

Board Meeting Minutes
May 2, 2017

Present were:

Doug La Follette, Commissioner
Matt Adamczyk, Commissioner
Brad Schimel, Board Chair
John Klenke, Administrator

Secretary of State
State Treasurer
Attorney General
Dept. of Administration, Division of
Facilities Development
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
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Jonathan Barry, Executive Secretary
Tom German, Deputy Secretary
Richard Sneider, Loan Analyst and
Chief Investment Officer
Vicki Halverson, Office Manager

ITEM 1. CALL TO ORDER

Board Chair Schimel called the meeting to order at 2:00 pm.

ITEM 2. APPROVE MINUTES – APRIL 18, 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. Athelstane Marinette County Application #: 02017179 Purpose: Purchase municipal vehicle	Town Rate: 3.00% Term: 5 years	General Obligation	\$75,000.00
2. La Crosse La Crosse County Application #: 02017180 Purpose: Finance economic development projects	City Rate: 3.50% Term: 10 years	General Obligation	\$825,000.00
3. Mosinee Marathon County Application #: 02017181 Purpose: Finance water main replacement	City Rate: 4.00% Term: 20 years	General Obligation	\$120,000.00

4.	Oshkosh	City	Tax Revenue	\$1,500,000.00
	Winnebago County	Rate: 4.50%		
	Application #: 02017178	Term: 10 years		
	Purpose: Finance convention center improvements			
		TOTAL		\$2,520,000.00

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.

The Board discussed items 6 and 7 in order to allow John Klenke time to arrive at the meeting and participate in the discussion of agenda item 4.

ITEM 6. PROPOSED LAND BANK SALE – ST. CROIX 40, BURNETT COUNTY (\$1115)

Executive Secretary Barry reported that the 40-acre School Trust Land parcel was isolated and outside of the Board’s consolidation zone. The St. Croix Chippewa Indians of Wisconsin were interested in purchasing the property as it would connect two blocks of tribal land and improve management of those lands.

MOTION: Commissioner La Follette moved to approve the sale of the 40-acre parcel to the St. Croix Chippewa Indians of Wisconsin; 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 approves the sale of the Property to the St. Croix Chippewa Indians of Wisconsin at the price of Thirty-Eight Thousand Dollars (\$38,000) 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.

Mr. Klenke arrived at the meeting.

ITEM 7. PROPOSED LAND BANK SALE – THUNDER LAKE ROAD, ONEIDA COUNTY (\$1602)

Executive Secretary Barry said that the town of Sugar Camp was interested in acquiring the 1.15 acres of land for the construction of a rescue squad building.

MOTION: Commissioner Adamczyk moved to approve the sale of the 1.15 acres of land to the town of Sugar Camp; 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 approves the sale of the Property to the Town of Sugar Camp at the price of Fourteen Thousand Five Hundred Dollars (\$14,500) 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. DISCUSS REAL ESTATE INVESTMENT OPTION AND COMMISSIONER ADAMCZYK'S PROPOSAL

Board Chair Schimel said legislation was currently in the drafting stage. Commissioner Adamczyk reported that Rep. Tyler August was a co-sponsor of the legislation that would allow BCPL to invest in state office buildings for the purpose of leasing space back to state departments and agencies. The earnings would benefit the K-12 public school libraries. Any property acquisitions or building construction for this purpose would have to be approved by the building commission. He provided examples of past leasing contracts that did not benefit the state and at the end of the lease cost more than if the state would have built and owned the facility outright. He also offered examples of the returns that BCPL could have earned if the proposed legislation had been in effect during those leasing periods, which he believed would have been more than what was being earned through the State Trust Fund Loan program.

Commissioner La Follette noted that in order for the Board to meet its fiduciary responsibilities any lease agreements negotiated would need to earn as much as or more than what the Board was earning on bonds or State Trust Fund Loans. John Klenke replied that the state would likely pay no more for leasing office space than it would cost to construct a building. The decision to lease a facility or construct a new building is based on how long the building will be occupied. The longer the occupancy, the more likely it is that the state would construct and own the building rather than leasing from BCPL, should BCPL be granted such authority. He cautioned that if a large, single-purpose building was constructed, leased to the state, and then the state vacated the facility at the end of a long-term lease BCPL may struggle to find a tenant large enough to occupy the space.

Mr. Klenke excused himself from the meeting.

Board Chair Schimel inquired about the amount of funds available for municipal lending. Staff responded that approximately \$95 million was available and that the amount does fluctuate. The Board and staff discussed the rates earned on State Trust Fund Loans and their bond portfolio, 3.68% percent and between 3.75% and 3.8%, respectively. The Board's chief investment officer, Richard Sneider, pointed out that Commissioner Adamczyk's comparison of rates earned in the bond market and real estate investments was not equivalent because risks were much higher in real estate investments compared to the bond market.

Executive Secretary Barry pointed out that the proposed legislation was permissive (i.e., did not require BCPL to invest in buildings) and would require a super majority approval by members of the Building Commission. In addition, the Board's current staff does not possess the expertise to negotiate or enter into real estate investments such as those suggested in the proposed legislation.

Commissioner Adamczyk was not looking for action to be taken by the Board at this time but suggested that the legislation be monitored as it moves through the process.

ITEM 5. DISCUSS AND VOTE ON STAFF ATTENDANCE AT WSLCA SUMMER CONFERENCE

MOTION: Board Chair Schimel moved to authorize and fund Jonathan Barry's and Tom German's attendance at the Western States Land Commissioners Conference in Anchorage, Alaska. The motion failed for lack of a second; Board Chair Schimel withdrew his motion.

DISCUSSION: Commissioner La Follette felt strongly that a Commissioner should attend the conference to represent the State of Wisconsin and the BCPL. Board Chair Schimel and Commissioner La Follette discussed the merits and potential benefits of his [La Follette's] attendance at the conference.

MOTION: Board Chair Schimel moved to authorize and fund attendance of two members of the BCPL staff and Commissioner La Follette at the WSLCA conference; Commissioner La Follette seconded the motion.

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

ITEM 8. FUTURE AGENDA ITEMS

None.

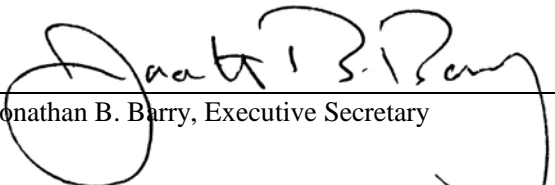
ITEM 9. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Barry directed the Board's attention to the Investment Transaction Report included in the meeting packet. The staff and Commissioners discussed the timing surrounding the purchase and sale of bonds in order to maximize earnings. He also reported that he and staff met with investors at SWIB (State of WI Investment Board) to discuss investing in the venture capital fund. Staff also had discussions with financial officers at WHEDA (WI Housing and Economic Development Authority) regarding the potential investment in WHEDA loans.

ITEM 10. ADJOURN

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

VOTE: The motion passed 3-0. The meeting adjourned at approximately 3:14 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/2017-05-02_BCPL-BoardMtgRecording.mp3