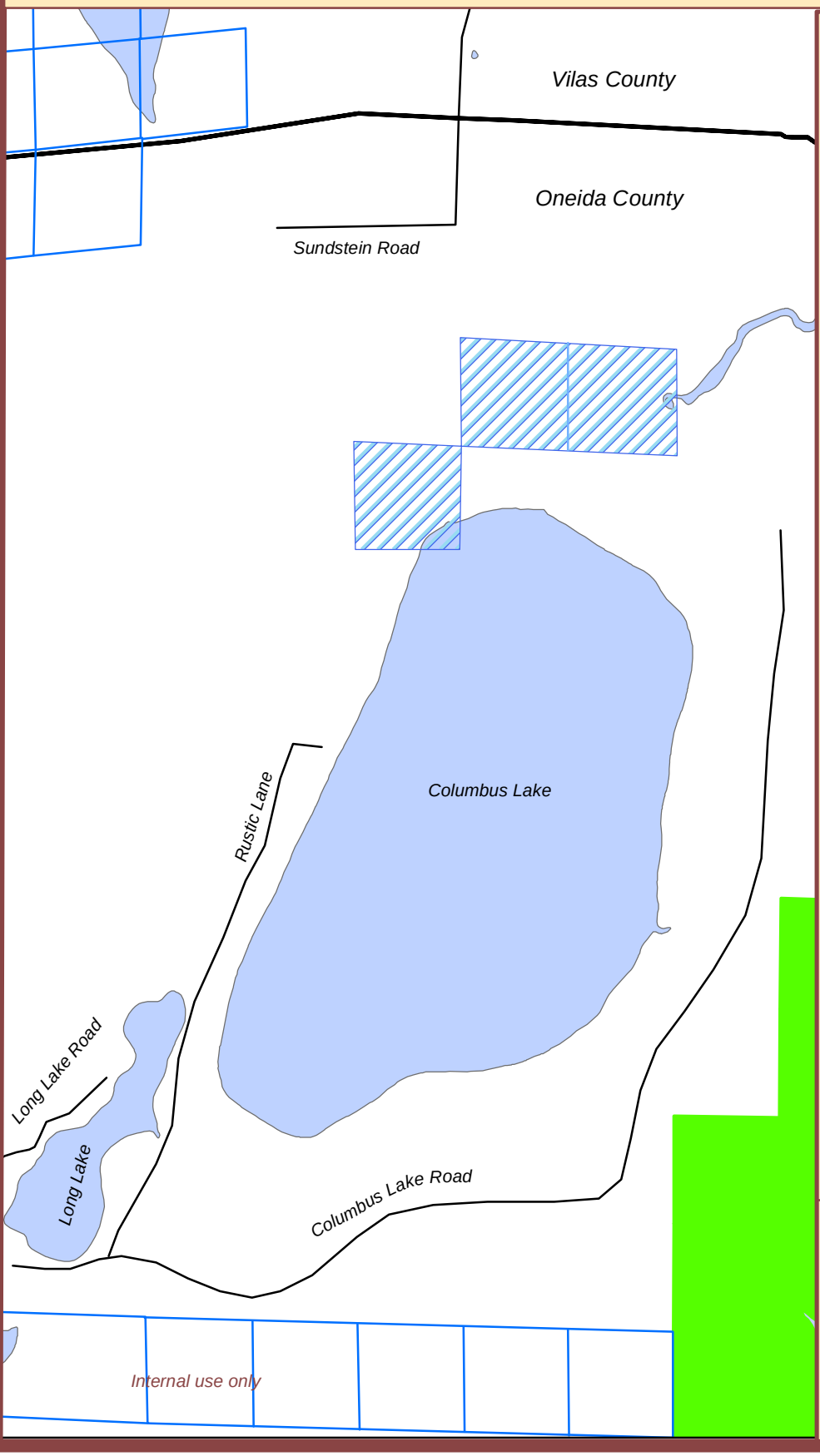
I certify that, to the best of my knowledge and belief:

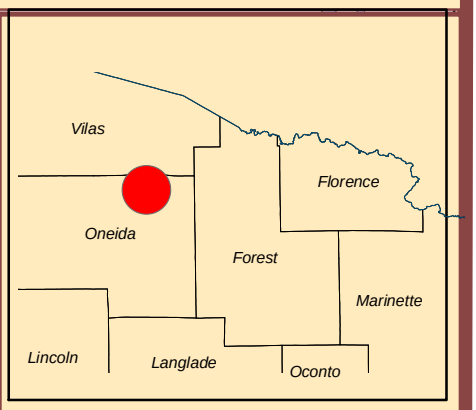
- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on December 3, 2014. The comparable sales were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on December 18 and 19, 2014.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of $64,000 as of December 3, 2014.

William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)

Daniel T. Schummer
Appraisal Assistant

Exchange E1501
Outgoing Rustic Lane Parcel





BCPL Project # : E1501

County: Oneida

Town: Sugar Camp

Common Name: Rustic Lane

Acres - 120

Fund - 745

Proposed Parcel to be Conveyed

BCPL Lands

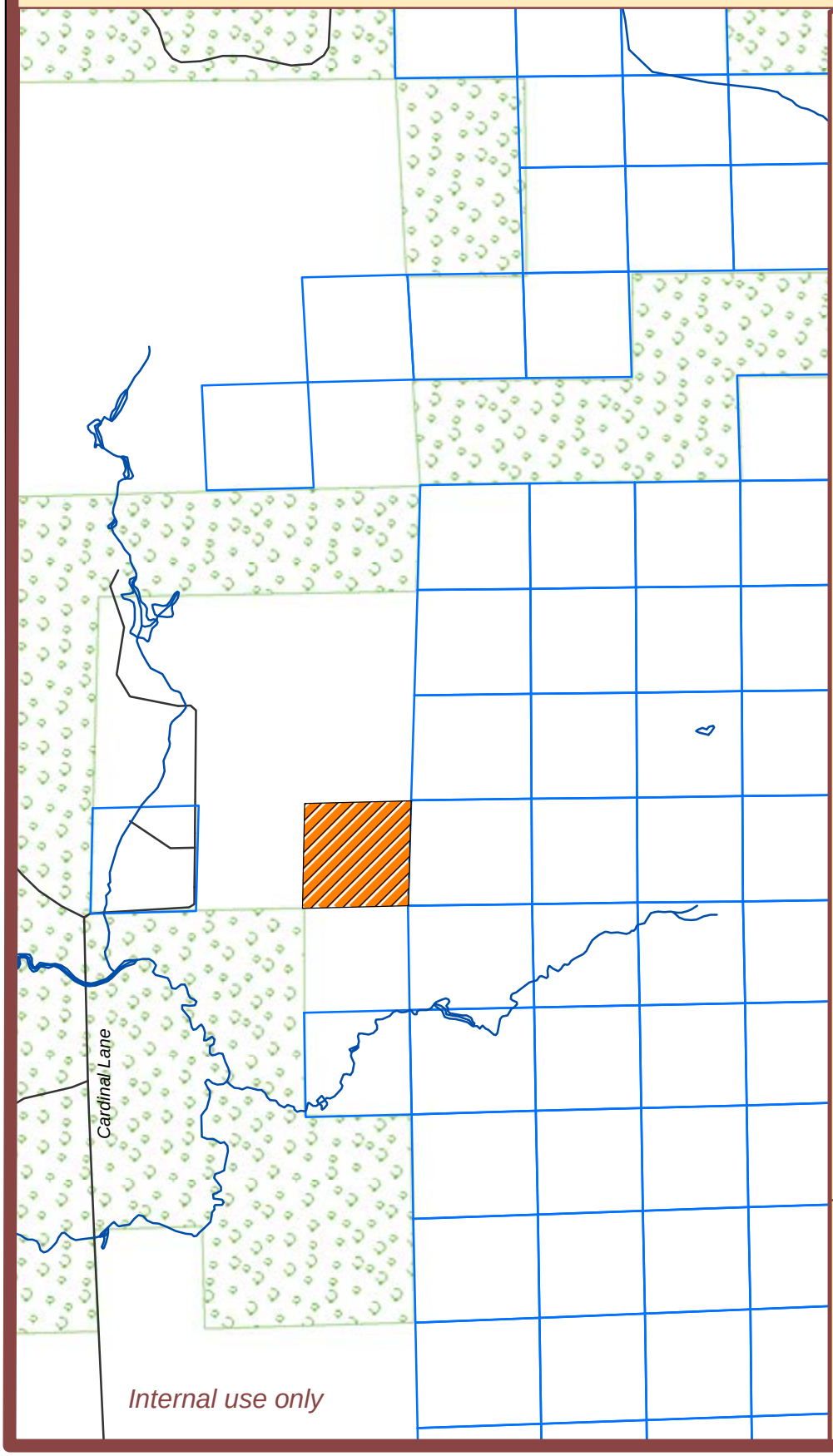
WDNR Lands

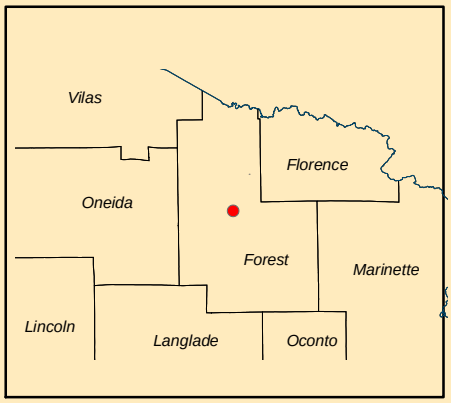
Scale = 1:24,000

N
W E
S

E1501-Oneida-Sugar_Camp-Rustic_Lane
BCPL-TMH-12-16-2014

Exchange E1501
Incoming Roberts Parcel





BCPL Project # : E1501

County: Forest

Town: Argonne

Common Name: Roberts Parcel

Acres - 40

Fund - 744

Proposed Parcel to be Acquired

BCPL Lands

Nicolet National Forest Lands

Scale = 1:24,000

N
W E
S

E1501-Oneida-Sugar_Camp-Rustic_Lane
BCPL-TMH-12-16-2014

Internal use only

BOARD MEETING
MARCH 3, 2015

AGENDA ITEM 10
DISCUSSION AND POSSIBLE VOTE REGARDING
EXECUTIVE SECRETARY

Attachments:

1) *Email from Executive Secretary Nelson to Board Chair Doug La Follette*
2) *Email from Commissioner Adamczyk to Executive Secretary Nelson*
3) *Matt Adamczyk email*
4) *Library Aid Report for Rep. Joe Sanfelippo's Legislative District*
5) *2015 Assembly Joint Resolution 5 – LRB-1233/1*
6) *Common School Fund Table*
7) *Tia Nelson Testimony before House Subcommittee – April 24, 2009*
8) *Pay Period Detail for Tia Nelson – April 12-25, 2009*
9) *Public Hearing/Executive Session Notice – January 20, 2010*
   (Note: This attachment is only one page in length in spite of the "Page 1 of 2" reference that appears at the top of the document)
10) *Pay Period Detail for Tia Nelson – January 17-30, 2010*
11) *Purchasing Documents Relating to Forest Management Certification*
12) *December 16, 2014, BCPL Agenda Document Relating to Forest Management Certification*
13) *Email from Executive Secretary Nelson to Commissioner Adamczyk*

Item 10
Attachment 1

From: "Nelson, Tia - BCPL" <Tia.Nelson@wisconsin.gov>
Date: January 4, 2015 at 12:19:54 PM CST
To: "La Follette, Doug J - SOS" <Doug.LaFollette@wisconsin.gov>
Subject: Fwd: agenda

My draft regarding the agenda is attached. We can finalize tomorrow.
Thanks, Tia

Sent from my iPad

Tia Nelson, Executive Secretary
Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
PO Box 8943
Madison, WI 53708-8943
(608) 266-8369 (608) 267-2787 - Fax
tia.nelson@wisconsin.gov
http://bcpl.wisconsin.gov

Begin forwarded message:

<ResponseToMatt'sBoardAgendaRequest.docx>

Adamczyk, Matt - OST

From: Adamczyk, Matt - OST
Sent: Tuesday, February 24, 2015 4:44 PM
To: Nelson, Tia - BCPL
Subject: FW: March 3rd Board meeting items

Tia,

I never agreed to a firm requirement that we get agenda items submitted by Monday. The language from the minutes is below:

ITEM 7. DISCUSS DEADLINE FOR BOARD MEETING MATERIALS
Executive Secretary Nelson said if the board agenda is routine in nature (i.e., approval of the minutes and loans), then the board packet is typically sent the Thursday prior to the Tuesday board meeting. If the agenda is more extensive (i.e., land transactions and other matters), the packet is typically sent on Wednesday. She asked that if the Commissioners have agenda items they want included in an upcoming board meeting, **it would be helpful if the materials were provided to staff by noon on Monday of the week prior to the meeting, if possible.** This would allow staff ample time to scan and organize the documents for inclusion in the board packet.

Notice the minutes say "it would be helpful if the materials were provided to staff by noon on Monday" and also ends with "if possible."

As a commissioner, I don't appreciate being told I cannot add agenda items to our meetings. If I cannot get an agenda item on the agenda, we are not allowed to discuss the topic.

What time do you need my agenda items tomorrow so that they can be on the March 3rd meeting?

Also, I will point out our last agenda was sent the Thursday before at 2:31pm and that also had several land transactions on it.

Sincerely,
Matt Adamczyk
Wisconsin State Treasurer
(608) 266-1714

From: Nelson, Tia - BCPL
Sent: Tuesday, February 24, 2015 4:22 PM
To: Adamczyk, Matt - OST
Cc: Halverson, Vicki - BCPL; Schimel, Brad - DOJ; La Follette, Doug J - SOS; Churchill, Susan J - SOS; Cook, Andrew C - DOJ
Subject: RE: March 3rd Board meeting items

Matt,

The Board agreed at the February 3rd meeting that agenda items should be submitted on Monday the week preceding the Board meeting.

The Board packet for our March 3rd meeting is being sent out tomorrow, per our usual practice, as it includes several land transactions and a memo on Land Bank Authority requested by the Board at the February 17th meeting.

In accordance with the Feb 3rd board discussion, Doug suggested that at our March 3rd meeting you propose your agenda items so they can be appropriately set up for discussion at the following board meeting.

Regarding your request last week for timber revenue and timber management staff costs, we are working to finalize those. It is taking longer than expected due the fact that our accountant is out with a family emergency. I can tell you though, that timber revenue exceeds direct land management costs by over $100,000 for four of the previous five years. I regret you have been unable to discuss this with me or staff. We stand ready, were you available, to go through this in a detailed manner, as I offered to do on Friday, and again on Monday.

Sincerely, Tia

Tia Nelson, Executive Secretary
Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
PO Box 8943
Madison, WI 53708-8943
(608) 266-8369 (608) 267-2787 - Fax
tia.nelson@wisconsin.gov
http://bcpl.wisconsin.gov

From: Adamczyk, Matt - OST
Sent: Tuesday, February 24, 2015 10:45 AM
To: Halverson, Vicki - BCPL
Cc: Nelson, Tia - BCPL
Subject: March 3rd Board meeting items

Vicky,

I have 1 or 2 items that I will want added to the board agenda for next week.

I will have attachments for the items, but I should have them all as PDFs for you. It shouldn't be too hard to add to the other agenda items that way. I want to make as easy as possible for you to add.

I will plan to get them to you by 10am this Thursday at the latest, but I will try to get to you by the end of the day tomorrow.

Let me know if for some reason that wouldn't work. I am only available via email until the next meeting.

Hope all is well for you.

Thanks much,
Matt Adamczyk
Wisconsin State Treasurer
(608) 266-1714

Adamczyk, Matt - OST

Subject: FW: BCPL
Attachments: assemblydist15-loans_sanfelippo.pdf; assemblydist15-libraryaid_sanfelippo.pdf; WIPublicForestAcreageCoverage.pdf; LandBankTransactionSummary-Purchases_Closed_AsOf_2015-02-03.pdf

From: Nelson, Tia - BCPL [mailto:Tia.Nelson@wisconsin.gov]
Sent: Wednesday, February 11, 2015 10:58 AM
To: Hoisington, Joshua
Subject: BCPL

Josh,

Thanks for your time this morning. Attached are some relevant land and transaction documents, including all BCPL purchases and criteria used for evaluating them. Also attached are BCPL Trust Fund investments in Representative Sanfelippo's district, and Common School Fund earnings distribution to schools in Assembly District 15.

BCPL has loaned over eight million dollars to municipalities and schools in the district in the previous five years, and provided nearly four million dollars in public school library aid over the same period. The net result of LRB -0169/1 is significant harm to the school trust funds managed by the Board of Commissioners.

By unanimous votes, the legislature granted BCPL land bank authority in 2006. (2005 Act 352). The bipartisan bill was authored by former Representative's Scott Jensen and Gary Sherman.
The bill was supported by Pine River Lumber, the Wisconsin Counties Association, the Wisconsin Towns Association, the Association of Wisconsin Snowmobilers, Plum Creek (at the time the largest timberland owner in Wisconsin), the Wisconsin Wildlife Federation, the Wisconsin Education Media Association and others. The law had a targeted purpose to increase timber management efficiency, and to enhance public access. That is precisely what we have accomplished with that authority.

Since receiving that authority, BCPL has :

- Sold 13,715.18 acres and purchased 12,903.54.54 acres.
- Increased BCPL timber base by a net total of 20.6%. (this increases school trust fund revenue potential from timber sales)
- Increased acres accessible to the public by over 17%.

It's worth noting that the law only allows us to buy land with the proceeds of land we sold. By statute we have an acreage cap that prevents us from owning more land than we owned on the date of enactment of Act 352. At under 78,000 acres BCPL owns less land statewide than is owned by Oneida County. The attached slides show further details on public land ownership in Wisconsin.

Stripping the Board of this authority will constrain its consolidation and efficiency goals, timber revenue potential, diminish the value of current land holdings and hurt public access to school trust lands by not

allowing us to strategically purchase parcels that help us improve access to land locked parcels, and build larger blocks of working forests. I look forward to sitting down and talking about this further.

Sincerely, Tia

Tia Nelson, Executive Secretary
Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
PO Box 8943
Madison, WI 53708-8943
(608) 266-8369 (608) 267-2787 - Fax
tia.nelson@wisconsin.gov
http://bcpl.wisconsin.gov

BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848

Managing Wisconsin's trust assets for public education.

Item 10
Attachment 4

BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848
Managing Wisconsin's trust assets for public education.

Library Aid Report
Annual Distribution of BCPL Common School Fund Earnings
Assembly District 15 - Joe Sanfelippo
Fiscal Year 2010 through 2014

TOTAL $3,787,763

	2014	2013	2012	2011	2010	School District Total for 5 Years
ELMBROOK	$279,013	$285,630	$308,921	$320,662	$297,042	**$1,491,268**
NEW BERLIN	$142,588	$145,558	$165,381	$167,044	$154,132	**$774,703**
WEST ALLIS - WEST MILWAUKEE, ET. AL.	$291,363	$292,722	$318,475	$318,260	$300,972	**$1,521,792**
Annual Totals:	**$712,964**	**$723,910**	**$792,777**	**$805,966**	**$752,146**	**$3,787,763**

State of Wisconsin
2015 - 2016 LEGISLATURE

Item 10
Attachment 5

LRB–1233/1
MPG:kjf:rs

2015 ASSEMBLY JOINT RESOLUTION 5

January 29, 2015 – Introduced by Representatives SCHRAA, AUGUST, NEYLON, KUGLITSCH, CZAJA, CRAIG, ROHRKASTE, BORN, KREMER, SANFELIPPO, ALLEN, KNUDSON, PETERSEN, KRUG, R. BROOKS, TAUCHEN, HORLACHER, TITTL, GANNON, KLEEFISCH, WEATHERSTON, STEFFEN and GENRICH, cosponsored by Senators GUDEX, WANGGAARD, ROTH, MARKLEIN, NASS, LEMAHIEU and VUKMIR. Referred to Committee on State Affairs and Government Operations.

To amend section 1 of article VI, section 3 of article VI and sections 7 and 8 of article X; and ***to create*** section 17 of article XIV of the constitution; **relating to:** deleting from the constitution the office of state treasurer (first consideration).

Analysis by the Legislative Reference Bureau

This constitutional amendment, proposed to the 2015 legislature on first consideration, deletes from the constitution the office of state treasurer.

Term of incumbent

Under the proposal, the final election for state treasurer required by the constitution is the one that was held in November 2014. The incumbent will continue to serve until the first Monday in January 2019.

State treasurer's duties

Currently, the only duty assigned to the state treasurer by the constitution is to serve as a member of the Board of Commissioners of Public Lands; all other duties are prescribed by law. The proposal removes the state treasurer as a member of the Board of Commissioners of Public Lands.

The three–member Board of Commissioners of Public Lands presently consists of the secretary of state, the state treasurer, and the attorney general. Under this proposal, the lieutenant governor becomes a member in place of the state treasurer.

Item 10
Attachment 6

Common School Fund Balance As of:	Est. Balance Amount	Est. Additions to Principal	Est. Distributions
June 30, 2005	$597,000,000		
June 30, 2007	$704,000,000	$107,000,000	$57,200,000
June 30, 2009	$776,000,000	$72,000,000	$70,200,000
June 30, 2011	$835,000,000	$63,200,000	$65,600,000
June 30, 2013	$900,000,000	$66,100,000	$62,600,000
November 30, 2014	$968,000,000	$68,000,000	$65,700,000
		Dist FY 14	$30,200,000
		Dist FY 15	$35,500,000

Item 10
Attachment 7

Testimony of Tia Nelson
Co-Chair, Governor James E. Doyle's Global Warming Task Force
House Subcommittee on Energy and Environment
Friday, April 24, 10:00 AM

Introduction

Good afternoon Chairman Markey, Ranking Member Upton, and Members of the Committee.

My name is Tia Nelson and I am the Executive Secretary of the Board of Commissioners of Public Lands for the State of Wisconsin. In 2007, I was appointed by Wisconsin Governor Jim Doyle to serve as one of two co-chairs of Wisconsin's Task Force on Global Warming. I'm honored to appear before the Committee today to highlight the findings and recommendations of our Task Force and to share my perspectives on the discussion draft of the American Clean Energy and Security Act of 2009.

Wisconsin's Task Force on Global Warming

Wisconsin's Task Force on Global Warming consisted of a diverse group of stakeholders representing a broad political spectrum: electric utilities and cooperatives, non-profit advocacy organizations, large manufacturers, labor unions, agricultural organizations, forestry interests, Native American tribes, and key Legislative committee members. The mission given to us by Governor Doyle was threefold:

1) Identify short- and long-term goals for reductions in greenhouse gas emissions;
2) Present policy recommendations to achieve those goals; and,
3) Identify opportunities to address global warming locally while growing our state's economy and creating new jobs.

Item 10
Attachment 8

Pay Period Detail - Nelson, Tia L

Pay Period From: 4/12/2009 To: 4/25/2009	<Prev Current Next>	Status: Prev	

Date	Transaction	Start Time	Stop Time	Total	Diff	Call	Prof	Standby	Other
Mon - 4/13/09		8:00 am	4:00 pm	8:00					
	Total for Monday			8:00					
Tue - 4/14/09		8:00 am	4:00 pm	8:00					
	Total for Tuesday			8:00					
Wed - 4/15/09		8:00 am	4:00 pm	8:00					
	Total for Wednesday			8:00					
Thu - 4/16/09		8:00 am	4:00 pm	8:00					
	Total for Thursday			8:00					
Fri - 4/17/09		8:00 am	4:00 pm	8:00					
	Total for Friday			8:00					
Mon - 4/20/09		8:00 am	4:00 pm	8:00					
	Total for Monday			8:00					
Tue - 4/21/09		8:00 am	4:00 pm	8:00					
	Total for Tuesday			8:00					
Wed - 4/22/09		8:00 am	4:00 pm	8:00					
	Total for Wednesday			8:00					
Thu - 4/23/09		8:00 am	4:00 pm	8:00					
	Total for Thursday			8:00					
Fri - 4/24/09		8:00 am	4:00 pm	8:00					
	Total for Friday			8:00					

Pay Period Summary

	Week 1	Week 2	Total
Total Work Hours Reported for Pay	40:00	40:00	80:00
Total Paid Leave Hours Reported	0:00	0:00	0:00
Total Hours Reported for Pay	40:00	40:00	80:00
Less Comp Time Hours Earned	0:00	0:00	0:00
Total Hours Paid	40:00	40:00	80:00
Total Standby Time	0:00	0:00	0:00
Total 'Other' Time	0:00	0:00	0:00

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Senate

INFORMATIONAL HEARING

Select Committee on Clean Energy

The committee will hold an informational hearing on the following items at the time specified below:

Wednesday, January 20, 2010
10:45 AM
412 East
State Capitol

Roy Thilly and Tia Nelson

The Co-Chairs of the Governor's Task Force on Global Warming will discuss the work done by the Task Force.

Senate Bill 450

Relating to: goals for reductions in greenhouse gas emissions, for construction of zero net energy buildings and for energy conservation; information, analyses, reports, education, and training concerning greenhouse gas emissions and climate change; energy efficiency and renewable resource programs; renewable energy requirements of electric utilities and retail cooperatives; requiring electric utilities to purchase renewable energy from certain renewable facilities in their service territories; authority of the Public Service Commission over nuclear power plants; motor vehicle emission limitations; a low carbon standard for transportation fuels; the brownfield site assessment grant program, the main street program, the brownfields grant program, the forward innovation fund, grants to local governments for planning activities, the transportation facilities economic assistance and development program, a model parking ordinance; surface transportation planning by the Department of Transportation and metropolitan planning organizations to reduce greenhouse gas emissions; environmental evaluations for transportation projects; idling limits for certain vehicles; energy conservation codes for public buildings, places of employment, one- and two-family dwellings, and agricultural facilities; design standards for state buildings; energy efficiency standards for certain consumer audio and video devices, boiler inspection requirements; greenhouse gas emissions and energy use by certain state agencies and state assistance to school districts in achieving energy efficiencies; creating an exception to local levy limits for amounts spent on energy efficiency measures; creating an energy crop reserve program; identification of private forest land, promoting sequestration of carbon in forests, qualifying practices and cost-share requirements under the forest grant program established by the Department of Natural Resources; air pollution permits for certain stationary sources reducing greenhouse gas emissions; allocating a portion of existing tax-exempt industrial development revenue bonding to clean energy manufacturing facilities and renewable power generating facilities; requiring a report on certain programs to limit greenhouse gas emissions; granting rule-making authority; requiring the exercise of rule-making authority; and providing a penalty.

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Pay Period Detail - Nelson, Tia L

Pay Period From: 1/17/2010 To: 1/30/2010	<Prev Current Next>	Status: Prev	Holidays: 1

Date	Transaction	Start Time	Stop Time	Total	Diff	Call	Prof	Standby	Other
Mon - 1/18/10	Legal Holiday			8:00					
	Total for Monday			8:00					
Tue - 1/19/10		8:00 am	4:00 pm	8:00					
	Total for Tuesday			8:00					
Wed - 1/20/10		8:00 am	4:00 pm	8:00					
	Total for Wednesday			8:00					
Thu - 1/21/10		8:00 am	4:00 pm	8:00					
	Total for Thursday			8:00					
Fri - 1/22/10		8:00 am	4:00 pm	8:00					
	Total for Friday			8:00					
Mon - 1/25/10		8:00 am	4:00 pm	8:00					
	Total for Monday			8:00					
Tue - 1/26/10		8:00 am	4:00 pm	8:00					
	Total for Tuesday			8:00					
Wed - 1/27/10		8:00 am	4:00 pm	8:00					
	Total for Wednesday			8:00					
Thu - 1/28/10		8:00 am	4:00 pm	8:00					
	Total for Thursday			8:00					
Fri - 1/29/10		8:00 am	4:00 pm	8:00					
	Total for Friday			8:00					

Pay Period Summary

	Week 1	Week 2	Total
Total Work Hours Reported for Pay	32:00	40:00	72:00
Total Paid Leave Hours Reported	8:00	0:00	8:00
Total Hours Reported for Pay	40:00	40:00	80:00
Less Comp Time Hours Earned	0:00	0:00	0:00
Total Hours Paid	40:00	40:00	80:00
Total Standby Time	0:00	0:00	0:00
Total 'Other' Time	0:00	0:00	0:00

SEND INVOICE IN TRIPLICATE TO:

BRD OF COMM OF PUBLIC LANDS
P. O. BOX 8943
MADISON, WI 53708-8943

STATE OF WISCONSIN PURCHASE ORDER

ENTER TYPE CODE
1 - Regular
2 - Change Previous
3 - Cancel Previous
4 - Interagency
5 - Blanket-Non Contract
8 - Blanket-Contract
G - Grant (Pass-thru)
L - Master Lease Program
P - Project (Construction)

1

PURCHASE ORDER NUMBER
LPD00000008

SHOW THIS NUMBER ON ALL SHIPMENTS CORRESPONDENCE AND INVOICES

STATE USE PD 507

VENDOR NUMBER 133377893

DATE: 04/01/14

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VENDOR:

RAINFOREST ALLIANCE INC
BETH JACKMAIN 507-649-7097
233 BROADWAY 28TH FLOOR
NEW YORK NY 10279

SHIP TO:

JOHN SCHWARZMANN
BRD OF COMM OF PUB
DISTRICT OFFICE
7271 MAIN STREET
LAKE TOMAHAWK WI 54539

FOB	Terms	Delivery	Reference	Agency Bid No.:	Statewide Contract No.
DESTINATION		06/30/14			

Item	Quantity	Unit	Commodity Code	Unit Price	Total
1	1.000	EACH	947-45-00-0000	11,456.000000	11,456.00

FOREST MGMT CERTIFICATION AUDIT PER SERVICE AGREEMENT

TOTAL: 11,456.00

----------FOR STATE USE ONLY----------

LN	FUND	AGY	ORG/SUB	APPR	UNIT	ACTV	FUNC	OBJ/SUB	JOB NUM	CAT	TOTAL
01	100	507	1200/	1 28	4			2740/			11,456.00

TOTAL: 11,456.00

JOHN SCHWARZMANN
(715) 277-3366

Ack:

Their Number:

Shipping:

Traced:

REGISTER NUMBER	INVOICE OR VOUCHER NO.	INV. OR VOU. DATE	NET AMOUNT	CASH DISCOUNT	DATE INV. FORWARDED	BALANCE

Wisconsin Department of Administration
State Bureau of Procurement
DOA-3088 (R09/2013)

Simplified Bidding Record

(Purchases over $5,000 through $50,000; for printing, $50 through $50,000)

Date (mm/dd/ccyy)	Agency/Requisitioning Unit
3/5/2014	Board of Commissioners of Public Lands

Person Completing: John Schwarzmann

Requisition or Reference Number:

Method of Bidding: ☐ Price Lists ☐ Written Quote ☐ Phone / Verbal ☒ Other (specify) Sealed Bid

Instructions: The agency will make an effort to solicit small businesses, veteran-owned businesses, disabled veteran-owned businesses, minority businesses, and work centers. Use this form to document transactions over $5,000 through $50,000 and attach to purchase order file copy. Generic specifications should be used when possible. If it is necessary to use a brand name to identify a level of quality, vendors must be informed that equivalent alternatives may be acceptable. The agency will be the sole determinater of equivalency. Alternate bids should be indicated. Successful bidder should be circled. Reasons for rejecting any bids should be noted. If a waiver of bidding is approved, indicate reasons.

Code type to be used: **MBE=Minority Business Enterprise (Certified) **WC**= Work Center (Certified)

DVB = Disabled Veteran-owned Business (Certified)

Item Number, Description	QUANTITY	Vendor Name: Rainforest Alliance Phone: 507.649.7097 FEIN***: 13-3377893	** Code Type	Vendor Name: SCS Global Services Phone: 1.510.452.8035 FEIN***	** Code Type	Vendor Name Phone FEIN***	** Code Type	Vendor Name Phone FEIN***	** Code Type
		Unit Price	Total	Unit Price	Total	Unit Price	Total	Unit Price	Total
Forest Management Certification Audit	1	$11,456	$11,456	$27,513	$27,513				
***FEIN (Federal Employer Identification Number) or Social Security Number (if no FEIN)									
Contact Person		Beth Jacqmain		Eric J. Smith					
Contact Date (mm/dd/ccyy)									
Reply Date (mm/dd/ccyy)									
Terms									
Freight F.O.B.									
Delivery									

Additional information (note the following as appropriate: bids rejected and why; preferences exercised; explain reason if less than 3 vendors were contacted; justify waiver of bidding):
Only two vendors carry out FSC Forest Management certification audits in North America.

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Attachment 12

BOARD MEETING
DECEMBER 16, 2014

AGENDA ITEM 5
PROPOSED ACCEPTANCE OF FOREST STEWARDSHIP COUNCIL CERTIFICATION

RECITALS

A. BCPL has owned forested school trust lands for over 166 years and has managed such forest lands in an economically and ecologically prudent manner for the benefit of the respective trust beneficiaries.

B. The Forest Stewardship Council (FSC) is a well-established forest accreditation organization that strives to improve forest management throughout the entire wood products supply chain. FSC evaluates forest land managers and companies which produce, process, manufacture or distribute wood products against standards and FSC provides accreditation to those firms which meet the standards. FSC's goal is to promote economically prosperous, socially beneficial and ecologically appropriate forest management.

C. FSC has been in business for over twenty years and has certified over 6 million acres of forests in Wisconsin. The State of Wisconsin DNR and the vast majority of county forests in the state have been certified by FSC. All private industrial timber land enrolled in the Managed Forest Law (MFL is a tax program benefitting industrial timberland managers in the state) is FSC certified. BCPL is the only government timber land manager not certified in Wisconsin today.

D. Many loggers, sawmills, paper companies and wood products manufacturers in Wisconsin are certified by FSC. A sample of these companies includes both large firms like Procter and Gamble Paper Products, Weather Shield Windows, Domtar Paper Company and Kimberly Clark Corp to smaller sawmills and loggers such as WD Flooring, Besse Lumber Co., and Algoma Lumber Co. Other companies that favor or give preference to FSC certified wood include TimeWarner, New Page Corporation, and Home Depot.

E. FSC certification for landowners is based upon a local audit performed by a third party previously approved by FSC. Rainforest Alliance, Inc. (RA) is such an approved third party auditor.

F. RA has audited BCPL's forest management practices by reviewing extensive documents, conducting interviews and making on-the-ground field reviews. RA has determined that BCPL is managing its forest lands in a way that meet FSC's goal and RA has recommended to the FSC that BCPL receive certification.

G. Lack of FSC certification will preclude certain important industrial buyers from purchasing BCPL timber and/or pulpwood.

Staff recommends that the Board authorize the acceptance of FSC certification so that BCPL can market its timber in the future as "FSC certified."

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the acceptance of FSC certification. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

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Adamczyk, Matt - OST

From: Nelson, Tia - BCPL
Sent: Monday, January 05, 2015 11:42 AM
To: Adamczyk, Matt - OST
Cc: La Follette, Doug J - SOS; Schimel, Brad - DOJ; Rickords, Sharon L - SOS; Churchill, Susan J - SOS; Cook, Andrew C - DOJ; Koremenos, Johnny - DOJ; Sarow, Donna J - DOJ; Kaump, Cynthia - OST; Rucks, Charlotte J - OST; German, Tom - BCPL
Subject: Additional Agenda Items for January 6 Board Meeting

Importance: High

Matt,

I received from Vicki on Friday your proposed additions to the January 6 Board agenda. As a courtesy, I notified the Secretary of State and the Attorney General's staff shortly thereafter to let them know that they should allot a longer period of time for the upcoming board meeting.

The Attorney General's schedule is extremely tight this week and his office had allocated just 15 minutes for Tuesday's meeting. This should be sufficient time for the Board to consider routine loan approvals and your proposed discussion of BCPL stationery as previously scheduled. In light of scheduling constraints this week, the Secretary of State and Attorney General's office asked that your other proposed additions to the agenda be added to a subsequent board meeting so that they have sufficient time to review the items and materials.

Furthermore, because the scope and nature of your proposed items will require substantially more time than is typically allocated for BCPL Board business, it has been suggested that the subsequent meeting be done face-to-face at everyone's earliest convenience. Your request this morning for a closed session of the board would further necessitate a face-to-face board meeting.

In the meantime, our office is scanning the materials you dropped off so that they can be added to a subsequent board agenda.

Please don't hesitate to contact me if you have any questions.

Sincerely, Tia

Tia Nelson, Executive Secretary
Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
PO Box 8943
Madison, WI 53708-8943
(608) 266-8369 (608) 267-2787 - Fax
tia.nelson@wisconsin.gov
http://bcpl.wisconsin.gov

BOARD OF COMMISSIONERS OF PUBLIC LANDS 1848
Managing Wisconsin's trust assets for public education.