



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.wisconsin.gov

Managing Wisconsin's trust assets for public education.

AGENDA

July 6, 2010

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 – June 15, 2010
3. Requested Loan Conditions on State Trust Fund Loan to Whitefish Bay School District
4. Approve Loans
5. Executive Secretary's Report
6. Adjourn

**BOARD MEETING
JULY 6, 2010**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the June 15, 2010, board meeting.

Board Meeting Minutes
June 15, 2010

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:00 p.m.

Present were:

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| Doug La Follette, Board Chair | Secretary of State |
| Dawn Marie Sass, Commissioner | State Treasurer |
| J.B. Van Hollen, Commissioner | Attorney General |
| Tia Nelson, Executive Secretary | Board of Commissioners of Public Lands |
| Tom German, Deputy Secretary | Board of Commissioners of Public Lands |
| John Schwarzmann, Forest Supervisor | Board of Commissioners of Public Lands |

ITEM 2. APPROVE MINUTES – JUNE 1, 2010

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

ITEM 3. APPROVE LOANS

Executive Secretary Nelson said that the loans had received legal review.

Municipality	Municipal Type	Loan Amount
1. Brown Deer County of Milwaukee Application #: 02010200 Purpose: Refinance other outstanding debt	School Rate: 4.25 Filed: June 7, 2010	\$750,000.00
2. Calumet County of Fond du Lac Application #: 02010197 Purpose: Purchase fire truck	Town Rate: 4.25 Filed: June 7, 2010	\$400,000.00
3. Lena County of Oconto Application #: 02010190 Purpose: Purchase end loader	Village Rate: 5.25 Filed: June 1, 2010	\$75,000.00
4. Maine County of Outagamie Application #: 02010193 Purpose: Finance town hall addition	Town Rate: 3.50 Filed: June 1, 2010	\$80,000.00
5. Menasha Counties of Calumet and Winnebago Application #: 02010198 Purpose: Refinance other outstanding debt	City Rate: 5.25 Filed: June 7, 2010	\$2,675,000.00
6. Oliver County of Douglas Application #: 02010192 Purpose: Purchase backhoe	Village Rate: 4.25 Filed: June 1, 2010	\$43,000.00

7.	Poplar County of Douglas Application #: 02010191 Purpose: Construct wastewater treatment plant	Village Rate: 5.25 Filed: June 1, 2010	\$332,500.00
8.	River Falls County of Pierce Application #: 02010189 Purpose: Finance road maintenance and construction	Town Rate: 3.50 Filed: June 1, 2010	\$75,000.00
9.	Spring Brook County of Dunn Application #: 02010195 Purpose: Purchase grader	Town Rate: 4.25 Filed: June 7, 2010	\$155,000.00
10.	Spring Brook County of Dunn Application #: 02010196 Purpose: Finance building purchase	Town Rate: 5.25 Filed: June 7, 2010	\$120,000.00
11.	Stephensville Sanitary District #1 County of Outagamie Application #: 02010199 Purpose: Finance water project through DNR small loan program	Sanitary District Rate: 5.25 Filed: June 7, 2010	\$58,000.00
12.	Wisconsin Dells Counties of Adams, Columbia, Juneau and Sauk Application #: 02010188 Purpose: Finance portion of city library addition and road projects	City Rate: 5.25 Filed: May 27, 2010	\$2,152,900.00
13.	Wisconsin Heights Counties of Dane and Iowa Application #: 02010194 Purpose: Finance boiler and roof upgrades	School Rate: 4.25 Filed: June 1, 2010	\$715,000.00
TOTAL			\$7,631,300.00

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

ITEM 4. PROPOSED LAND EXCHANGE – MARINETTE COUNTY / DOUG WAGNER (E1001)

MOTION: Commissioner Van Hollen moved to approve the land exchange; 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 exchange of the BCPL Properties with Mr. Douglas Wagner in return for half of the Wagner Properties and the purchase of the remaining Wagner Properties for \$160,000. The Board further approves the subsequent exchange of the Wagner Properties with Marinette County in return for the Marinette County Properties, all 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 5. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that a letter had been sent to her and each of the Commissioners from a representative with Depfa Bank asking that certain conditions be placed upon any loan granted pursuant to the request from the Whitefish Bay School District. The school district had requested an exception to the \$5 million loan limit to borrow up to \$11 million at the June 1, 2010, BCPL board meeting, which the board approved. BCPL has not yet received the completed loan application from the district. Executive Secretary Nelson asked for direction from the Board on how to respond to the request from Depfa Bank. The board directed Ms. Nelson and staff to do further research on the issue and present their findings at the next board meeting.

Commissioner Sass reported that the State Treasurer's Office would be forwarding \$10 million to the Common School Fund from the Unclaimed Property Program, which is administered by her agency. Executive Secretary Nelson added that this deposit to the Common School Fund will result in the fund's assets exceeding \$800 million, a first for the fund.

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

JULY 6, 2010

AGENDA ITEM 3

**REQUESTED LOAN CONDITIONS ON STATE TRUST FUND LOAN
TO WHITEFISH BAY SCHOOL DISTRICT**

Whitefish Bay School District (the “School District”) has applied for an \$11 million State Trust Fund Loan. This loan is included in the list of loans to approve under Agenda Item 4 – Approve Loans. DEPFAs Bank plc, (“DEPFA”) is asking BCPL to place a condition on the loan that the District “satisfy its outstanding obligations to DEPFA.” BCPL is not a party to the original transaction involving DEPFA bank and the School District.

BCPL staff recommend **against** placing such condition on the loan for the following reasons:

- The primary purpose for the request is to assist DEPFA in its collection efforts against the School District. The dispute between DEPFA and the School District is independent of the loan application by the School District and the dispute should be resolved independently by DEPFA and the School District. BCPL is not a party to that dispute.
- Granting the request would not produce any discernable benefits to the Loan Program or the Trust Funds.
- Granting DEPFA’s request may inspire other third parties to also request that BCPL place unrelated conditions in their favor on State Trust Fund Loans. There is no easily ascertainable standard to apply in determining which conditions favoring third parties might be acceptable, thereby turning every request for such conditions into a purely subjective decision by the commissioners.
- During the upheavals in the financial markets the past few years, the stability, transparency, and straightforward process of the State Trust Fund Loan Program has made it an important financing option for many Wisconsin municipalities and school districts. The attractiveness of the Program may suffer if potential borrowers have concerns that BCPL may place other unrelated conditions upon State Trust Fund Loans.
- A decrease in loan demand may have a detrimental effect on Trust Fund earnings. Trust Funds that are not invested in loans or bonds are held in the State Investment Fund which is currently earning less than 0.25%. If loan demand falls due to concerns about unrelated conditions, BCPL may need to decrease interest rates in order to stimulate loan demand or else look to other types of investments to produce earnings for the Trust Funds.
- The commissioners have a fiduciary duty to manage the Trust Funds for the benefit of the beneficiaries. Placing the requested condition on the loan to the School District benefits DEPFA Bank but produces no discernable benefit to the trust beneficiaries. BCPL staff believes that placing such requested condition on the loan may in fact have a detrimental effect on Trust Fund earnings.

**BOARD MEETING
JULY 6, 2010**

**AGENDA ITEM 4
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
1. Blair County of Trempealeau Application #: 02010211 Purpose: Finance TIF district project	City Rate: 4.25 Filed: June 28, 2010	\$610,000.00
2. Elk Mound County of Dunn Application #: 02010209 Purpose: Finance multiple public works project	Village Rate: 5.25 Filed: June 18, 2010	\$365,000.00
3. Green Bay County of Brown Application #: 02010202 Purpose: Purchase fire apparatus	City Rate: 4.25 Filed: June 9, 2010	\$800,000.00
4. Hobart County of Brown Application #: 02010206 Purpose: Finance economic development project	Village Rate: 5.25 Filed: June 18, 2010	\$348,280.00
5. Jackson County of Washington Application #: 02010208 Purpose: Purchase ambulance and tanker	Village Rate: 3.50 Filed: June 24, 2010	\$175,000.00
6. Kellnersville County of Manitowoc Application #: 02010204 Purpose: Improve village park tennis courts	Village Rate: 3.50 Filed: June 18, 2010	\$26,000.00
7. Marathon City County of Marathon Application #: 02010207 Purpose: Finance library construction and storm sewer projects	Village Rate: 5.25 Filed: June 18, 2010	\$400,000.00
8. Oregon County of Dane Application #: 02010201 Purpose: Finance land purchase, stop light installation and Braun Road construction	Village Rate: 4.25 Filed: June 16, 2010	\$1,000,000.00
9. Somerset County of St. Croix Application #: 02010210 Purpose: Finance building construction	School Rate: 4.25 Filed: June 25, 2010	\$1,000,000.00

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
10. Sullivan County of Jefferson Application #: 02010203 Purpose: Finance street reconstruction project	Village Rate: 5.25 Filed: June 18, 2010	\$715,000.00
11. Whitefish Bay County of Milwaukee Application #: 02010205 Purpose: Finance capital improvements and equipment purchases	School Rate: 5.25 Filed: June 18, 2010	\$11,000,000.00
	TOTAL	<hr/> \$16,439,280.00