



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

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Madison, WI 53708-8943

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Jonathan Barry, *Executive Secretary*

AGENDA

June 7, 2016

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 – May 18, 2016 (Attachment)
- 3) Approve Loans (Attachment)

Old Business:

None

New Business:

- 4) Discuss having an in-person Board Meeting (closed or open) regarding investment strategies before staff gives recommendations – Submitted by Commissioner Adamczyk
- 5) Discuss possible RFP or RFI by investment advisors to make best investments for BCPL funds (Attachment) – Submitted by Commissioner Adamczyk
- 6) Discuss investment options (Attachment) – Submitted by Commissioner Adamczyk

Routine Business:

- 7) Future Agenda Items
- 8) Executive Secretary's Report
- 9) Adjourn

AUDIO ACCESS INFORMATION

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**BOARD MEETING
JUNE 7, 2016**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the May 18, 2016, board meeting.

Board Meeting Minutes
May 18, 2016

Present via teleconference were:
Doug La Follette, Commissioner
Matt Adamczyk, Commissioner
Brad Schimel, Board Chair
Jonathan Barry, Executive Secretary
Tom German, Deputy Secretary
Richard Sneider, Loan Analyst
Vicki Halverson, Office Manager

Secretary of State
State Treasurer
Attorney General
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands

ITEM 1. CALL TO ORDER

Board Chair Schimel called the meeting to order at 2:04 p.m.

ITEM 2. APPROVE MINUTES – MAY 3, 2016

MOTION: Commissioner Adamczyk 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 proper public purpose. Executive Secretary Barry confirmed they had.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Goodman Sanitary District #1 Marinette County Application #: 02016172 Purpose: Finance operations and maintenance	Sanitary District Rate: 2.50% Term: 5 years	General Obligation	\$50,000.00
2. Hobart Brown County Application #: 02016170 Purpose: Finance TID infrastructure projects	Village Rate: 2.50% Term: 1 years	General Obligation	\$1,800,000.00
3. Lamartine Fond Du Lac County Application #: 02016171 Purpose: Purchase fire truck	Town Rate: 3.00% Term: 10 years	General Obligation	\$260,000.00
4. Mellen Ashland County Application #: 02016174 Purpose: Finance energy efficiency projects	School Rate: 3.00% Term: 10 years	General Obligation	\$700,000.00

5.	Nicolet UHS Milwaukee and Ozaukee Counties Application #: 02016169 Purpose: Replace pool dehumidification unit	School Rate: 2.50% Term: 5 years	General Obligation	\$1,000,000.00
6.	Northern Ozaukee Ozaukee County Application #: 02016173 Purpose: Finance boiler installation	School Rate: 2.50% Term: 5 years	General Obligation	\$571,000.00
TOTAL				\$4,381,000.00

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

DISCUSSION: None.

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

ITEM 4. DISCUSS AND VOTE ON PROPOSED LAND BANK SALE – PIGEON LAKE FIELD STATION (S1601)

MOTION: Commissioner Adamczyk moved to approve the sale; Board Chair Schimel seconded the motion.

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes the sale of the Property pursuant to a sealed bid process. The minimum acceptable bid for the Property shall be the appraised value for the Property determined by the independent appraiser as set forth above. Such sale shall be conducted 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 the transaction.

ITEM 5. CONVENE IN CLOSED SESSION UNDER WIS. STATS. § 19.85(1)(E) TO DISCUSS INVESTING PUBLIC FUNDS IN THE MILWAUKEE CENTER DISTRICT AND MILWAUKEE BUCKS ARENA

MOTION: Board Chair Schimel moved to convene in closed session under Wis. Stats. § 19.85(1)(e) to discuss investing public funds in the Milwaukee Center District and the Milwaukee Bucks Arena; Commissioner Adamczyk seconded the motion.

VOTE: The motion passed 3-0.

[The Board convened in closed session for approximately 18 minutes; no vote was taken during the closed session.]

ITEM 6. RECONVENE IN OPEN SESSION FOR POSSIBLE VOTE TO INVEST PUBLIC FUNDS IN THE MILWAUKEE CENTER DISTRICT AND MILWAUKEE BUCKS ARENA

[All Commissioners were present via teleconference when the meeting reconvened in open session.]

MOTION: Commissioner La Follette moved that **the Board of Commissioners of Public Lands authorize the purchase of up to \$50 million of Wisconsin Center District bonds in accordance with Chapter 24 of Wisconsin Statutes. Such bonds shall conform to the terms and conditions set forth in the attached schedule and such other terms and conditions as determined to be reasonable and necessary by the Executive Secretary in consultation with the Board Chairman. The Executive Secretary is authorized to direct and execute any documents reasonably necessary to complete such a transaction;** Board Chair Schimel seconded the motion.

DISCUSSION: None.

MOTION TO AMEND: Commissioner La Follette moved to amend the original motion to include **“By December 15 of each year starting in 2018, the Debt Service Reserve Fund must contain an amount equal to or greater than the next calendar year’s total net debt service payments;”** Board Chair Schimel seconded the motion to amend.

DISCUSSION: None.

VOTE ON MOTION TO AMEND: The motion passed 3-0.

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

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorize the purchase of up to \$50 million of Wisconsin Center District bonds in accordance with Chapter 24 of Wisconsin Statutes. Such bonds shall conform to the terms and conditions set forth in the attached schedule and such other terms and conditions as determined to be reasonable and necessary by the Executive Secretary in consultation with the Board Chairman. The Executive Secretary is authorized to direct and execute any documents reasonably necessary to complete such a transaction.

RESOLVED, that by December 15 of each year starting in 2018, the Debt Service Reserve Fund must contain an amount equal to or greater than the next calendar year’s total net debt service payments.

ITEM 7. FUTURE AGENDA ITEMS

None.

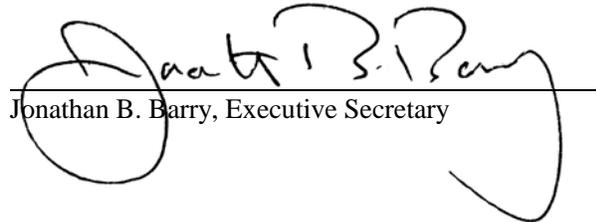
ITEM 8. EXECUTIVE SECRETARY’S REPORT

Board Chair Schimel commended the staff on their work in negotiating the terms of the Wisconsin Center District bond proposal and raising the profile of the BCPL.

ITEM 9. ADJOURN

MOTION: Commissioner Adamczyk moved to adjourn the meeting; Board Chair Schimel seconded the motion.

The meeting adjourned at approximately 2:35 p.m.



Jonathan B. Barry, 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/2016-05-18_BCPL-BoardMtgRecording.mp3

Term Sheet
 Wisconsin Center District
 Subordinate Revenue Bonds, Series 2016 (Taxable)

ISSUER	Wisconsin Center District (“WCD”)																
OBLIGOR	WCD																
PAR	\$45,000,000																
ISSUE	Subordinate Revenue Bonds, Series 2016 (Taxable) (the “Subordinate Bonds”)																
PURCHASER	Wisconsin Board of Commissioners of Public Lands																
CLOSING DATE	June 23, 2016																
USE OF PROCEEDS	Proceeds of the Subordinate Bonds will fund: a) New Milwaukee Bucks Arena; b) Capitalized Interest on the Subordinate Bonds; and c) Costs of Issuance for the Subordinate Bonds.																
SOURCES AND USES OF FUNDS*	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2">Sources</td> </tr> <tr> <td style="padding-left: 20px;">Bond Proceeds</td> <td style="text-align: right;">\$45,000,000</td> </tr> <tr> <td style="padding-left: 40px;">Total Sources</td> <td style="text-align: right; border-top: 1px solid black;">\$45,000,000</td> </tr> <tr> <td colspan="2">Uses</td> </tr> <tr> <td style="padding-left: 20px;">Project Funds</td> <td style="text-align: right;">\$36,798,556</td> </tr> <tr> <td style="padding-left: 20px;">Capitalized Interest</td> <td style="text-align: right;">7,751,444</td> </tr> <tr> <td style="padding-left: 20px;">Costs of Issuance</td> <td style="text-align: right;">450,000</td> </tr> <tr> <td style="padding-left: 40px;">Total Uses</td> <td style="text-align: right; border-top: 1px solid black;">\$45,000,000</td> </tr> </table>	Sources		Bond Proceeds	\$45,000,000	Total Sources	\$45,000,000	Uses		Project Funds	\$36,798,556	Capitalized Interest	7,751,444	Costs of Issuance	450,000	Total Uses	\$45,000,000
Sources																	
Bond Proceeds	\$45,000,000																
Total Sources	\$45,000,000																
Uses																	
Project Funds	\$36,798,556																
Capitalized Interest	7,751,444																
Costs of Issuance	450,000																
Total Uses	\$45,000,000																
COUPON	6.250%																
PRICE	Par																
PRINCIPAL PAYMENT DATES	Annually on December 15, beginning December 15, 2020																
INTEREST PAYMENT DATES	Semiannually on June 15 and December 15, beginning December 15, 2016																
CAPITALIZED INTEREST	36 months																
DEBT SERVICE RESERVE FUND (DSRF)	By December 15 of each year starting in 2018, the Debt Service Reserve Fund must contain an amount equal to or greater than the next calendar year’s total net debt service payments.																
OPTIONAL REDEMPTION	Annually on December 15, with 90 days notice.																
RATING	None																
THE ACT	Section 66.0615 and subchapters VIII and IX of Chapter 77 of the Wisconsin Statutes																

Term Sheet
 Wisconsin Center District
 Subordinate Revenue Bonds, Series 2016 (Taxable)

UNRESTRICTED TAX REVENUE	Proceeds of the room tax imposed by the District pursuant to Section 66.75(1m)(c)2 of the Wisconsin Statutes, also known as the Additional Room Tax.
TICKET SURCHARGE	Wisconsin 2015 Act 60 included a provision requiring that the Wisconsin Center District impose a \$2 surcharge on each ticket to be sold for an event at the new Milwaukee Bucks Arena.
SECURITY	<ul style="list-style-type: none"> a) Capitalized Interest for the first 36 months; b) Debt Service Reserve Fund; c) Unrestricted Tax Revenue after satisfaction of the flow funds specified under the Act; d) Ticket Surcharge; e) Gross receipts of any lease entered into with the Milwaukee Bucks; and f) Proceeds of any settlement from the relocation agreement.
ADDITIONAL BONDS TEST	The District agrees that no Additional Bonds will be issued if as a result thereof, the projected Unrestricted Tax Revenue that would be available in any year to pay debt service on the hereunder is decreased to below 1.10x the projected annual debt service on the Subordinate Bonds (and any refunding bonds issued hereunder and secured by the Unrestricted Tax Revenues).

Term Sheet
 Wisconsin Center District
 Subordinate Revenue Bonds, Series 2016 (Taxable)

DEBT SERVICE	Bond Year	Principal	Interest	Total Debt Service
	Ending			
	12/15/2016		\$1,343,750	\$1,343,750
	12/15/2017		2,812,500	2,812,500
	12/15/2018		2,812,500	2,812,500
	12/15/2019		2,812,500	2,812,500
	12/15/2020	\$415,000	2,812,500	3,227,500
	12/15/2021	415,000	2,786,563	3,201,563
	12/15/2022	420,000	2,760,625	3,180,625
	12/15/2023	460,000	2,734,375	3,194,375
	12/15/2024	505,000	2,705,625	3,210,625
	12/15/2025	550,000	2,674,063	3,224,063
	12/15/2026	345,000	2,639,688	2,984,688
	12/15/2027	385,000	2,618,125	3,003,125
	12/15/2028	425,000	2,594,063	3,019,063
	12/15/2029	465,000	2,567,500	3,032,500
	12/15/2030	510,000	2,538,438	3,048,438
	12/15/2031	560,000	2,506,563	3,066,563
	12/15/2032	2,370,000	2,471,563	4,841,563
	12/15/2033	2,515,000	2,323,438	4,838,438
	12/15/2034	2,675,000	2,166,250	4,841,250
	12/15/2035	2,840,000	1,999,063	4,839,063
	12/15/2036	3,020,000	1,821,563	4,841,563
	12/15/2037	3,205,000	1,632,813	4,837,813
	12/15/2038	3,405,000	1,432,500	4,837,500
	12/15/2039	3,620,000	1,219,688	4,839,688
	12/15/2040	3,845,000	993,438	4,838,438
	12/15/2041	4,085,000	753,125	4,838,125
	12/15/2042	1,365,000	497,813	1,862,813
	12/15/2043	1,475,000	412,500	1,887,500
	12/15/2044	1,585,000	320,313	1,905,313
	12/15/2045	1,705,000	221,250	1,926,250
	12/15/2046	1,835,000	114,688	1,949,688
		<u>\$45,000,000</u>		

**BOARD MEETING
JUNE 7, 2016**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Amnicon Douglas County Application #: 02016180 Purpose: Refinance John Deere grader loan	Town Rate: 3.00% Term: 10 years	General Obligation	\$220,000.00
2. Amnicon Douglas County Application #: 02016181 Purpose: Purchase pickup truck	Town Rate: 2.50% Term: 5 years	General Obligation	\$25,000.00
3. Amnicon Douglas County Application #: 02016182 Purpose: Refinance BCPL loan #2013119	Town Rate: 3.00% Term: 10 years	General Obligation	\$378,055.30
4. Baldwin St Croix County Application #: 02016184 Purpose: Finance TID #7 projects	Village Rate: 3.50% Term: 20 years	General Obligation	\$414,000.00
5. Black Creek Outagamie County Application #: 02016190 Purpose: Purchase fire truck	Town Rate: 2.50% Term: 5 years	General Obligation	\$285,536.00
6. Brown Deer Milwaukee County Application #: 02016192 Purpose: Renovate elementary school	School Rate: 2.50% Term: 5 years	General Obligation	\$300,000.00
7. Brown Deer Milwaukee County Application #: 02016193 Purpose: Refinance BCPL loan #2010200	School Rate: 2.50% Term: 4 years	General Obligation	\$333,363.00
8. Brown Deer Milwaukee County Application #: 02016194 Purpose: Refinance BCPL loan #2014100	School Rate: 3.00% Term: 7 years	General Obligation	\$607,631.34

Municipality	Municipal Type	Loan Type	Loan Amount
9. Concord Jefferson County Application #: 02016187 Purpose: Purchase snow plow truck	Town Rate: 3.00% Term: 10 years	General Obligation	\$220,000.00
10. Gillett Oconto County Application #: 02016197 Purpose: Purchase machinery and equipment	City Rate: 2.50% Term: 5 years	General Obligation	\$26,000.00
11. Herman-Neosho-Rubicon Dodge and Washington Counties Application #: 02016175 Purpose: Refinance Rubicon BCPL loan #2005175	School Rate: 3.00% Term: 9 years	General Obligation	\$97,922.40
12. Herman-Neosho-Rubicon Dodge and Washington Counties Application #: 02016176 Purpose: Refinance WRS prior service pension liability	School Rate: 3.00% Term: 10 years	General Obligation	\$410,000.00
13. Independence Buffalo and Trempealeau Counties Application #: 02016195 Purpose: Finance energy efficiency building upgrades	School Rate: 3.00% Term: 10 years	General Obligation	\$870,000.00
14. Janesville Rock County Application #: 02016178 Purpose: Finance fire protection payment	Town Rate: 2.50% Term: 1 years	General Obligation	\$300,000.00
15. Maple Bayfield and Douglas Counties Application #: 02016196 Purpose: Purchase math and language arts curriculum	School Rate: 3.00% Term: 6 years	General Obligation	\$288,100.00
16. Mosinee Marathon County Application #: 02016183 Purpose: Finance water main replacements	City Rate: 3.50% Term: 20 years	General Obligation	\$500,000.00

Municipality	Municipal Type	Loan Type	Loan Amount
17. Pensaukee Oconto County Application #: 02016179 Purpose: Refinance fire engine loan	Town Rate: 2.50% Term: 5 years	General Obligation	\$155,000.00
18. Poplar Douglas County Application #: 02016188 Purpose: Finance fire department water source well	Village Rate: 3.50% Term: 15 years	General Obligation	\$86,354.00
19. Stoddard Vernon County Application #: 02016191 Purpose: Finance Stoddard Park restroom addition and renovation	Village Rate: 3.50% Term: 20 years	General Obligation	\$128,500.00
20. Whitnall Milwaukee County Application #: 02016177 Purpose: Install fiber optic network	School Rate: 2.50% Term: 5 years	General Obligation	\$440,000.00
21. Woodville St Croix County Application #: 02016185 Purpose: Finance 2016 capital projects	Village Rate: 3.50% Term: 20 years	General Obligation	\$580,000.00
22. Woodville St Croix County Application #: 02016186 Purpose: Refinance BCPL loan #2016046	Village Rate: 3.00% Term: 7 years	General Obligation	\$224,239.00
23. Wrightstown Brown and Outagamie Counties Application #: 02016189 Purpose: Purchase land for industrial development	Village Rate: 3.50% Term: 20 years	General Obligation	\$565,000.00
TOTAL			\$7,454,701.04

**BOARD MEETING
JUNE 7, 2016**

**AGENDA ITEM 5
DISCUSS POSSIBLE RFP OR RFI BY INVESTMENT ADVISORS
TO MAKE BEST INVESTMENTS FOR BCPL FUNDS**

See attached document submitted by Commissioner Adamczyk.



LISTS > BANKING AND FINANCE SUBSCRIBER CONTENT

Largest Milwaukee-area investment managers

Ranked by Managed assets as of Dec. 31, 2014, local

Locally Researched by: Barbara Zaferos, Milwaukee Business Journal Aug 21, 2015, 5:00am CDT

The list of largest Milwaukee-area investment managers is ranked by assets managed locally as of Dec. 31, 2014.

INDUSTRY Banking & Financial Services

Purchase CSV Download all 25 companies for \$25.

SORT: RANK ↑



Rank	Company	Managed Assets As Of Dec. 31, 2014, Local	% Instit., Corporate	% Individ.	Investment Strategy, Style	Top Local Executive
1	Artisan Partners 875 E. Wisconsin Ave. Suite 800 Milwaukee, WI 53202 414-390-6100 artisanpartners.com	\$107.9 billion	63%	6%	Global investment management firm that provides a broad range of high value-added investment strategies	Dean Patenaude, EVP, global distribution
2	Baird Advisors 777 E. Wisconsin Ave. Suite 2500 Milwaukee, WI 53202 414-298-1060 bairdadvisors.com	\$29.07 billion	90%	10%	Structured, short, intermediate, taxable and tax-exempt, core fixed income including	Mary Ellen Stanek, Managing director/CIO

Agenda Item 5
Attachment submitted by
Commissioner Adamczyk
Page 1 of 2

Rank	Company	Managed Assets As Of Dec. 31, 2014, Local	% Instit., Corporate	% Individ.	Investment Strategy, Style	Top Local Executive
					long duration customized benchmarks	
3	Fiduciary Management Inc. 100 E. Wisconsin Ave. Suite 2200 Milwaukee, WI 53202 414-226-4545 fiduciarymgmt.com	\$21.99 billion	75%	25%	Equity strategies applying a value discipline, with a focused approach firmly rooted in fundamental research.	Ted Kellner, Executive chairman Patrick English, CEO/CIO John Brandser, President/COO/CCO
4	Heartland Advisors Inc. 789 N. Water St. Milwaukee, WI 53202 414-347-7777 heartlandadvisors.com	\$5.4 billion	82%	18%	Long-only, independent investment firm with an actively managed, value equity focused product suite	Will Nasgovitz, CEO/Portfolio manager
5	Nicholas Co. Inc. 700 N. Water St. 10th Floor Milwaukee, WI 53202 414-272-4650 nicholasfunds.com	\$5.33 billion	NA	NA	Investing in growth companies focused on valuation, downside risk and a long-term investment horizon	Albert Nicholas, CEO/Portfolio manager

Two ways to get all **25 Largest Milwaukee-area investment managers** in this List.

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**BOARD MEETING
JUNE 7, 2016**

**AGENDA ITEM 6
DISCUSS INVESTMENT OPTIONS**

See attached document submitted by Commissioner Adamczyk.

BCPL Investment Options

Four options for managing money for the BCPL

- A) BCPL staff manages money (**Current option used**)
- B) Another state agency, SWIB, manages money
- C) Private firm manages money
- D) Combination of the above options

Four options for managing land for the BCPL

- A) BCPL staff manages land (**Current option used**)
- B) Another state agency, DNR, manages land
- C) Private firm manages land
- D) Combination of the above options