



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

Jonathan Barry, *Executive Secretary*

## AGENDA

November 7, 2017

2:00 P.M.

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

### Routine Business:

- 1) Call to Order
- 2) Approve Minutes – October 17, 2017 (Attachment)
- 3) Approve Loans (Attachment)

### Old Business:

- 4) Discussion of Potential Vote on Adopting a Board Policy Regarding Acceptance of Applications for State Trust Fund Loans for School Energy Efficiency Projects (Attachment)

**New Business:** None

### Routine Business:

- 5) Future Agenda Items
- 6) Executive Secretary's Report (Attachment)
  - Investment Transaction Report – October 30, 2017
- 7) Adjourn

### AUDIO ACCESS INFORMATION

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

**BOARD MEETING  
NOVEMBER 7, 2017**

**AGENDA ITEM 2  
APPROVE MINUTES**

Attached for approval are the minutes from the October 17, 2017, board meeting.

Board Meeting Minutes  
October 17, 2017

Present via teleconference were:

- |   |  |
|---|--|
| Doug La Follette, Commissioner                                | Secretary of State                     |
| Matt Adamczyk, Commissioner                                   | State Treasurer                        |
| Brad Schimel, Board Chair                                     | Attorney General                       |
| Jonathan Barry, Executive Secretary                           | Board of Commissioners of Public Lands |
| Tom German, Deputy Secretary                                  | Board of Commissioners of Public Lands |
| Richard Sneider, Loan Analyst and<br>Chief Investment Officer | Board of Commissioners of Public Lands |
| Vicki Halverson, Office Manager                               | Board of Commissioners of Public Lands |

**ITEM 1. CALL TO ORDER**

Board Chair Schimel called the meeting to order at 2:01 p.m.

**ITEM 2. APPROVE MINUTES – OCTOBER 4, 2017**

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

**DISCUSSION:** None.

**VOTE:** The motion passed 3-0.

**ITEM 3. APPROVE LOANS**

Executive Secretary Barry reported that the loans had been reviewed for proper public purpose.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Bellevue Brown County Application #: 02018050 Purpose: Finance public infrastructure projects	Village Rate: 4.00% Term: 18 years	General Obligation	\$1,200,000.00
2. Reedsburg Sauk County Application #: 02018049 Purpose: Finance development incentive	City Rate: 4.00% Term: 15 years	General Obligation	\$1,335,000.00
3. Richland Center Richland County Application #: 02018051 Purpose: Finance TID #6 infrastructure projects	City Rate: 3.50% Term: 10 years	General Obligation	\$315,000.00
4. Trout Lake District Juneau County Application #: 02018048 Purpose: Finance engineering assessment	Lake District Rate: 3.00% Term: 2 years	General Obligation	\$30,000.00
<b>TOTAL</b>			<b>\$2,880,000.00</b>

**MOTION:** Commissioner La Follette moved to approve the loans; Board Chair Schimel 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 REQUIREMENTS TO PUBLISH APPRAISED VALUE OF TRUST LANDS OFFERED FOR SALE**

Executive Secretary Barry reported that an appraisal must be conducted prior to offering Trust Lands for sale and the appraised price must be made public, per state statutes.

**ITEM 5. FUTURE AGENDA ITEMS**

None.

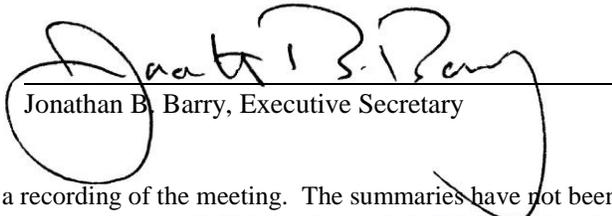
**ITEM 6. EXECUTIVE SECRETARY'S REPORT**

Executive Secretary Barry reported that \$5.74 million has been deposited into the Common School Fund smoothing account; \$16.8 million is the goal. The Normal School Fund's smoothing account is full at \$250,000.

**ITEM 7. ADJOURN**

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

The meeting adjourned at approximately 2:06 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://doaftp1380.wi.gov/doadocs/BCPL/2017-10-17\\_BCPL-BoardMtgRecording.mp3](ftp://doaftp1380.wi.gov/doadocs/BCPL/2017-10-17_BCPL-BoardMtgRecording.mp3)

**BOARD MEETING  
NOVEMBER 7, 2017**

**AGENDA ITEM 3  
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Beloit Rock County Application #: 02018052 Purpose: Finance sewer project	Town Rate: 3.00% Term: 2 years	General Obligation	\$6,000,000.00
2. Combined Locks Outagamie County Application #: 02018062 Purpose: Finance road projects	Village Rate: 3.00% Term: 5 years	General Obligation	\$300,000.00
3. Combined Locks Outagamie County Application #: 02018063 Purpose: Refinance WRS prior service pension liability	Village Rate: 3.00% Term: 5 years	General Obligation	\$200,000.00
4. Cutler Juneau County Application #: 02018056 Purpose: Finance bridge project	Town Rate: 3.50% Term: 10 years	General Obligation	\$250,000.00
5. Fennimore Grant County Application #: 02018058 Purpose: Finance TID property acquisition and development	City Rate: 4.00% Term: 20 years	General Obligation	\$407,000.00
6. Kiel Calumet and Manitowoc Counties Application #: 02018053 Purpose: Finance TID #4 development incentive	City Rate: 3.50% Term: 10 years	General Obligation	\$300,000.00
7. Lake Mills Jefferson County Application #: 02018059 Purpose: Finance road projects	Town Rate: 3.00% Term: 2 years	General Obligation	\$276,575.00
8. Manawa Waupaca County Application #: 02018054 Purpose: Finance tax settlement	City Rate: 4.00% Term: 15 years	General Obligation	\$238,458.38

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
9. Mount Morris Waushara County Application #: 02018055 Purpose: Purchase tractor and accessories	Town Rate: 3.50% Term: 10 years	General Obligation	\$110,000.00
10. Valders Manitowoc County Application #: 02018057 Purpose: Finance TID land acquisition and ancillary expenses	Village Rate: 4.00% Term: 20 years	General Obligation	\$130,000.00
11. Wayne Washington County Application #: 02018060 Purpose: Purchase tractor and boom mower	Town Rate: 3.00% Term: 5 years	General Obligation	\$110,809.12
12. Wyocena Columbia County Application #: 02018061 Purpose: Purchase street sweeper	Village Rate: 3.00% Term: 2 years	General Obligation	\$36,000.00
<b>TOTAL</b>			<b>\$8,358,842.50</b>

**BOARD MEETING  
NOVEMBER 7, 2017**

**AGENDA ITEM 4  
DISCUSSION OF POTENTIAL VOTE ON ADOPTING A BOARD POLICY  
REGARDING ACCEPTANCE OF APPLICATIONS FOR  
STATE TRUST FUND LOANS FOR SCHOOL ENERGY EFFICIENCY PROJECTS**

Attached for discussion is a page from Governor Walker's 2017-19 budget veto list that relates to this topic.



funds, which is to support the institution's athletic programming and is not directly related to tribal affairs. I am requesting the Department of Administration Secretary not to allot these funds.

### **31. Flexible Option Program**

I am partially vetoing this provision so that the required increase in program offerings by December 1, 2019 is 100 percent. The Flexible Option program is a unique, powerful and affordable tool for nontraditional students to earn degrees or certificates. I believe the University of Wisconsin System can and should aggressively pursue expansion of this program, which will benefit the system, students and employers. Therefore, a 100 percent increase is a more appropriate requirement to challenge the University of Wisconsin System than a 25 percent increase.

## **PUBLIC INSTRUCTION**

### **32. Energy Efficiency Revenue Limit Adjustment**

I am partially vetoing this section to limit adoption of such resolutions to before January 1, 2018 or after December 30, 2018. I object to the temporary suspension of this revenue limit adjustment because I believe school districts should be required to use referenda to bypass revenue limits. Many of the recently adopted resolutions for energy efficiency measures allowed school districts to exceed revenue limits by a significant amount. Taxpayers should have a direct voice when large property tax increases are under consideration. This veto will maintain the ability for school districts to ask taxpayers if they wish to exceed revenue limits and eliminate an exemption that has been viewed as a loophole to revenue limits.

### **33. Low Revenue Adjustment**

I am vetoing this section entirely because the result is a substantial increase in property tax capacity that school districts may exercise without voter input. In several school districts that would be eligible to raise taxes under these sections, referenda to exceed revenue limits already failed within the past two years. An increase in revenue authority from the state in these districts would circumvent purposeful, local actions.

It should also be noted that in some cases, the same districts that would have become eligible to increase their revenues with this adjustment have increased their base revenues at a rate higher than the state average. This brings into question the need for this adjustment and highlights the need for local taxpayer input before a revenue limit adjustment is made.

As a result of this veto, the low revenue adjustment level for school districts will remain at \$9,100. School districts across the state will benefit from other significant education investments in this budget, including meaningful increases in per pupil aid. These per pupil increases are equal among all school districts. Additionally, school districts could pursue an increase in their revenue limit through a referendum as is the case under current law. In fact, numerous districts have already done so by asking taxpayers through a referendum. Increases to the low revenue adjustment can be discussed in future state budgets.

**BOARD MEETING  
NOVEMBER 7, 2017**

**AGENDA ITEM 6  
EXECUTIVE SECRETARY'S REPORT**

Attached for review are the following reports:

- Investment Transaction Report – October 30, 2017



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

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### Investment Transaction Report October 30, 2017

#### Bond Purchases

Issuer	Credit Rating	Trade Date	Par Value	Price Paid	Coupon	Call Date	Yield to Call	Maturity Date	Yield to Maturity
FFCB	Aaa	10/24/17	\$5,000,000	\$5,000,000	3.37%	01/30/18	3.37%	10/30/30	3.37%
FFCB	Aaa	10/24/17	\$5,000,000	\$4,983,750	3.31%	10/25/18	3.64%	10/25/32	3.38%
FFCB	Aaa	10/24/17	\$5,000,000	\$4,990,000	3.43%	10/26/20	3.50%	10/26/37	3.44%
FFCB	Aaa	10/24/17	\$5,000,000	\$4,987,500	3.43%	10/26/20	3.52%	10/26/37	3.45%
Outagamie	Aaa	10/24/17	\$245,000	\$245,000	3.45%	11/01/27	3.45%	11/01/33	3.45%
Outagamie	Aaa	10/24/17	\$255,000	\$255,000	3.50%	11/01/27	3.50%	11/01/35	3.45%
Outagamie	Aaa	10/24/17	\$255,000	\$255,000	3.55%	11/01/27	3.55%	11/01/37	3.55%
FFCB	Aaa	10/26/17	\$5,000,000	\$4,992,500	3.37%	01/30/18	3.98%	10/30/30	3.38%
FFCB	Aaa	10/27/17	\$5,000,000	\$5,000,000	3.58%	11/06/18	3.58%	11/06/37	3.58%
FFCB	Aaa	10/30/17	\$5,000,000	\$5,000,000	3.48%	02/08/18	3.48%	11/08/32	3.48%

Since the Investment Transaction Report of 10/12/17, staff has also made additional purchases totaling \$10 million in Treasury Inflation Protected Securities (TIPS). The Common School Fund now holds \$30 million in TIPS (about 3% of total CSF financial assets).

TIPS are Aaa-rated Treasury Bonds that provide significant advantages for endowments and other funds concerned with the effects of inflation on the purchasing power of future beneficiaries. TIPS pay interest on a semi-annual basis, with the face value of the bond increasing over time by the inflation rate. The yield available for distribution to beneficiaries is about 1%, and interest payments will increase over time as the coupon rate is applied to higher and higher principal values. TIPS are liquid securities, and BCPL will have the option to sell the bonds and capture the increase in value at any time prior to maturity. If held for longer than one year, the increase in value will be a long-term capital gain added to CSF principal rather than distributed to beneficiaries. The total return to BCPL is guaranteed at about 1% plus CPI. CPI has increased an average of 2.6% annually over the past 30 years and 4.1% annually over the past 50 years.

#### Bond Sales

No bonds have been sold since the previous Investment Transaction Report.

To date in 2017, net profit realized on the sale of bonds totals nearly \$9.0 million. In accordance with BCPL policy, these gains were allocated as follows:

- \$5.74 million to CSF smoothing fund
- \$2.25 million distributed to beneficiaries in 2018
- \$0.94 million to CSF principal
- \$8.93 million total 2017 gains