

Board Meeting Minutes
August 5, 2015

Present were:

Doug La Follette, Commissioner

Matt Adamczyk, Commissioner

Brad Schimel, Board Chair

Tom German, Acting Executive Secretary

Richard Sneider, Loan Analyst

John Schwarzmann, Forestry Supervisor

Secretary of State

State Treasurer

Attorney General

Board of Commissioners of Public Lands

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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", written over a horizontal line.

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