



Douglas La Follette, *Secretary of State*
Dawn Marie Sass, *State Treasurer*
J.B. Van Hollen, *Attorney General*
Tia Nelson, *Executive Secretary*

125 S. Webster Street
Room 200
PO Box 8943
Madison, WI 53708-8943

608 266-1370 INFORMATION
608 266-0034 LOANS
608 267-2787 FAX
bcpl.state.wi.us

Managing Wisconsin's trust assets for public education.

AGENDA
May 6, 2008
2:00 P.M.

Board of Commissioners of Public Lands
125 S. Webster Street, Room 200
Madison, Wisconsin

1. Call to Order
2. Approve Minutes – April 15, 2008
3. Approve Loans
4. Loan Limit Exception – City of LaCrosse
5. Executive Secretary's Report
6. Adjourn

BOARD MEETING

May 6, 2008

AGENDA ITEM 2

APPROVE MINUTES

Attached for approval are the minutes from the April 15, 2008, board meeting.

Board Meeting Minutes
April 15, 2008

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 10:30 a.m.

Present were:

Doug La Follette, Board Chair	Secretary of State
Dawn Marie Sass, Commissioner	State Treasurer
J.B. Van Hollen, Commissioner	Attorney General
Bob Hunter, Assistant Attorney General	WI Department of Justice
Tia Nelson, Executive Secretary	Board of Commissioners of Public Lands
Tom German, Deputy Secretary	Board of Commissioners of Public Lands
Coletta DeMuth, Loan Analyst	Board of Commissioners of Public Lands
Vicki Halverson, Office Manager	Board of Commissioners of Public Lands

ITEM 2. APPROVE MINUTES – April 1, 2008

MOTION: Commissioner Van Hollen moved to approve the minutes; Commissioner Sass seconded the motion. The motion passed 3-0.

ITEM 3 A-D. LAND BANK SALES TO THE DNR

Board Chair La Follette gave an overview of the land bank program. He stated that the lands being sold to the DNR have been appraised and the supporting documentation was included in the packets.

Commissioner Van Hollen asked how the appraisers are selected. Executive Secretary Nelson replied that future land bank transactions with the DNR will have two appraisals. The BCPL and DNR will each select an appraiser and list the other agency as a co-client. If the appraisals differ, negotiations will take place. If a mutually agreeable price cannot be negotiated, the transaction would be suspended. Previous appraisals for land bank transactions with the DNR were performed using appraisers from the DNR's approved list. It was also noted that BCPL was *authorized* to sell to the DNR but the DNR was *required* to purchase \$2 million of Trust Lands from the BCPL every year.

MOTION ITEM 3A: Commissioner Sass moved to approve the Otter Creek sale; Commissioner Van Hollen seconded the motion. The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Otter Creek Property to the Wisconsin Department of Natural Resources at the price of Four Hundred Forty-Eight Thousand Dollars (\$448,000) 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.

MOTION ITEM 3B. Commissioner Van Hollen moved to approve the Spur Lake property sale; Commissioner Sass seconded the motion. The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Spur Lake Property to the Wisconsin Department of Natural Resources at the

price of Two Hundred Fifty Thousand Dollars (\$250,000) 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.

MOTION ITEM 3C: Commissioner Sass moved to approve the Turtle Flambeau sale; Commissioner Van Hollen seconded the motion. The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Turtle Flambeau Property to the Wisconsin Department of Natural Resources at the price of One Hundred Six Thousand Two Hundred Dollars (\$106,200) 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.

MOTION ITEM 3D: Commissioner Sass moved to approve the Willow Flowage sale; Commissioner Van Hollen seconded the motion. The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Willow Flowage Property to the Wisconsin Department of Natural Resources at the price of Forty Thousand Dollars (\$40,000) 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 4. SUBMERGED LANDS LEASE #153 – TOWN OF BELL

Board Chair La Follette explained that the Board has authority to execute leases on submerged lands. This item is a renewal of an expired lease that the town of Bell previously had with the Board. The lease authorizes the town to place dredge material on the bed of Lake Superior. The dredging improves harbor facilities and navigation.

Board Chair La Follette questioned whether the rental rate on the lease should be higher in order to provide more revenue for the Common School Fund. It was noted that the lease rental payments are deposited in the General Fund but then credited against expenses of the agency, thereby providing some indirect benefit to the Common School Fund. Commissioner Van Hollen noted the importance of the harbor to the community of the town of Bell. It was also noted that the Board had not previously established a set schedule of lakebed lease rental rates, but that in the past, the Board had allowed municipalities to lease lakebed for a lower rate than private owners. This practice appears to be similar to other states' lakebed leasing programs. Finally, the draft lease attached to the agenda item should have been expressly marked as Exhibit A.

MOTION: Commissioner Van Hollen moved to approve the town of Bell submerged lands lease; Commissioner Sass seconded the motion. The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes a renewal of the Submerged Lands Lease with the Town of Bell in accordance with Section 24.39 of the Wisconsin Statutes on the terms and conditions set forth in Exhibit A. The Executive Secretary is authorized and directed to execute any documents reasonably necessary to complete such transaction.

ITEM 5. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that staff would be producing a report detailing the progress of the land bank consolidation project. She said that she would provide the report to the Board prior to forwarding it to the legislature.

Board Chair La Follette asked if the other Commissioners were in agreement with approving land bank transactions via teleconference. Commissioners Van Hollen and Sass replied yes.

Commissioner Van Hollen asked about the board's obligation to making land available for the DNR's purchase under the land bank legislation. Executive Secretary Nelson replied that the land bank program with the DNR would continue as long as the Stewardship Program were reauthorized and funded. He then asked if the board should be looking to purchase land that not only fits into the board's portfolio but also land that could be resold to the DNR. Executive Secretary Nelson noted that the Board has a significant inventory of lands that the DNR has expressed an interest in obtaining. She said there is approximately 20,000 acres of Trust Lands that are considered Natural Area Quality Lands, which are deferred from timber harvest due to unique ecological features. These lands would be sold to the DNR under the Land Bank Program.

ITEM 6. ADJOURN

MOTION: Commissioner Van Hollen moved to adjourn the meeting; Commissioner Sass seconded the motion. The motion passed 3-0.



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 tape may do so at the Board of Commissioners of Public Lands, 125 S. Webster Street, Suite 200, Madison, Wisconsin.

BOARD MEETING
May 6, 2008

AGENDA ITEM 3
APPROVE LOANS

Municipality	Municipal Type	Loan Amount
1. Blooming Grove County of Dane Application #: 02008092 Purpose: Reconstruct Siggelkow Road	Town Rate: 4.75 Filed: April 28, 2008	\$250,000.00
2. Green Bay County of Brown Application #: 02008087 Purpose: Finance land acquisition	City Rate: 4.75 Filed: April 21, 2008	\$1,000,000.00
3. Green Bay County of Brown Application #: 02008088 Purpose: Finance economic development in the downtown area	City Rate: 4.75 Filed: April 21, 2008	\$3,850,000.00
4. Green Bay County of Brown Application #: 02008089 Purpose: Finance downtown waterfront development	City Rate: 4.75 Filed: April 21, 2008	\$3,500,000.00
5. La Crosse County of La Crosse Application #: 02008086 Purpose: Finance municipal transit exchange center	City Rate: 4.25 Filed: April 21, 2008	\$6,500,000.00
6. Lake Altoona Rehabilitation District County of Eau Claire Application #: 02008091 Purpose: Dredge Lake Altoona	Lake District Rate: 4.25 Filed: April 25, 2008	\$2,000,000.00
7. Mosinee County of Marathon Application #: 02008090 Purpose: Purchase two patrol trucks	City Rate: 4.75 Filed: April 21, 2008	\$230,000.00

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
8. Raymond County of Racine Application #: 02008084 Purpose: Purchase of sewer capacity	Town Rate: 4.75 Filed: April 10, 2008	\$350,922.94
9. West Bend County of Washington Application #: 02008085 Purpose: Finance design, engineering and property purchase in TIFs	City Rate: 4.75 Filed: April 15, 2008	\$729,080.00
TOTAL		\$18,410,002.94

BOARD MEETING

MAY 6, 2008

AGENDA ITEM 4

LOAN LIMIT EXCEPTION – CITY OF LACROSSE

The city of La Crosse has requested a second exception to the State Trust Fund Loan Program's current loan limit. Our loan limit is currently set at \$5 million for all loans to any customer in a calendar year. The Board has already approved an exception for the city of La Crosse to be able to apply for a total of \$6.5 million in loans this calendar year for an economic development project. That \$6.5 million loan application comes before the board today for approval. In addition, the city of La Crosse has recently asked for an exception that would allow them to borrow \$14 million more from the State Trust Fund Loan Program this calendar year. The purpose of this additional loan would be to acquire, construct and furnish a mixed-use municipal transit center which also contains retail office space, a parking facility and live work units.

BCPL currently has more than \$115 million in unencumbered funds available to lend at this point in time. This amount is larger than usual at this time of year due to a couple of unique circumstances:

- 1) The Common School Fund received an unprecedented, one-time infusion of \$50 million in principal additions from unclaimed property this past year. See attached Exhibit A for more detail on the unclaimed property contributions to the Common School Fund.
- 2) The slowdown in the economy and the disruption in the credit markets have resulted in a number of communities putting off borrowing until things stabilized. With the markets calming down a bit, we are now seeing an increase in loan applications again, but we have more than sufficient funds to meet those demands as well as exceptional requests such as La Crosse's.

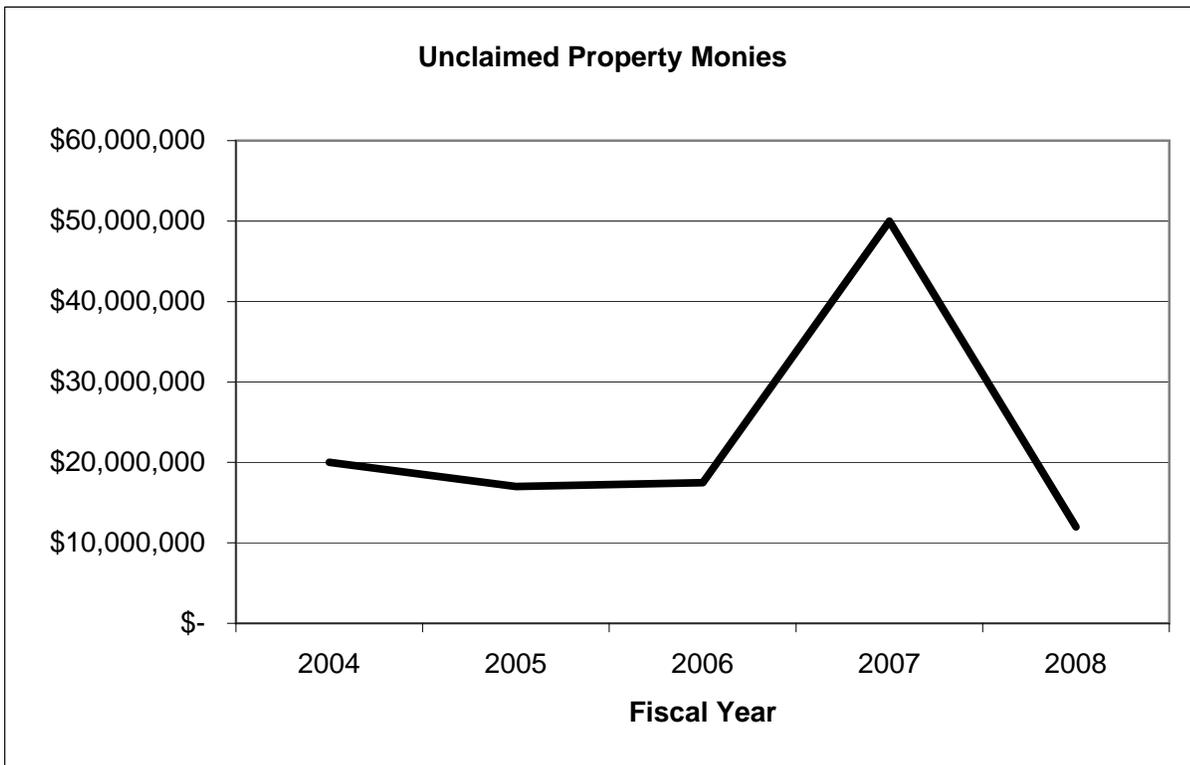
The city of La Crosse is seeking a 10 year loan, which carries an interest rate of 4.25%. Currently, unencumbered funds in the State Investment Fund are earning less than 3.15%. Therefore, the loan would provide significantly more trust fund income than if the money were left in the State Investment Fund. This loan request offers the Board a good opportunity to make a prudent investment with a good rate of return.

BCPL staff recommends that the Board of Commissioners of Public Lands grant the city of La Crosse's request for an exception to the loan limit to allow La Crosse to apply for a \$14 million loan this year.

**City of La Crosse Loan Limit Exception Request
Exhibit A**

Unclaimed Property History

Fiscal Year	Unclaimed Property Monies
2004	\$ 20,000,000.00
2005	\$ 17,000,000.00
2006	\$ 17,500,000.00
2007	\$ 50,000,000.00
2008	\$ 12,000,000.00 projected



This spike in unclaimed property in 2007 has been largely attributed to the conversion of a couple of mutual insurance companies to stock corporations several years earlier. When the insurance companies underwent their conversions, they issued new corporate stock to their policy holders. However, for those policy holders that the companies were unable to locate, the companies sent their stock to the State Treasurer as “unclaimed property.” The State Treasurer then also attempted to deliver the stock to the policy holders, but after the statutory waiting period had expired, the State Treasurer then liquidated the stock and forwarded the proceeds to the Common School Fund.