

Board Meeting Minutes  
August 23, 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 2:03 p.m.

**ITEM 2. APPROVE MINUTES – AUGUST 9, 2017**

**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**

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

Municipality	Municipal Type	Loan Type	Loan Amount
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
<b>TOTAL</b>				<b>\$17,214,500.00</b>

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

**DISCUSSION:** Commissioner Adamczyk voiced his concern about the \$12.8 million loan to the West Allis-West Milwaukee School District. He said that a “loophole” in current legislation was being taken advantage of and that the taxpayers within the district would see their taxes increase and they did not get the opportunity to vote on the project. He would not support the loan.

Board Chair Schimel pointed out that Commissioner Adamczyk has been opposed to all State Trust Fund loans. He added that Commissioner Adamczyk only votes in favor of the loans when either he or Commissioner La Follette is absent and his (Commissioner Adamczyk’s) vote is needed and, if cast against, would cause the loans to fail. Commissioner Adamczyk said he is opposed to the loans for a variety of reasons but was particularly concerned about the West Allis-West Milwaukee energy efficiency loan. He also asserted that the other municipalities seeking funding from BCPL could obtain lending elsewhere.

Commissioner Adamczyk reiterated his “loophole” claim. Board Chair Schimel did not think it was fair to characterize it as a “loophole.” Current law allows for this type of borrowing and the Board approves loans based on several criteria: Is the borrower an entity authorized under the statutes to receive a loan from BCPL? Is the lending for proper public purpose? Is the debt limit within the entity’s equalized value requirements? Board Chair Schimel added that the West Allis-West Milwaukee loan met those criteria under current law.

Board Chair Schimel noted that while Commissioner Adamczyk speaks to the voters’ will being bypassed, isn’t that the same argument if two of the three Commissioners reject a loan? The Board should not be deciding which municipalities, if they meet all the criteria, are worthy of a loan and which are not. The Board operates under current law, not in anticipation of future legislation.

Board Chair Schimel asked Executive Secretary Barry if there were other factors or criteria to consider. Executive Secretary Barry replied that the criteria had been accurately described. Commissioner Adamczyk argued that the approval of *all* loans is at the Board’s discretion. He said that the School District’s financial advisors had recommended that they not seek funding through the bond market due to their low credit rating, as reported in a news article that morning. Commissioner La Follette agreed with Board Chair Schimel that it is not the Board’s role nor has it ever been to “second guess” the local communities’ decisions.

Commissioner Adamczyk asked Executive Secretary Barry if the school district’s credit level was a concern and if the loan was different than other loans since they are exceeding their revenue limit. Executive Secretary Barry

replied that the loans for the West Allis-West Milwaukee School District would put their debt limit at less than 1% of their equalized value and state statutes limits a school district to 10% of their equalized value .

Board Chair Schimel asked if a petition process had been initiated by voters in the West Allis-West Milwaukee School District. Executive Secretary Barry replied that, as required by law, the school district published a legal notice informing the voters of the borrowing. It was his understanding that some 700 signatures were filed but 5,000 signatures would be needed on the petition in order to require a referendum.

**VOTE:** The motion passed 2-1. Commissioner La Follette and Board Chair Schimel voted aye; Commissioner Adamczyk voted no.

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

Executive Secretary Barry explained that the school district had obtained lending for the project from another entity and staff recommends that the Board unencumber the funds approved by rescinding the loan approval.

**MOTION:** Commissioner La Follette moved to adopt the resolution to cancel and rescind the loan; Board Chair Schimel seconded the motion.

**DISCUSSION:** None.

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

**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.

**ITEM 4. PROPOSED LAND BANK SALE TO TOWN OF GIBRALTAR (\$1604-CHAMBERS ISLAND, DOOR COUNTY)**

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

**DISCUSSION:** None.

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

**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.

**ITEM 5. PROPOSED LAND BANK SALE TO THE PUBLIC (\$1706-STELLA-PIEHL, ONEIDA COUNTY)**

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

**DISCUSSION:** None.

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

**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.

**ITEM 6. FUTURE AGENDA ITEMS**

None.

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

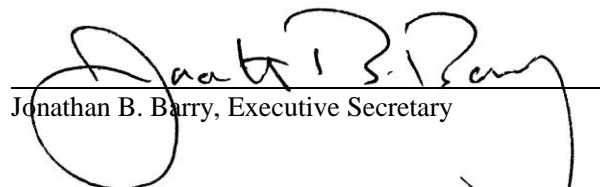
Executive Secretary Barry reported that a capital gains contribution totaling \$941,000 would be added to the principal of the Common School Fund, a first in the agency's history. Deputy Secretary Tom German reported that staff had discovered a multi-year discrepancy in the deposits received by the BCPL for overweight vehicle fines, as an improper proportion of these fines had been credited to the Common School Fund over a period of several years. Staff accountant Denise Nechvatal discovered the discrepancy and together with IT director Mike Kreuger calculated the proper amount. Secretary Barry and Mr. German met with DOA staff and the State Controller's Office and reached an agreement on this matter. The discrepancy totaled \$480,000 and those funds will be deposited into the Common School Fund.

Commissioner La Follette inquired whether Unclaimed Property Program proceeds were being deposited into the Common School Fund. Executive Secretary Barry replied that funds have been received in the past years since the transfer of this function to the Department of Revenue, but there has not been a summary of the expenses nor a recent estimate of what may be expected for this year. He and Deputy Secretary German met with the DOR Secretary and staff and requested that they provide an accounting of the expenses and revenues from the program. Executive Secretary Barry said that he expected this to be resolved but, if not, he would draft a letter requesting the same for the Commissioners' review.

**ITEM 8. ADJOURN**

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

The meeting adjourned at approximately 2:28 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/2017-08-23\\_BCPL-BoardMtgRecording.mp3](ftp://doafpt1380.wi.gov/doadocs/BCPL/2017-08-23_BCPL-BoardMtgRecording.mp3)