

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

Tom German, *Acting Executive Secretary*

AGENDA

August 19, 2015

2:00 P.M.

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

Routine Business:

- 1) Call to Order
- 2) Approve Minutes – August 5, 2015 (Attachment)
- 3) Approve Loans (Attachment)

Old Business:

None

New Business:

- 4) Discuss Common School Fund Revenue and Unclaimed Property Report (Attachments)
- 5) Proposed Land Bank Purchase (P1502 – Connor/Wisconsin Timber Associates) (Attachments)
- 6) Discuss Interim Investment Strategies while Transitioning to Prudent Investor Standards
- 7) Expense Over \$5,000 (Attachment)
- 8) Discuss LTE Forester Intern

Routine Business:

- 9) Future Agenda Items
- 10) Executive Secretary's Report
- 11) Adjourn

AUDIO ACCESS INFORMATION

Toll Free Number: **(888) 291-0079**
Passcode: **6363690#**

**BOARD MEETING
AUGUST 19, 2015**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the August 5, 2015, board meeting.

Board Meeting Minutes
August 5, 2015

Present were:

Doug La Follette, Commissioner	Secretary of State
Matt Adamczyk, Commissioner	State Treasurer
Brad Schimel, Board Chair	Attorney General
Tom German, Acting Executive Secretary	Board of Commissioners of Public Lands
Richard Sneider, Loan Analyst	Board of Commissioners of Public Lands
John Schwarzmann, Forestry Supervisor	Board of Commissioners of Public Lands

ITEM 1. CALL TO ORDER

Board Chair Schimel called the meeting to order.

ITEM 2. APPROVE MINUTES – JULY 21, 2015

MOTION: Commissioner La Follette moved to approve the minutes; Board Chair Schimel seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

Board Chair Schimel asked if the loans had been reviewed for public purpose. Acting Executive Secretary German confirmed they had.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Ashwaubenon Brown County Application #: 02016034 Purpose: Finance soil contamination remediation	School Rate: 3.25% Term: 10 years	General Obligation	\$1,000,000.00
2. Bayfield Bayfield County Application #: 02016017 Purpose: Finance brick streets project	City Rate: 3.75% Term: 20 years	General Obligation	\$750,000.00
3. Bayfield Bayfield County Application #: 02016018 Purpose: Refinance BCPL loan #2011077	City Rate: 3.75% Term: 12 years	General Obligation	\$260,747.21
4. Bayfield Bayfield County Application #: 02016019 Purpose: Refinance BCPL loan #2011076	City Rate: 3.75% Term: 16 years	General Obligation	\$112,993.27

5.	Bayfield Bayfield County Application #: 02016020 Purpose: Refinance BCPL loan #2014152	City Rate: 3.75% Term: 14 years	General Obligation	\$97,062.27
6.	Bayfield Bayfield County Application #: 02016021 Purpose: Refinance BCPL loan #2014052	City Rate: 3.75% Term: 18 years	General Obligation	\$160,757.99
7.	Bayfield Bayfield County Application #: 02016022 Purpose: Refinance BCPL loan #2014050	City Rate: 3.75% Term: 18 years	General Obligation	\$105,309.50
8.	Bayfield Bayfield County Application #: 02016023 Purpose: Refinance BCPL loan #2015044	City Rate: 3.75% Term: 19 years	General Obligation	\$100,000.00
9.	Blackhawk Area Sanitary Dist Waukesha County Application #: 02016031 Purpose: Finance sanitary system improvements	Sanitary District Rate: 3.25% Term: 10 years	General Obligation	\$300,000.00
10.	Christmas Mountain Sanitary Dist Sauk County Application #: 02016032 Purpose: Finance wastewater treatment plant modification	Sanitary District Rate: 3.75% Term: 20 years	General Obligation	\$200,000.00
11.	Conover Vilas County Application #: 02016035 Purpose: Finance bicycle trail project	Town Rate: 2.50% Term: 2 years	General Obligation	\$800,000.00
12.	Cumberland Barron County Application #: 02016012 Purpose: Finance airport runway improvements	City Rate: 3.00% Term: 5 years	General Obligation	\$45,000.00
13.	Jefferson Jefferson County Application #: 02016011 Purpose: Finance road projects	Town Rate: 2.50% Term: 1 year	General Obligation	\$100,000.00

14.	Leon Monroe County Application #: 02016025 Purpose: Construct road material storage building	Town Rate: 3.25% Term: 10 years	General Obligation	\$50,000.00
15.	Little Cedar Lake Pro & Rehab Dist Washington County Application #: 02016024 Purpose: Purchase weed harvester	Lake District Rate: 3.25% Term: 10 years	General Obligation	\$90,000.00
16.	Little Tamarack Flowage Baker Spring Lak Vilas County Application #: 02016033 Purpose: Finance dam reconstruction	Lake District Rate: 3.75% Term: 20 years	General Obligation	\$150,000.00
17.	Menasha Calumet and Winnebago Counties Application #: 02016028 Purpose: Refinance G.O. promissory notes dated 8/1/2008	City Rate: 2.50% Term: 2 years	General Obligation	\$745,000.00
18.	Menasha Calumet and Winnebago Counties Application #: 02016029 Purpose: Refinance G.O. promissory notes dated 8/1/2008	City Rate: 3.25% Term: 9 years	General Obligation	\$2,045,000.00
19.	Menasha Calumet and Winnebago Counties Application #: 02016030 Purpose: Finance 2015 capital projects	City Rate: 3.25% Term: 10 years	General Obligation	\$875,000.00
20.	Metomen Fond Du Lac County Application #: 02016014 Purpose: Purchase fire truck	Town Rate: 3.25% Term: 10 years	General Obligation	\$200,000.00
21.	New Richmond St Croix County Application #: 02016026 Purpose: Finance TID #10 development	City Rate: 3.25% Term: 10 years	General Obligation	\$450,000.00
22.	Osseo Trempealeau County Application #: 02016015 Purpose: Finance TID #2 street and utility projects	City Rate: 3.75% Term: 7 years	TID Revenue	\$1,100,000.00

23.	Reedsburg Sauk County Application #: 02016037 Purpose: Refinance telecom utility revenue debt	City Rate: 3.75% Term: 20 years	General Obligation	\$8,000,000.00
24.	Reedsburg Sauk County Application #: 02016038 Purpose: Refinance telecom utility revenue debt	City Rate: 4.75% Term: 20 years	Utility Revenue	\$2,700,000.00
25.	Remington Wood County Application #: 02016013 Purpose: Purchase tractor and mower	Town Rate: 3.25% Term: 10 years	General Obligation	\$90,000.00
26.	River Ridge Grant County Application #: 02016016 Purpose: Finance energy efficiency projects	School Rate: 3.00% Term: 5 years	General Obligation	\$1,000,000.00
27.	River Valley Dane, Iowa, Richland and Sauk Counties Application #: 02016027 Purpose: Refinance 2005 G.O. refunding bonds	School Rate: 2.50% Term: 1 year	General Obligation	\$665,000.00
28.	Summit Waukesha County Application #: 02016010 Purpose: Finance 2015 capital improvement program	Village Rate: 3.00% Term: 5 years	General Obligation	\$452,000.00
29.	Washburn Washburn County Application #: 02016036 Purpose: Finance road construction and maintenance	County Rate: 2.50% Term: 1 year	General Obligation	\$755,000.00
TOTAL				\$23,398,870.24

MOTION: Board Chair Schimel moved to approve the loans; Commissioner La Follette seconded the motion.

DISCUSSION: Board Chair Schimel inquired about the agency's policy for refinancing State Trust Fund Loans. Acting Executing Secretary German replied that municipalities are allowed to refinance existing loans at a lower interest rate but the policy requires that they borrow an additional amount that is equal to 25% of the amount being refinanced.

VOTE: The motion passed 3-0.

ITEM 4. AGENCY EXPENSES OVER \$5,000 APPROVED BY BOARD CHAIR

Board Chair Schimel said the invoice from DOA (the Department of Administration) was for administrative costs. Acting Executive Secretary German said that the agency had negotiated a different method for calculating BCPL's obligation with DOA. It was agreed that using a percentage of the agency's employees rather than a percentage of the agency's accounting transactions for the State of Wisconsin as a whole was more appropriate.

ITEM 5. DISCUSS PROCESS FOR APPOINTING AN EXECUTIVE SECRETARY

Board Chair Schimel asked Commissioner La Follette what process the Board had used in the past when appointing an Executive Secretary. Commissioner La Follette replied that a qualified, interested candidate would have been referred by a Commissioner; he did not recall the Board ever conducting a national search. He said that the interview with the candidate was conducted in closed session with all three Commissioners in attendance.

Commissioner La Follette asked if the Board could appoint Tom German as Executive Secretary. Board Chair Schimel said Mr. German currently has full authority to oversee the agency as the Acting Executive Secretary and the Board could interview him for the position. He said he would like to give the process more time to allow other candidates to come forward.

The Board agreed that individuals interested in the Executive Secretary position should send a cover letter and resume to Board Chair Schimel. The materials would remain confidential until the candidate was consulted to determine whether they wanted their information released.

ITEM 6. DISCUSS AND VOTE TO AUTHORIZE THE ACTING EXECUTIVE SECRETARY TO WRITE A REQUEST FOR PROPOSAL (RFP) TO ENGAGE A TIMBERLAND INVESTMENT ADVISOR TO DEVELOP RECOMMENDATIONS FOR OPTIMIZING LAND CONSOLIDATION AND TIMBER MANAGEMENT

MOTION: Commissioner La Follette moved to authorize the Acting Executive Secretary to write a request for proposal to engage a timberland investment advisor to develop recommendations for optimizing land consolidation and timber management; Board Chair Schimel seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 2-0 with Commissioner Adamczyk abstaining.

ITEM 7. FUTURE AGENDA ITEMS

Commissioner Adamczyk would like the Board to discuss interim investment strategies while transitioning to Prudent Investor Standards.

ITEM 8. EXECUTIVE SECRETARY'S REPORT

Acting Executive Secretary German reported that the Commissioners' approval of the 29 loans at today's Board meeting was a record.

Acting Executive Secretary German reported that staff is researching a short-term investment strategy with American Deposit Management (ADM). He explained that Trust Funds in the State Investment Fund (SIF) earn approximately .01 percent while ADM's rate of return is double that. Commissioner La Follette asked where ADM invests the funds. Mr. German replied the funds would be deposited into a savings account and federally insured.

Acting Executive Secretary German reported that he and Richard Sneider had attended the Western States Land Commissioners Association conference. He said North Dakota recently moved to Prudent Investor Standards and they had offered to share their documentation and answer questions BCPL staff may have while transitioning to those Standards. He also reported that the state of Utah's Land Commission had delegated their investment oversight to an outside entity. They have since decided to return management of their financial assets back to the Land Commission.

Acting Executive Secretary German said staff is preparing a report for the next Board meeting that would detail Common School Fund revenue sources, which was requested by Commissioner La Follette at the July 21 board meeting.

ITEM 9. ADJOURN

MOTION: Commissioner La Follette move to adjourn; Commissioner Adamczyk seconded the motion.

VOTE: The motion passed 3-0. The meeting adjourned at approximately 2:30 PM.

A handwritten signature in black ink, appearing to read "Thomas P. German". The signature is written in a cursive style with a long horizontal flourish extending to the right.

Thomas P. German, Acting Executive Secretary

These minutes have been prepared from a recording of the meeting. The summaries have not been transcribed verbatim.
Link to audio recording: ftp://doafpt1380.wi.gov/doadocs/BCPL/2015-08_05_BCPL-BoardMtgRecording.mp3

**BOARD MEETING
AUGUST 19, 2015**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Elkhart Lake-Glenbeulah Sheboygan County Application #: 02016041 Purpose: Finance district-wide HVAC project	School Rate: 3.00% Term: 5 years	General Obligation	\$900,000.00
2. Orfordville Rock County Application #: 02016042 Purpose: Finance village hall remodeling project	Village Rate: 3.75% Term: 19 years	General Obligation	\$850,000.00
3. Random Lake Sheboygan County Application #: 02016040 Purpose: Finance street and recreational facilities projects	Village Rate: 3.00% Term: 5 years	General Obligation	\$565,000.00
4. Ripon Fond Du Lac, Green Lake and Winnebago Counties Application #: 02016039 Purpose: Finance school building remodeling/addition	School Rate: 3.25% Term: 10 years	General Obligation	\$900,000.00
TOTAL			\$3,215,000.00

**BOARD MEETING
AUGUST 19, 2015****AGENDA ITEM 4
DISCUSS COMMON SCHOOL FUND REVENUE AND
UNCLAIMED PROPERTY REPORT**

Article X Section 2 of the Wisconsin Constitution requires that, "...all moneys and the clear proceeds of all property that may accrue to the state by forfeiture or escheat and the clear proceeds of all fines collected in the several counties for any breach of the penal laws, and all moneys arising from any grant to the state where the purposes of such grant are not specified..." shall be deposited in the Common School Fund.

In FY2015 fees, fines, forfeitures and other revenues deposited in the Common School Fund reached their lowest level in the last 20 years. Attached Exhibit A lists the top twelve traditional sources of revenues and shows the annual amount added to Common School Fund principal over the last five fiscal years for each of these sources. Several sources show a significant downward trend:

- 1. Insurance violation fines** have dropped significantly in recent years. BCPL staff members have not noticed any statutory amendments which could account for such change in revenue. Informal inquiries to the Office of the Commissioner of Insurance have not provided any further insights
- 2. Nursing home fines** collected by DHFS declined significantly after 2011. This corresponds to the enactment of 2011 Wisconsin Act 70 which changed the way nursing home fines and forfeitures were assessed and collected in Wisconsin. Up to that point, most fines and forfeitures were assessed pursuant to state law and the collections deposited in the Common School Fund. However, under the new law, DHS could not assess a state fine if the violating nursing home could also be fined pursuant to federal law. DHS filed a fiscal note in that bill estimating that fines deposited in the Common School Fund would decline by approximately \$1.5 million per year.
- 3.** The attached chart (Attachment B) shows wide variations on **DOJ fines and forfeitures** deposited in the Common School Fund. However, part of the explanation may be due to the way the data is provided to BCPL. While BCPL receives data from DOJ on cases where forfeiture money flows through DOJ, BCPL staff members have discovered that not all DOJ actions are included here. Sometimes DOJ forfeiture actions are collected through the circuit courts and that money is reflected in a different category. (Please see 'Other forfeitures' below, item 5.)

4. **Traffic forfeitures** deposited in the Common School Fund have declined steadily. Some of this decline is due to the establishment of additional municipal courts throughout the state. Law enforcement may choose to prosecute traffic citations in either a state/county circuit court or in a local municipal court. In state/county circuit courts, the Common School Fund receives a portion (usually \$15) of the base fine. In municipal courts, the Common School Fund receives no part of any traffic forfeiture collected.

The total dollar amount of a typical traffic citation has increased substantially over the years. However, most of the increase is due to the addition of other fees and surcharges rather than an increase in the base fine. Until 1941, Wisconsin law provided that 90% of motor vehicle violation fines were deposited in the Common School Fund. That year, the legislature changed the percentage to 50% and that percentage has remained in effect for the base fine ever since. In the 1972 case State v. Anderson, the Wisconsin Supreme Court affirmed the legislature's right to change the percentage of the fine retained by the collecting county since the legislature had the power to define the "clear proceeds" of fines as long as the amount going to the Common School Fund was not considered "nominal." The court did not define "nominal." Rather than reduce the Common School Fund's share of the base fine any further, the legislature has added a host of other fees and surcharges to the typical traffic fine. The Common School Fund's amount of \$15 represents less than 10% of the typical total traffic citation amount.

5. **Other forfeitures and penalties collected in Circuit Courts** have also generally declined over the years. (FY2014 was an anomaly as DOJ obtained a significant settlement that year in a case that involved a forfeiture of over \$4 million for Medicaid Drug Pricing violations.) The reason for the overall general decline in revenues from this source is not clear.
6. **Unclaimed property** deposited in the Common School Fund has had significant swings from one year to the next. Significant increases in unclaimed property deposits often resulted from the demutualization of insurance companies or mutual savings banks. During the demutualization process, policy owners or account holders would become shareholders of the company. However, the new company did not always have current contact information on the new shareholders. As a result, those shares became unclaimed property held by the State Treasurer. After a statutory holding period, the shares were sold with proceeds deposited into the Common School Fund. Annual administrative costs are paid from proceeds of the unclaimed property program, and are therefore a direct expense to the Common School Fund. Prior to 2013, the unclaimed property program was administered by the Office of the State Treasurer ("OST"). OST would estimate the amount needed for anticipated claims and program expenses and then forward any surplus amounts to the Common School Fund.

Starting in FY2014, the Department of Revenue (“DOR”) assumed responsibility for administering the unclaimed property program. However, as the OST maintained responsibility for collaborating with DOR on promotion of the program, both the DOR expenses of administering the program and all of OST’s expenses are paid out of unclaimed property. Program expenses for the previous 3 years are as follows:

	FY 2014	FY2013	FY2012
OST Expenses	\$573,100	\$3,665,551	\$3,044,406
DOR Admin Expenses	\$2,973,949		
Total Admin Expenses	\$3,547,049	\$3,665,551	\$3,044,406

FY2015 expenses not yet available

In 2014, DOR executed an MOU with BCPL outlining the procedure for determining the amount of unclaimed property that would be deposited in the Common School Fund each year. However, we were advised by a telephone call on July 31, 2015 that the amount of unclaimed property to be deposited in FY2016 would be less than \$10 million and that DOR could not use the formula they had previously devised. We have not yet received any additional details.

In June 2008 the Legislative Audit Bureau (LAB) issued a report on the Unclaimed Property Program. However, the report did not include a full audit of the program and there does not appear to be any record of an actual audit in modern history of any of the sources of revenue for Common School Fund.

In summation, there have been significant changes in the amounts of various fines and forfeitures deposited in the Common School Fund. Data currently provided to BCPL is insufficient for BCPL staff members to verify that the proper amounts are being reported and deposited into the Common School Fund. The Commissioners may wish to ask LAB for an audit of certain or all of the entities charged with depositing fines, forfeitures and other moneys in the Common School Fund in order to verify that the proper amounts are being deposited into the Fund in accordance with the State Constitution.

Attachments:

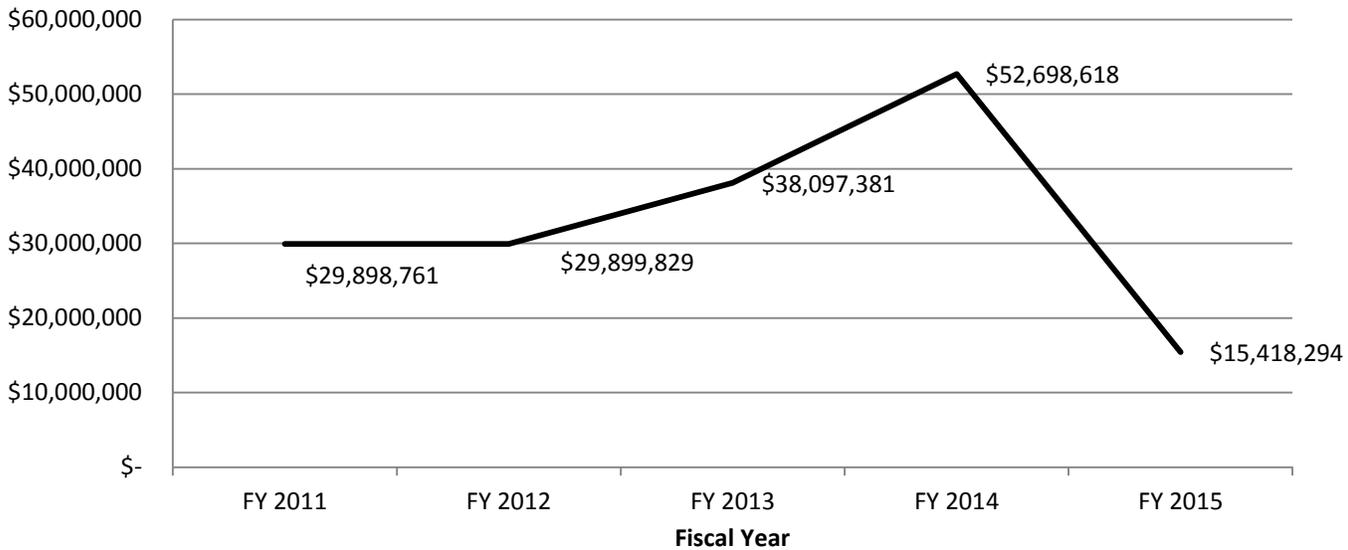
Analysis of Major Sources of Principal Additions to Common School Fund Spreadsheet
Common School Fund Principal Additions Graphs

Board of Commissioners of Public Lands
 Analysis of Major Sources of Principal Additions to Common School Fund

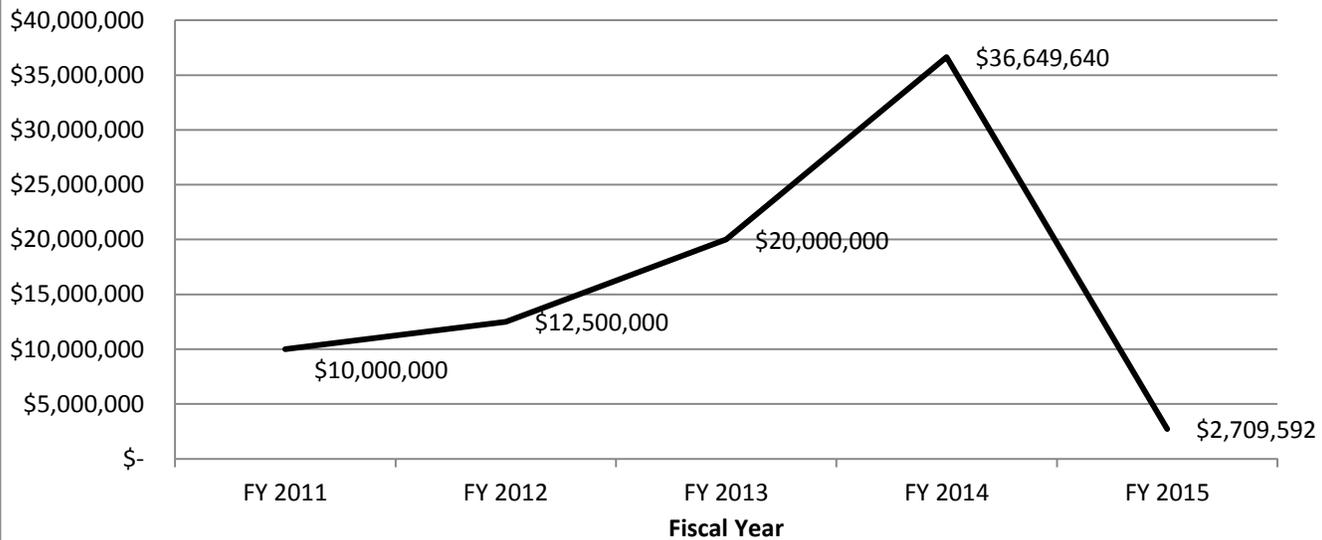
Agency - Revenue Type	FY 2015		FY 2014		FY 2013		FY 2012		FY 2011		5 year average	
	Collections	Percent of Total	Collections	Percent of Total								
BCPL												
Timber Sales	\$ 45,433	0.3%	\$ 107,483	0.2%	\$ 8,386	0.0%	\$ 7,094	0.0%	\$ 25,988	0.1%	\$ 38,877	0.1%
Confiscated Equipment	71,806	0.5%	80,353	0.2%	51,714	0.1%	52,219	0.2%	47,712	0.2%	60,761	0.2%
Controlled Substance Cash Forf	82,622	0.5%	83,089	0.2%	118,660	0.3%	86,186	0.3%	58,110	0.2%	85,733	0.3%
Commissioner of Insurance												
Insurance Violations	83,230	0.5%	593,881	1.1%	2,324,594	6.1%	1,378,308	4.6%	1,962,187	6.6%	1,268,440	3.8%
Dept of Regulation & Lic.												
Licensing Violations	64,170	0.4%	38,339	0.1%	88,553	0.2%	119,264	0.4%	129,830	0.4%	88,031	0.3%
Dept of Health and Family Services												
DHFS collections	1,293,459	8.4%	765,196	1.5%	1,102,436	2.9%	1,190,699	4.0%	2,282,000	7.6%	1,326,758	4.0%
Dept of Justice												
Fines & Forfeitures	34,356	0.2%	213,050	0.4%	2,386,261	6.3%	1,960	0.0%	357,447	1.2%	598,615	1.8%
Elections Board												
Campaign Finance Violations	9,871	0.1%	23,519	0.0%	20,497	0.1%	55,125	0.2%	204,861	0.7%	62,774	0.2%
County Circuit Courts												
Overweight Vehicles (Chap. 348)	435,888	2.8%	341,774	0.6%	349,691	0.9%	306,996	1.0%	329,828	1.1%	352,836	1.1%
Traffic Violations (Chap. 341-347, 349, 351)	6,037,352	39.2%	6,249,085	11.9%	7,063,423	18.5%	7,233,902	24.2%	7,725,593	25.8%	6,861,871	20.7%
Other Forfeitures & Penalties	4,434,529	28.8%	8,689,497	16.5%	4,566,573	12.0%	4,906,328	16.4%	6,703,273	22.4%	5,860,040	17.6%
Unclaimed Property	2,709,592	17.6%	36,649,640	69.5%	20,000,000	52.5%	12,500,000	41.8%	10,000,000	33.4%	16,371,847	49.3%
Total Revenue Common School	\$ 15,418,294		\$ 52,698,618		\$ 38,097,381		\$ 29,899,829		\$ 29,898,761		\$ 33,202,576	

Please note: Only major sources of principal are presented in detail. The total per year is the grand total including all additions to principal annually.

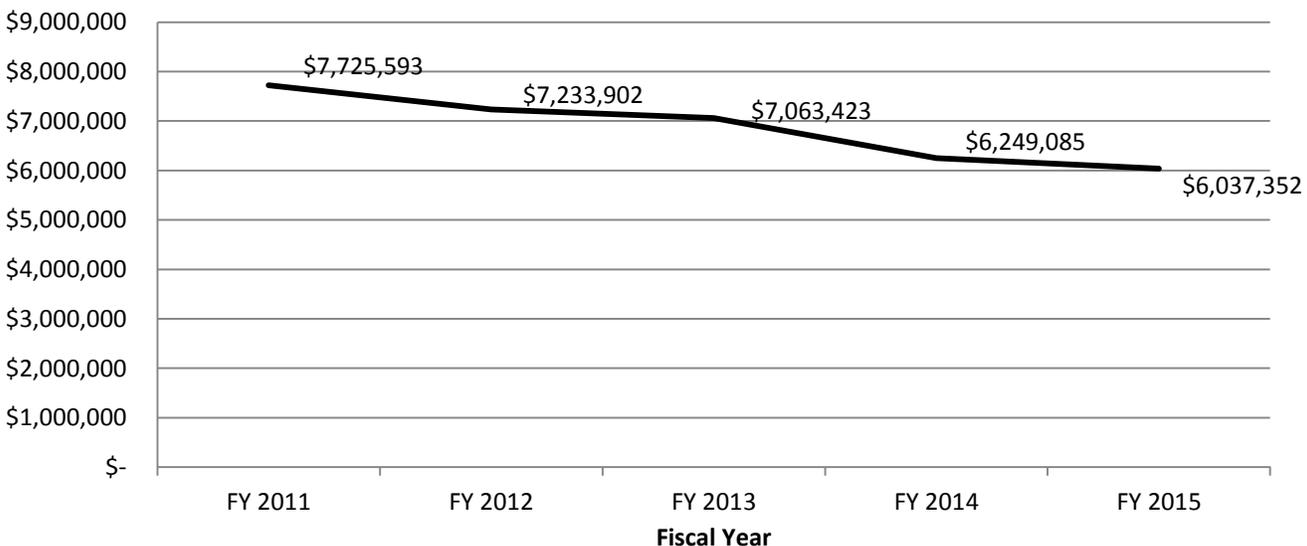
Total Common School Fund Principal Additions



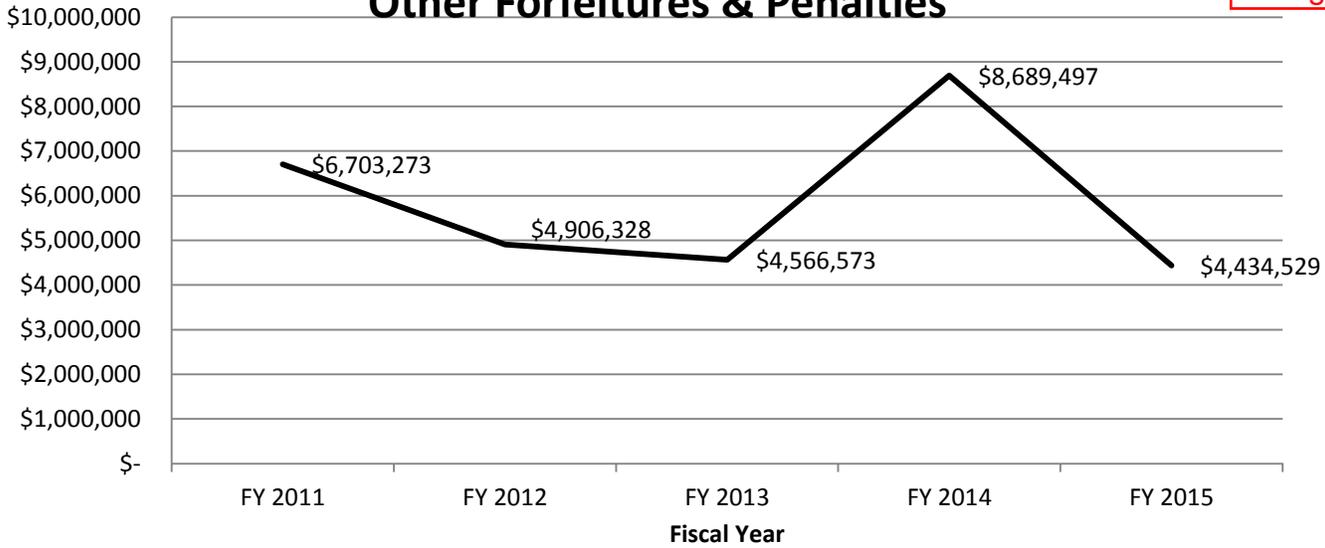
Unclaimed Property



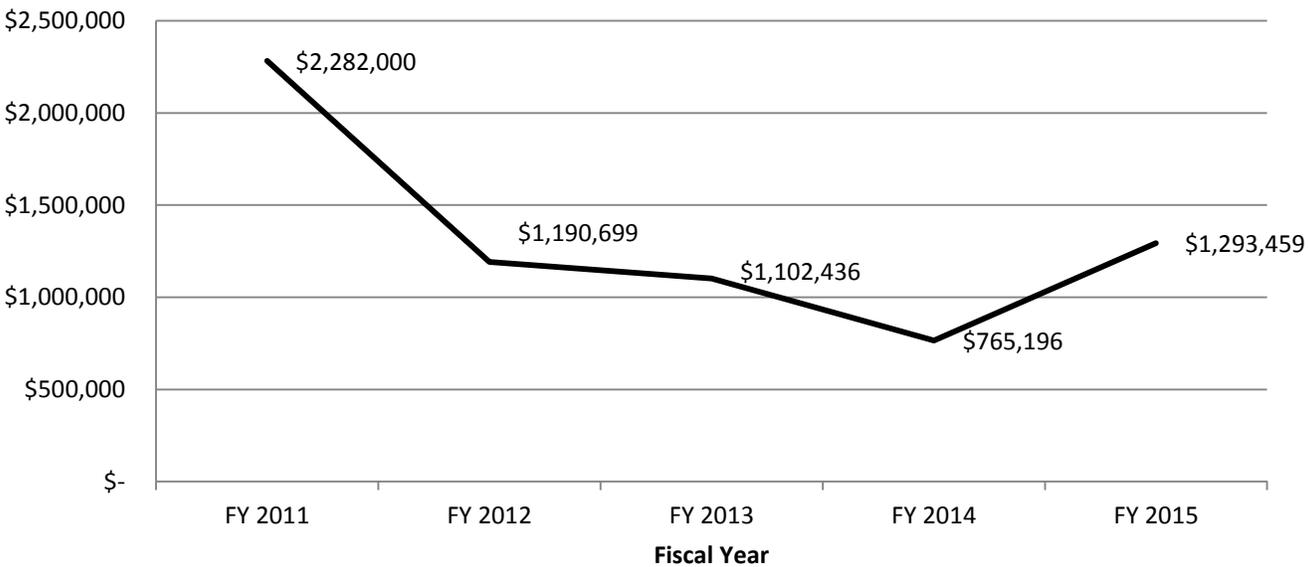
Traffic Violations (Chap. 341-347, 349, 351)



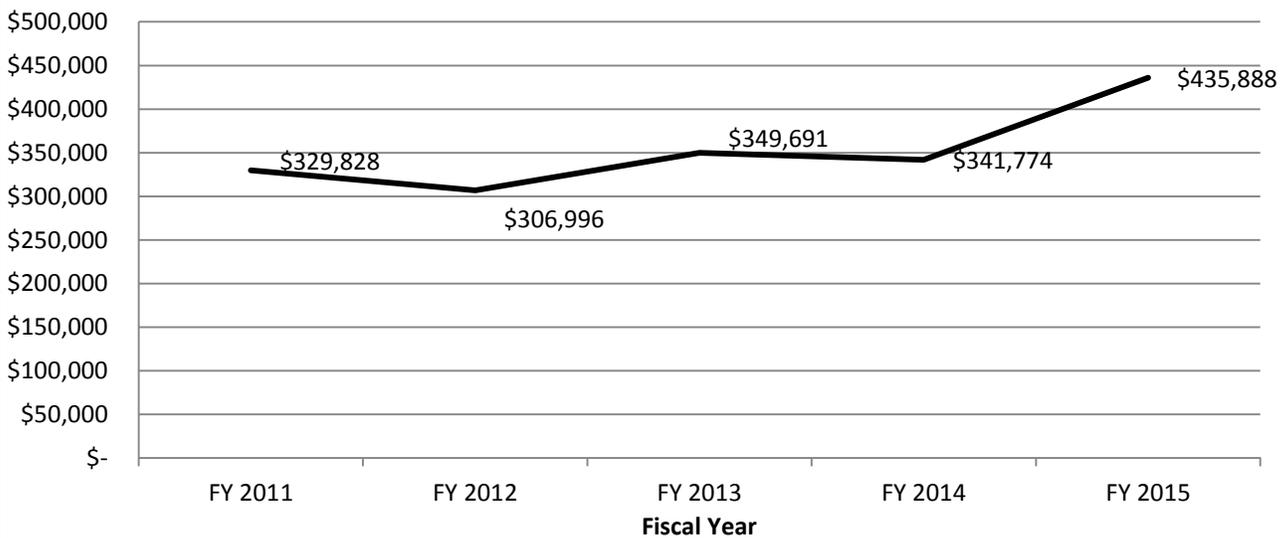
County Circuit Courts Other Forfeitures & Penalties



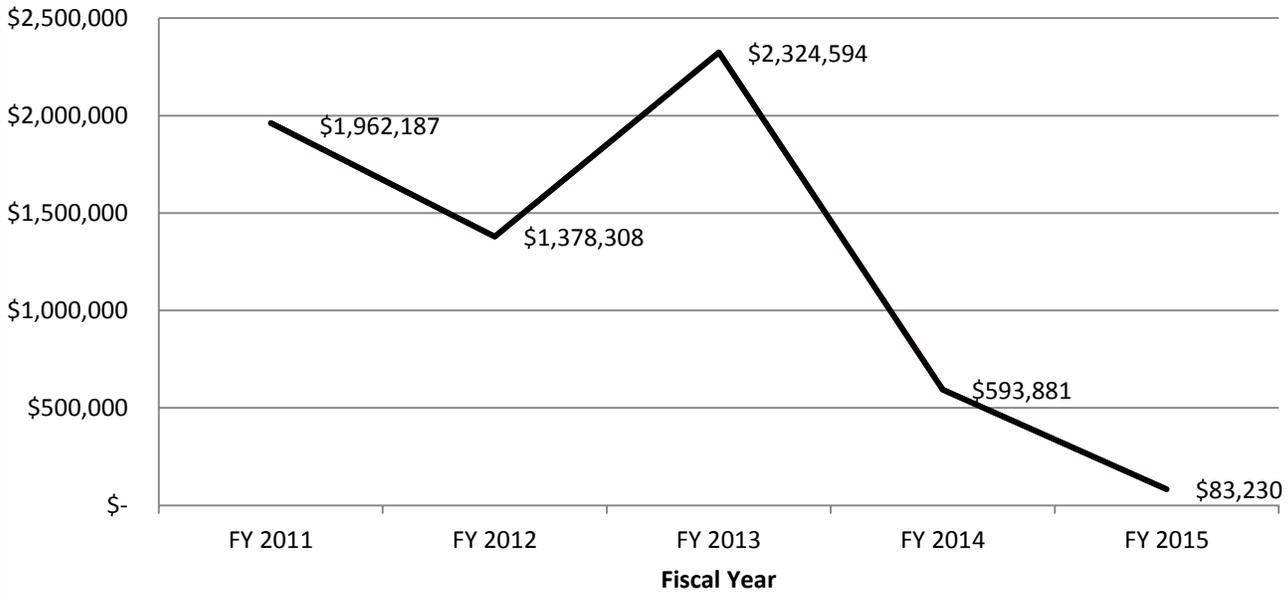
DHFS Collections



Overweight Vehicles (Chap. 348)



Insurance Violations



**BOARD MEETING
AUGUST 19, 2015****AGENDA ITEM 5
PROPOSED LAND BANK PURCHASE – CONNOR/WTA PROPERTY (P1502)**

Gordon Connor/Wisconsin Timber Associates is offering to sell 160 acres of land in Forest County (the “Connor/WTA Property”) which is located contiguous to existing BCPL trust land holdings in the area.

BCPL staff recommends the purchase of the Connor/WTA Property for the following reasons:

- The Connor/WTA Property would provide legal access to 80 acres of current BCPL School Trust Land holdings, which have no permanent, legal access at the present time. This would immediately increase the value of those existing land holdings. Thirty-three acres of those currently landlocked 80 acres are productive uplands containing standing timber. The Connor/WTA Property contains a good existing road network that opens up additional logging opportunities on those 33 acres of existing productive trust timberlands.
- The Connor/WTA Property contains an excellent inventory of standing timber that should provide a good revenue stream for the School Trust Funds. The Property is more than 80% productive upland hardwood forest (135 acres out of 160 total acreage) with well-stocked, high-quality, sawlog-sized sugar maple and yellow birch timber. BCPL staff estimate that the Property will be due for timber harvest somewhere between 2022 and 2024. The expected harvest using today’s timber rates would be approximately \$130,000 - \$160,000. Similar sized harvests could then be expected at 10-14 year intervals.
- The Connor/WTA Property blocks well with BCPL’s existing School Trust Lands in the area and would result in improved management efficiencies as the size of BCPL’s block of land increases but the per acre boundary line work associated with the block decreases. In addition, it is expected that BCPL could offer larger timber sales in the future combining sales on the Connor/WTA Property with sales on existing School Trust Lands (including the 33 acres of “opened” timber described above). These larger timber sales are expected to bring higher prices as the loggers’ fixed costs on larger sales do not increase proportionately. Therefore, it is expected that the purchase of the Connor/WTA Property would improve management efficiencies both from a cost/expense standpoint and a revenue generation standpoint due to enhanced economies of scale.
- The USFS owns an 80-acre parcel of land lying between the two Connor Property parcels. The USFS is proposing to exchange their 80 parcel for other scattered BCPL parcels as part of a larger land exchange. Acquiring the Connor/WTA Property at this time makes the proposed land exchange with the USFS a more coordinated transaction that would eliminate inholdings and improve access.

Attachments:

Resolution w/Exhibits

Exhibit A – BCPL Purchase Criteria

Exhibit B – Appraisal Certification

BCPL Project Map

**BOARD MEETING
AUGUST 19, 2015**

**AGENDA ITEM 5
PROPOSED LAND BANK PURCHASE – CONNOR/WTA PROPERTY (P1502)**

RECITALS

- A. BCPL staff is requesting authority to purchase one hundred and sixty (160) acres of land from Gordon Connor/Wisconsin Timber Associates (“Connor/WTA”) more particularly described as all that part of the Northwest Quarter of the Northeast Quarter (NWNE) the Southwest Quarter of the Northeast Quarter (SWNE) the Southwest Quarter of the Northwest Quarter (SWNW) and the Northwest Quarter of the Southwest Quarter (NWSW) of Section Twenty (20), Township Thirty-eight (38) North, Range Fourteen (14) East, Town of Ross, Forest County Wisconsin, totaling approximately 160 acres in size (the “Connor/WTA Property”).
- B. The Connor/WTA Property is contiguous to a large block of land currently owned by the Board of Commissioners of Public Lands.
- C. The Connor/WTA Property has been evaluated by BCPL staff against purchase criteria previously adopted by the Board. The Connor/WTA Property has been determined by BCPL staff to be appropriate for purchase according to such criteria. A copy of the purchase analysis is attached to this resolution as Exhibit A.
- D. The Connor/WTA Property was independently appraised by Compass Land Consultants, Inc. at a value of Twenty Five Hundred Dollars (\$2,500) per acre for a total of Four Hundred Thousand Dollars (\$400,000). A copy of the Certification of the Appraisal has been attached to this resolution as Exhibit B.
- E. Connor/WTA is offering to sell the Connor/WTA Property for Twenty Five Hundred Dollars (\$2,500) per acre for a total of Four Hundred Thousand Dollars (\$400,000).
- F. The asking price is equal to the appraised value.
- G. BCPL staff recommends the purchase of the Connor/WTA Property because:
 - a. It would provide legal access to 80 acres of current BCPL trust land holdings that have no permanent legal access at the present time and also improve access to an existing sizeable block of BCPL forestland;
 - b. It would add 135 acres of productive, upland timber that can be expected to produce revenue for the school trust funds through future timber harvests; and
 - c. It would improve management efficiencies from both a cost/expense standpoint and a revenue generation standpoint due to enhanced economies of scale.

- H. BCPL staff recommends that the Board authorize the purchase of the Connor/WTA Property at the asking price of \$400,000.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the purchase of the Connor/WTA Property at the price of Four Hundred Thousand Dollars (\$400,000) in accordance with Chapter 24 of the Wisconsin Statutes on such other 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.

Summary Analysis of Potential Property Purchase
Transaction ID#: P 1503

Common Name: Newald

County: Forest Township: Ross

Legal Description: NWNE, SWNE, SWNW, & NWSW of Section 20, T38N, R14E

Acres: 160

Purchase Criteria

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:

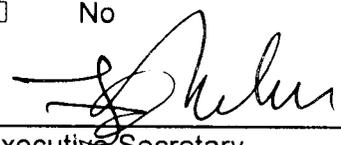
- Yes
- No


Trust Lands Forestry Supervisor

2/5/15
Date

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

- Yes
- No


Executive Secretary

5/5/15
Date

REC'D FEB - 9 2015

**Board of Commissioners of Public Lands
Summary Analysis of Potential Property Purchase
Transaction ID#: P 1502**

Common Name: Newald
County: Forest Township: Ross
Legal Description: NWNE, SWNE, SWNW, & NWSW of Section 20, T38N, R14E
Acres: 160
Parcel ID Number: 026-00423-0000, 026-00424-0000, 026-00427-0000, 026-00429-0000
Previous Year Tax Levy: \$ 126.40
Name(s) of Seller(s): Wisconsin Timber Associates LP
Address of Seller(s): P.O. Box 13
Laona, WI 54541
Seller Phone #: 715-674-2069
Seller's Attorney or Agent: Gordon Connor
Contact Information: P.O. Box 13
Laona, WI 54541

Seller's Attorney or Agent Phone Number(s): 715-674-2069
Asking Price: \$ Appraised Value

Summary Analysis of Potential Property Purchase
Transaction ID#: P P1502

Item 5
Exhibit A
Page 3 of 3

Common Name: Newald

County: Forest Township: Ross

Legal Description: NWNE, SWNE, SWNW, & NWSW of Section 20, T38N, R14E

Acres: 160

Acres of productive forest land in parcel(s): 160 acres

Acres of timber base in parcel(s): 135 acres

Acres of non-productive land in parcel(s): 10 acres

Acres of land with public access in parcel(s): 160 acres

Acres of land without public access in parcel(s): 0 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): 33 acres

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

This 160 acres blocks well with existing BCPL lands and helps to eliminate an inholding in an otherwise well blocked parcel. The land itself is well timbered with high quality medium size sawlog timber and should produce revenue for BCPL in the short term. 80 acres of existing BCPL lands that currently have a timber sale in progress are accessed via roads across these lands.

REAL ESTATE APPRAISAL – RESTRICTED REPORT

CERTIFICATION

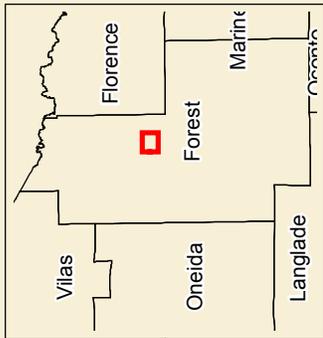
I certify that, to the best of my knowledge and belief:

- 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, 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 February 20, 2015. The comparable sales were inspected by me on various dates in 2009 and 2015.
- It is my opinion that the subject property has a value of \$400,000 as of February 20, 2015.



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

Proposed Purchase of Connor/WTA Property



BCPL Project #:
P1502

County: Forest

Town: ROSS

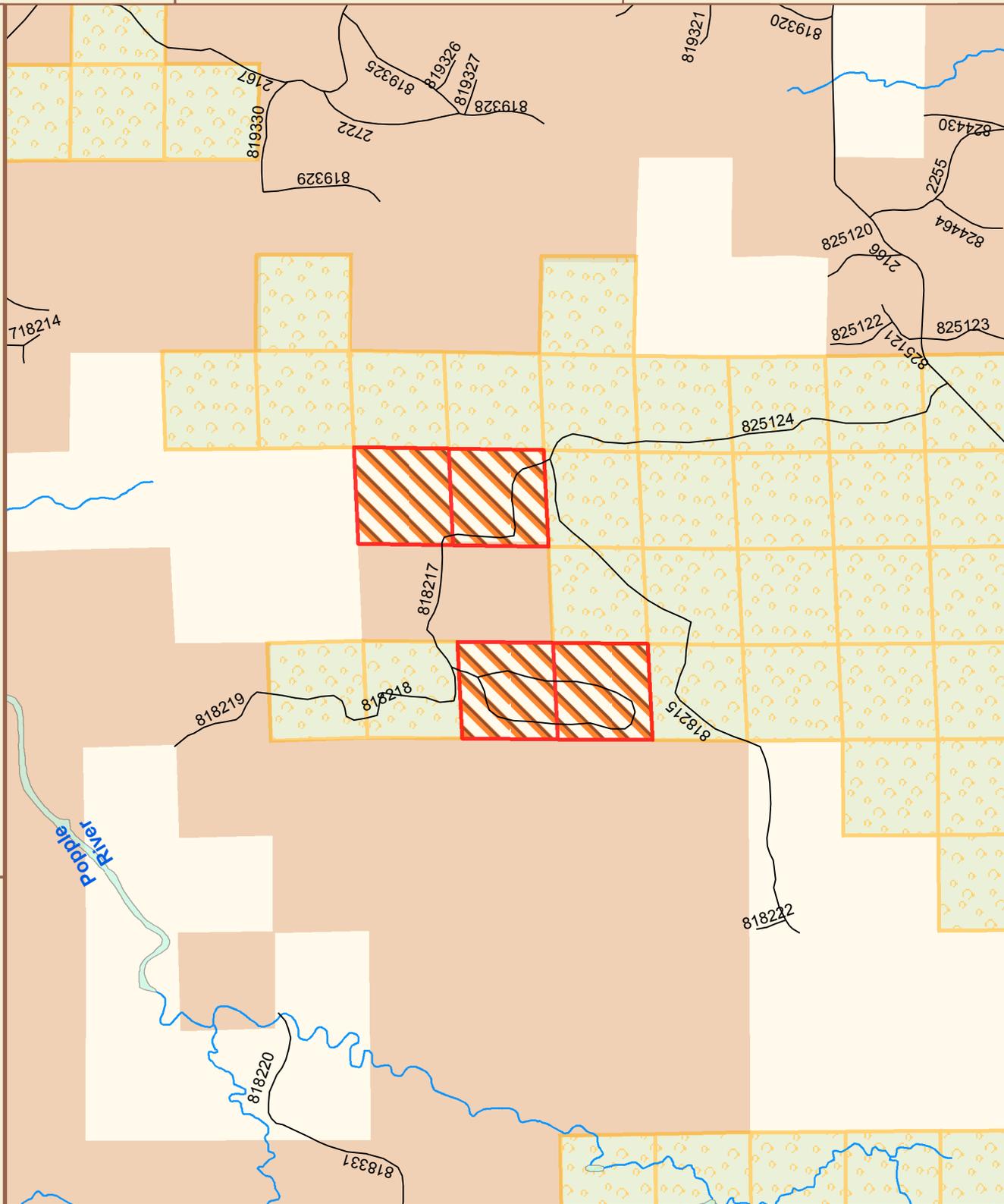
Common Name:
Connor/WTA

Acres - 160

Fund 744 or 745



-  Other BCPL Land
-  Nicolet NF
-  Parcel being Purchased



INTERNAL USE ONLY

**BOARD MEETING
AUGUST 19, 2015**

**AGENDA ITEM 7
EXPENSE OVER \$5,000**

BCPL staff respectfully requested the approval of an appraisal cost that exceeds \$5,000 in anticipation of a potential sealed bid sale of certain trust lands. While most trust land appraisals cost less than \$5,000, this particular sale will require the separate appraisal of land and improvements. The lowest bid for the appraisal was \$6,800 by Steigerwaldt Land Services, Inc.

The Board of Commissioners of Public Lands acquired the land associated with the “Pigeon Lake Field Station” located in the township of Drummond, Bayfield County, from the US Forest Service via a property exchange in 1989. The property is 86 acres in size.

The University of Wisconsin System previously leased the property from the US Forest Service (“USFS”). Pursuant to that lease, the UW System had an ownership interest in the improvements on the land which included a number of cabins as well as a main building used for meetings and serving meals. The Board of Regents continued to lease the property from the Board of Commissioners of Public Lands after the exchange with the USFS.

The UW is no longer interested in leasing the land and a potential buyer has expressed an interest in purchasing the land and buildings. The property is outside the consolidation zone and staff has determined the property should be sold via sealed bid or public auction. In order to begin that process, an appraisal must be conducted.

BCPL Staff requested approval from Board Chair Schimel to spend \$6,800 for the appraisal.