



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

August 23, 2017
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 – August 9, 2017 (Attachment)
- 3) Approve Loans (Attachment)

Old Business:

None

New Business:

- 3a) Cancellation and Rescission of Trust Fund Loan Approval for Wisconsin Rapids School District (Attachment)
- 4) Proposed Land Bank Sale to Town of Gibraltar (S1604 – Chambers Island, Door County) (Attachment)
- 5) Proposed Land Bank Sale to the Public (S1706 – Stella-Piehl, Oneida County) (Attachment)

Routine Business:

- 6) Future Agenda Items
- 7) Executive Secretary's Report (Attachment)
 - Investment Transaction Report – August 17, 2017
- 8) Adjourn

AUDIO ACCESS INFORMATION

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

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the August 9, 2017, board meeting.

Board Meeting Minutes
August 9, 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 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 2:02 p.m.

ITEM 2. APPROVE MINUTES – JULY 25, 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. Clover Sanitary District #1 Bayfield County Application #: 02018020 Purpose: Finance sanitary system maintenance	Sanitary District Rate: 3.00% Term: 5 years	General Obligation	\$45,000.00
2. Kewaskum Washington County Application #: 02018018 Purpose: Finance road projects	Village Rate: 3.50% Term: 10 years	General Obligation	\$999,479.00
3. Madison Metropolitan Dane County Application #: 02018024 Purpose: Finance tennis court renovation	School Rate: 3.00% Term: 5 years	General Obligation	\$462,950.00
4. Mason Bayfield County Application #: 02018022 Purpose: Finance road projects	Town Rate: 3.50% Term: 10 years	General Obligation	\$260,000.00

5.	Phillips Price County Application #: 02018021 Purpose: Construct digital fabrication laboratory	School Rate: 3.50% Term: 10 years	General Obligation	\$237,000.00
6.	Phillips Price County Application #: 02018023 Purpose: Refinance BCPL loan #2011100	School Rate: 3.50% Term: 10 years	General Obligation	\$946,973.68
7.	Plymouth Sheboygan County Application #: 02018017 Purpose: Purchase fire truck	Town Rate: 3.00% Term: 5 years	General Obligation	\$150,000.00
8.	Withee Clark County Application #: 02018016 Purpose: Finance sewer liner installation	Village Rate: 3.00% Term: 2 years	General Obligation	\$25,000.00
9.	Wrightstown Brown and Outagamie Counties Application #: 02018019 Purpose: Finance TID land acquisition and capital projects	Village Rate: 3.50% Term: 10 years	General Obligation	\$824,772.00
TOTAL				\$3,951,174.68

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. FUTURE AGENDA ITEMS

None.

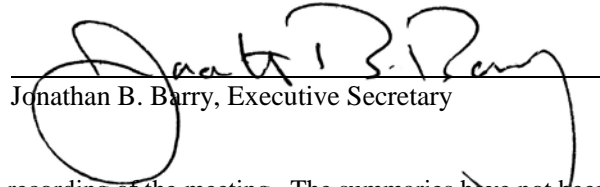
ITEM 5. EXECUTIVE SECRETARY’S REPORT
Investment Transaction Report – August 3, 2017
Quarterly Investment Report – Second Quarter 2017

Executive Secretary Barry referred the board to the Investment and Quarterly Transaction Reports included in the board meeting packet. To date in 2017, capital gains totaling \$8 million has been realized for the Common School Fund (CSF). Per the Board’s adopted investment plan, 25%, or \$2 million, will be distributed to the beneficiaries and 75%, or \$6 million, will be added to the CSF smoothing fund. Staff is estimating that there will be an increase in the 2018 CSF distribution. In addition, the 2017 distribution to the Normal School Fund beneficiaries of \$475,000 is on track to exceed \$500,000 in 2018.

ITEM 6. ADJOURN

MOTION: Commissioner La Follette moved to adjourn; Commissioner Adamczyk seconded the motion.

The meeting adjourned at approximately 2:09 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/2017-08-09_BCPL-BoardMtgRecording.mp3

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 3
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Black Earth Dane County Application #: 02018029 Purpose: Finance TID #3 projects	Village Rate: 3.50% Term: 10 years	General Obligation	\$457,500.00
2. Draper Sawyer County Application #: 02018025 Purpose: Purchase gravel	Town Rate: 3.00% Term: 5 years	General Obligation	\$81,000.00
3. Evansville Rock County Application #: 02018030 Purpose: Refinance 2007 taxable bonds	City Rate: 3.50% Term: 10 years	General Obligation	\$720,000.00
4. Lac La Belle Waukesha County Application #: 02018026 Purpose: Purchase plow truck	Village Rate: 4.00% Term: 20 years	General Obligation	\$56,000.00
5. Stiles Oconto County Application #: 02018031 Purpose: Finance roadwork	Town Rate: 3.00% Term: 4 years	General Obligation	\$100,000.00
6. West Allis - West Milwaukee Milwaukee and Waukesha Counties Application #: 02018027 Purpose: Finance energy efficiency projects	School Rate: 3.50% Term: 10 years	General Obligation	\$12,800,000.00
7. West Allis - West Milwaukee Milwaukee and Waukesha Counties Application #: 02018028 Purpose: Finance capital improvement projects	School Rate: 3.50% Term: 10 years	General Obligation	\$3,000,000.00
TOTAL			\$17,214,500.00

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 3a
CANCELLATION AND RESCISSION OF TRUST FUND LOAN APPROVAL
FOR WISCONSIN RAPIDS SCHOOL DISTRICT**

RECITALS

- A. BCPL approved a State Trust Fund Loan to Wisconsin Rapids School District (the “Borrower”) in the amount of \$11,500,000 at the July 25, 2017, board meeting.
- B. The Borrower contemporaneously applied for and obtained approval from an alternate lender for such loan, and the Borrower has stated its intention to utilize the alternate lender.
- C. BCPL staff recommends the cancellation and rescission of such State Trust Fund Loan approval in order to remove the encumbrance and allow for the proper investment of the trust funds.

RESOLUTION

RESOLVED that the State Trust Fund Loan approval for the \$11,500,000 loan to Wisconsin Rapids School District (Application #02018015 approved at the July 25, 2017, board meeting) is hereby cancelled and rescinded, and the Executive Secretary is hereby authorized and directed to remove the encumbrance of such previously approved loan on the trust funds and notify the Borrower of such rescission.

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 4
PROPOSED LAND BANK SALE TO THE TOWN OF GIBRALTAR
MACKAYSEE LAKE ISLANDS (S1604)**

The Town of Gibraltar (“Town”) has determined that 1.09 acres of BCPL land in Door County is required for town use.

BCPL staff recommends the sale of the property to the Town for the following reasons:

- The property consists of two small isolated, environmentally sensitive islands outside the Consolidated Zone that are not suitable for timber production.
- Sale of the property would provide BCPL with funds to purchase other lands that would provide better access to its existing lands, produce timber revenue, improve management efficiency, reduce forest fragmentation, or all of the above.

Attachments:

Resolution w/Exhibits

Exhibit A - BCPL Sale Criteria

Exhibit B - Appraisal Certification

BCPL Project Map

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 4
PROPOSED LAND BANK SALE TO THE TOWN OF GIBRALTAR
MACKAYSEE LAKE ISLANDS (S1604)**

RECITALS

- A. The Board of Commissioners currently holds title to the following property, consisting of approximately 1.09 acres:

Government Lots 8 and 9 of Section 4, Township 31 North, Range 26 East, Gibraltar Township, Door County, Wisconsin (the "Property").
- B. The Property has been evaluated by BCPL staff against sale criteria previously adopted by the Board. The Property has been determined by BCPL staff to be appropriate for sale according to such criteria. A copy of the sale analysis is attached to this resolution as Exhibit A.
- C. The Property was independently appraised by Compass Land Consultants, Inc. at a value of \$21,000. A copy of the Certification of the Appraisal is attached to this resolution as Exhibit B.
- D. The Town of Gibraltar has determined that the Property is required for Town use and has offered to pay the appraised value.
- E. BCPL staff recommends that the Board authorize the sale of the Property to the Town of Gibraltar at the appraised value of \$21,000.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes the sale of the Property to the Town of Gibraltar at the price of \$21,000 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 transactions.

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Sale
Transaction ID#: S 1604

Common Name for Land Parcel: Mackaysee Lake Islands / Chambers Island
County: Door Township: Gibraltar
Legal Description: GL 8 and 9, Section 4, T31N, R26E
GLO Acres: 1.09

Sale Criteria

- 1. Title**
 - Ownership verified with Register of Deeds.
 - Title appears merchantable.

- 2. Timber Management**
 - Parcel is located outside of Consolidation Zone.
 - Parcel is an isolated or unproductive parcel within the Consolidation Zone.

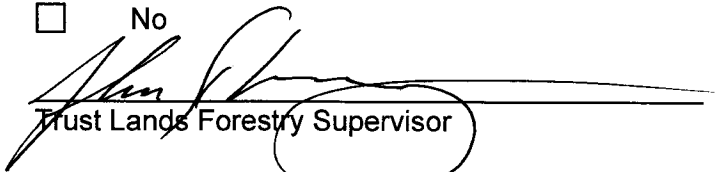
- 3. Access**
 - Parcel does not provide the only reasonable access to other BCPL parcels that will be retained.
 - If parcel does provide the only reasonable access to other BCPL parcels to be retained, a public access easement across the parcel has been reserved.
 - Parcel has no current access.

- 4. Parcel Required By Other Government Entity: Town of Gibraltar**
 - The parcel is located within a project boundary of another government agency or adjacent to a parcel of land owned by another unit of government.
 - Parcel is otherwise required by another unit of government.

- 5. Recommend Selling via Public Auction or Sealed Bid**
 - Parcel is not otherwise required by another unit of government and will be sold via public auction or sealed bid.

I recommend that BCPL sell the above property on terms and conditions acceptable to BCPL:

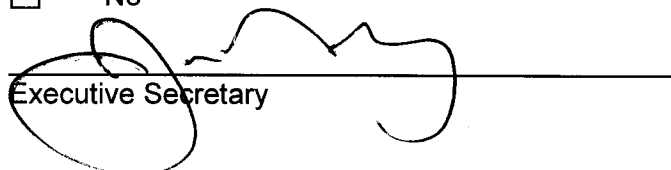
- Yes
- No


Trust Lands Forestry Supervisor

4-12-17
Date

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

- Yes
- No


Executive Secretary

8/9/17
Date

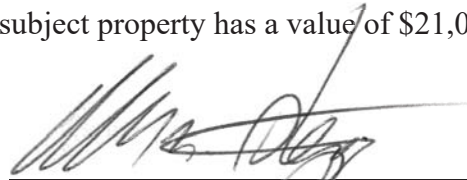
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REAL ESTATE APPRAISAL – RESTRICTED REPORT

CERTIFICATION

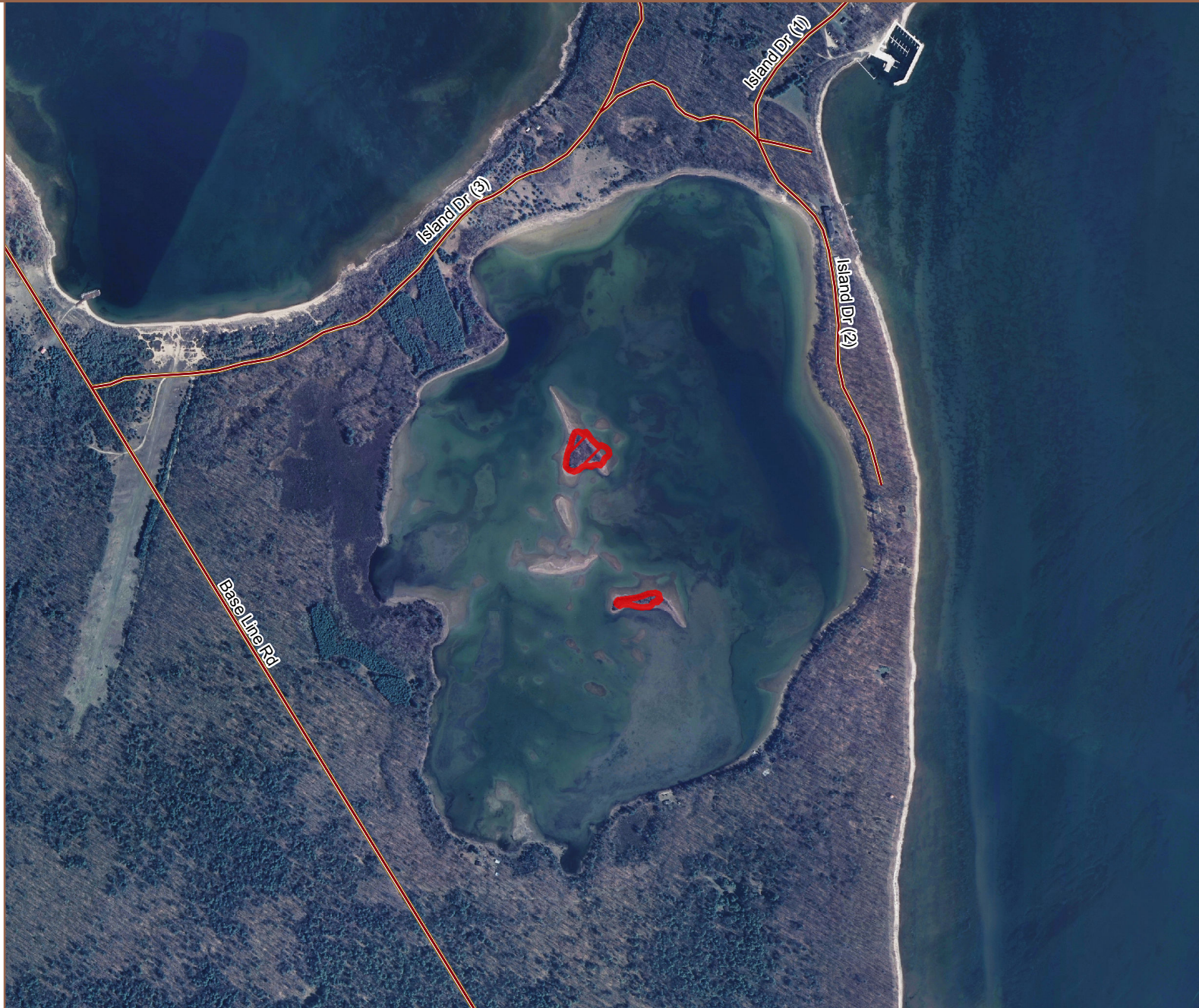
I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no present or prospective interest in the property that is the subject of this report, and no personal interest with respect to the parties involved.
- I have no bias or personal interest with respect to the property and parties involved in the assignment.
- I have had no previous appraisal experience on the subject property within three years of the effective date of value.
- My engagement in this assignment is not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
- My analyses, opinions, and conclusions were developed, and this report has been prepared in conformity with the "Uniform Standards of Professional Appraisal Practice."
- I personally inspected the subject property on June 1, 2016. The comparable sales were field inspected by the appraiser or qualified assistants in the period 2010 to 2016.
- It is my opinion that the subject property has a value of \$21,000 as of June 1, 2016.



William M. Steigerwaldt
Real Estate Specialist
Wisconsin Certified General Appraiser #394-10
(Expires 12/14/2017)

CHAMBERS ISLAND MACKAYSEE LAKE SALE



BCPL Project #:
S1604

County: Door

Town: Gibraltar

Common Name:
Chambers Island

Acres - 1.09

Fund 744



Parcels being Sold

0 0.1 0.2
Miles

INTERNAL USE ONLY

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 5
PROPOSED LAND BANK SALE TO THE PUBLIC – STELLA-PIEHL (\$1706)**

BCPL owns a tract of land in Oneida County totaling approximately 103 acres. BCPL staff recommends sale of the property to the public via the sealed bid process for the following reasons:

- The property is inside the Consolidation Zone but is unproductive and has no legal access;
- The property does not provide access to other BCPL lands;
- Sale of the property would provide BCPL with funds to purchase other lands that would provide better access to its existing lands, produce timber revenue, improve management efficiency, reduce forest fragmentation, or all of the above;
- No governmental entities in Wisconsin have determined that the property is required for their respective use; and
- Sale of the property via sealed bid process is expected to be the best method for maximizing the sales proceeds from the property.

Attachments:

Resolution w/Exhibits

Exhibit A - BCPL Sale Criteria

Exhibit B - Appraisal Certification

BCPL Project Map

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 5
PROPOSED LAND BANK SALE TO THE PUBLIC – STELLA-PIEHL (\$1706)**

RECITALS

- A. The Board of Commissioners of Public Lands currently holds title to the following property:

Township 37 North, Range 10 East, Stella Township, Oneida County, Wisconsin, Section 13: SE/NE; and

Township 37 North, Range 11 East, Piehl Township, Oneida County, Wisconsin, Section 18: SW/NW (Collectively, the “Property”).

The size of the Property totals approximately 103 acres. (The Property is listed as having 98.39 acres on the historic land records of BCPL.)
- B. The Property has been evaluated by BCPL staff against sale criteria previously adopted by the Board. The Property has been determined by BCPL staff to be appropriate for sale according to such criteria. A copy of the sale analysis is attached to this resolution as Exhibit A.
- C. The Property was independently appraised by Steigerwaldt Land Services, Inc. at a value of \$340 per acre for a total of \$35,000. A copy of the Certification of the Appraisal is attached to this resolution as Exhibit B.
- D. BCPL staff members assert that, to the best of their knowledge, the Property is not required by any other governmental unit in Wisconsin.
- E. BCPL staff recommends that the Board authorize the sale of the Property at public sale pursuant to the sealed bid process set forth in Wisconsin Statutes Chapter 24.

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 as 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 such transactions.

**Board of Commissioners of Public Lands
Summary Analysis of Potential Property Sale
Transaction ID#: S 1706**

Common Name for Land Parcel: Stella-Piehl

County: Oneida Township: Stella and Piehl

Legal Description: SE/NE of Sec. 13, T37N, R10E (Stella Township) and
SW/NW of Sec. 18, T37N, R11E (Piehl Township)

GLO Acres: Stella: 40.00 Piehl: 58.39

Sale Criteria

1. Title

- Ownership verified with Register of Deeds.
- Title appears merchantable.

2. Timber Management

- Parcel is located outside of Consolidation Zone.
- Parcel is an isolated or unproductive parcel within the Consolidation Zone.

3. Access

- Parcel does not provide the only reasonable access to other BCPL parcels that will be retained.
- If parcel does provide the only reasonable access to other BCPL parcels to be retained, a public access easement across the parcel has been reserved.
- Parcel has no current access.

4. Parcel Required By Other Government Entity: _____


- The parcel is located within a project boundary of another government agency or adjacent to a parcel of land owned by another unit of government.
- Parcel is otherwise required by another unit of government.

5. Recommend Selling via Public Auction or Sealed Bid

- Parcel is not otherwise required by another unit of government and will be sold via public auction or sealed bid.

I recommend that BCPL sell the above property on terms and conditions acceptable to BCPL:

- Yes
- No



Trust Lands Forestry Supervisor

5/12/17

Date

I accept the recommendation of the Trust Lands Forestry Supervisor and direct the staff to proceed accordingly.

- Yes
- No



Executive Secretary

5/22/17

Date

4. Certification

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct and no important facts have been withheld.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and is my personal, unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report, and I have no personal interest or bias with respect to the parties involved.
4. My compensation is not contingent on an action or event resulting from the analyses, opinions, or conclusions in, or the use of, this report.
5. My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the "Uniform Appraisal Standards for Federal Land Acquisitions" and the "Uniform Standards of Professional Appraisal Practice."
6. Scott T. Zaremba inspected the subject property on June 22, 2017. Lee A. Steigerwaldt did not personally inspect the subject property. All comparable sales were inspected by the appraiser or by qualified staff of Steigerwaldt Land Services, Inc.
7. Lee A. Steigerwaldt and Scott T. Zaremba prepared this report. No one provided significant real property appraisal assistance to the people signing this certification.
8. The appraiser did not discuss the subject property's value with the owner or the owner's representative.
9. Within the prior three years, the appraiser has not performed any other services with regard to the subject property, and no services except this appraisal assignment are currently in progress.
10. It is my opinion that the market value of the subject property is \$35,000.00 as of June 22, 2017.

STEIGERWALDT LAND SERVICES, INC.

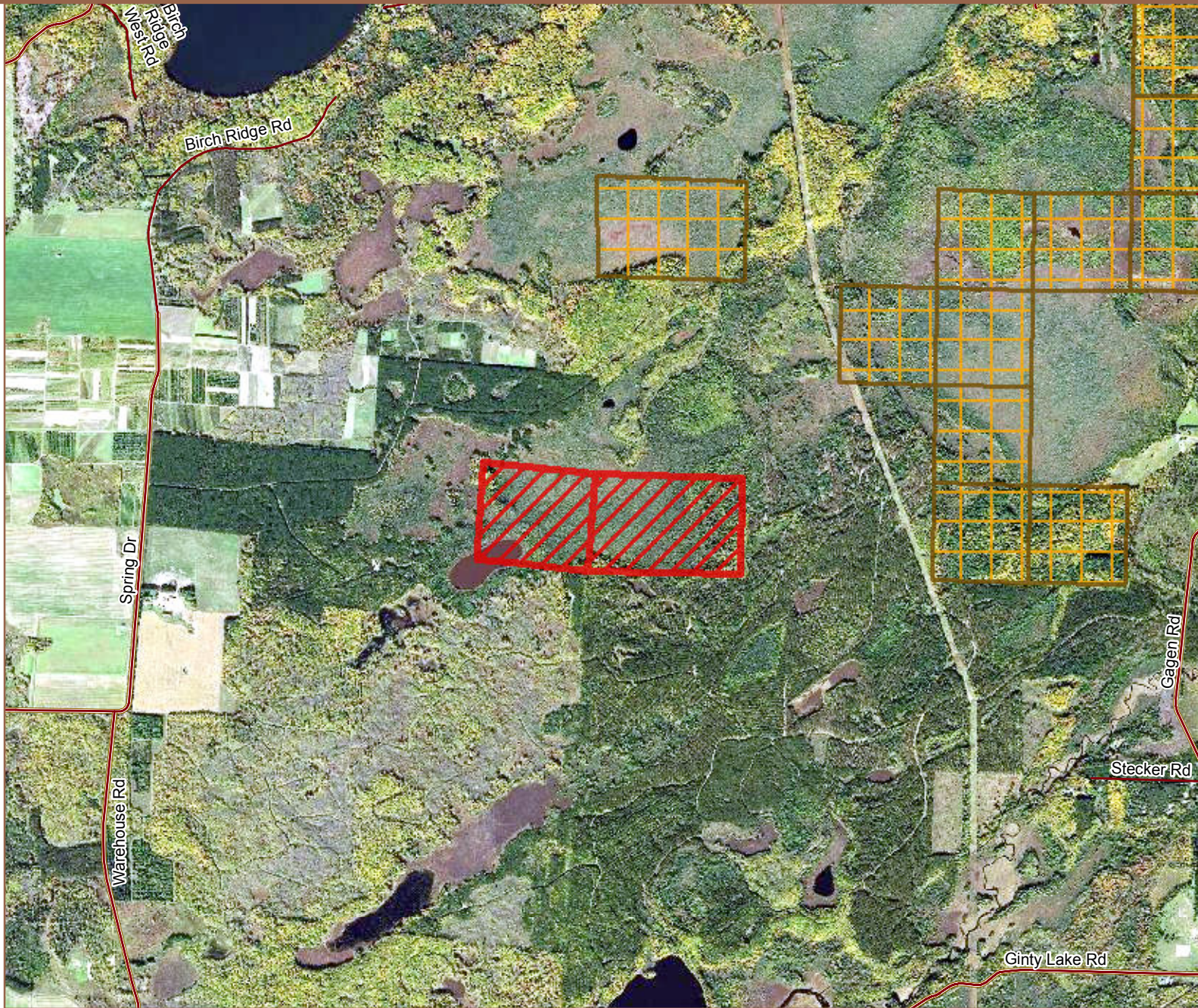
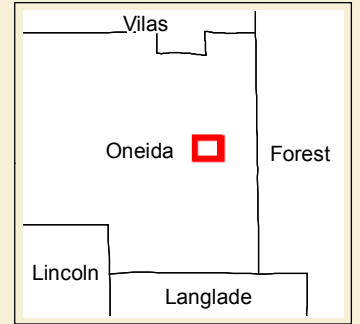


Lee A. Steigerwaldt, ACF
Wisconsin Certified General Appraiser No. 1516



Scott T. Zaremba
Appraisal Assistant

STELLA-PIEHL SALE



BCPL Project #:
S1706

County: **Oneida**


Town: **Stella and Piehl**

Common Name:
Stella-Piehl

Acres - **98.39**

Fund **745**



 Parcel being Sold

 BCPL Land

0 0.2 0.4 Miles

INTERNAL USE ONLY

**BOARD MEETING
AUGUST 23, 2017**

**AGENDA ITEM 7
EXECUTIVE SECRETARY'S REPORT**

Attached for review is the following report:

- Investment Transaction Report – August 17, 2017

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*

Investment Transaction Report August 17, 2017

Bond Purchases

Issuer	Credit Rating	Trade Date	Par Value	Price Paid	Coupon	Call Date	Yield to Call	Maturity Date	Yield to Maturity
FHLB	Aaa	08/15	\$2,525,000	\$2,521,212	3.65%	08/07/18	3.81%	08/07/42	3.66%

Since the last Investment Transaction Report, staff has also made two purchases totaling \$10 million in Treasury Inflation Protected Securities (TIPS). 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% (which is better than the current rate available at SIF), 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, and CPI has increased 2.6% annually over the past 30 years and 4.1% over the past 50 years.

Bond Sales

On August 4th 2017, Moody's upgraded State of Wisconsin General Obligation and General Appropriation Revenue Bonds one notch to Aa1 and Aa2, respectively. This upgrade has a positive influence on the value of \$157 Million in bonds held within Trust Fund portfolios and \$445 million in Trust Fund Loans. It is difficult to determine the precise impact of the credit upgrade on the value on BCPL-managed portfolios, but this was good news for all owners of State of Wisconsin debt.

Bond markets also reacted during the week of August 7th to increasing tensions between the United States and North Korea. The resulting 'flight to safety' of worldwide capital to U.S. Treasuries caused rates to reach their lowest level in the past 60 days.

Capitalizing on the credit upgrade and lower interest rates, staff sold \$10 million in State of Wisconsin General Obligation Bonds to realize an additional **long term capital gain of \$941,000**. In accordance with the IPS, 100% of this FY2018 gain will be added to the principal of the Common School Fund. This will be the first time in modern history that CSF principal will be increased through a mechanism outside of the constitutional allocation of fees, fines and forfeitures that accrue to the State. The ability to add long-term investment returns to CSF principal will help BCPL grow the fund above the rate of inflation and help the CSF to remain relevant for future generations in Wisconsin.

Current Holdings

Combined Trust Fund Bond Portfolios

Investment Type	8/17/17	8/03/17
Wisconsin and State Agency Bonds	\$162,628,631	\$162,628,631
Wisconsin Municipal and School Bonds	\$185,489,305	\$181,829,198
Treasury and Federal Agency Bonds	<u>\$178,030,110</u>	<u>\$172,275,388</u>
Total Bond Investments (at cost)	\$526,148,046	\$516,733,217
(at market value)	<u>\$536,017,432</u>	<u>\$526,789,172</u>
Unrealized Gains	\$9,869,386	\$10,055,955