

Board Meeting Minutes
January 18, 2011

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 3:00 p.m.

Present were:

Doug La Follette, Board Chair	Secretary of State
Kurt Schuller, 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
Richard Sneider, Loan Analyst	Board of Commissioners of Public Lands

ITEM 2. APPROVE MINUTES – January 5, 2011

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

ITEM 3. APPROVE LOANS

Executive Secretary Nelson said the loans had received legal review.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Amount</u>
1. Amnicon County of Douglas Application #: 02011091 Purpose: Finance purchase of tractor	Town Rate: 3.25% Term: 5 years	\$23,000.00
2. New London Counties of Outagamie, Waupaca and Winnebago Application #: 02011097 Purpose: Purchase property for playground	School Rate: 3.75% Term: 10 years	\$200,000.00
3. Phillips County of Price Application #: 02011100 Purpose: Refinance prior service pension liability	School Rate: 5.50% Term: 20 years	\$1,210,000.00
4. Riverdale County of Crawford, Grant, Iowa and Richland Application #: 02011099 Purpose: Refinance prior service pension liability	School Rate: 5.50% Term: 20 years	\$860,000.00
5. Shawano County of Shawano Application #: 02011098 Purpose: Finance courthouse elevator renovation	County Rate: 3.25% Term: 5 years	\$161,000.00
	TOTAL	\$2,454,000.00

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

ITEM 4. PROPOSAL FOR NEW TYPE OF STATE TRUST FUND LOAN – Discussion of next steps

Executive Secretary Nelson noted that the Commissioners had received a letter from Senator Schultz and Representative Brooks discussing the possibility of legislation authorizing a new type of trust fund loan that would not be a general obligation of the borrower. The reason for the suggested legislation is that the Village of Necedah, a municipality in the legislators' respective districts, needed financing and their current financial situation left the community unable to use general obligation borrowing to meet their needs.

The legislators' letter was accompanied by a memo written by Necedah's financial advisors that suggested that a law be passed that would compel BCPL to loan money to communities with "distressed Tax Incremental Financing Districts" under certain circumstances. Such loans would be paid back by a stream of revenue rather than the tax levy of the borrower.

Secretary Nelson reported that her staff had reviewed the legislators' request and accompanying memo and were developing options that would meet the community's borrowing needs without putting trust assets at undue risk. The options may involve new legislation that would authorize, but not mandate, BCPL to issue loans that were revenue based but secured by the state aid of the municipal borrower. Such legislation would preserve the Commissioners' investment discretion thereby allowing them to fulfill their fiduciary duties.

BCPL staff will be meeting with Senator Schultz and Representative Brooks along with elected officials from the municipality and their financial advisors the week of January 24. Executive Secretary Nelson suggested that a response to the Legislators' letter could be drafted after that meeting, if the Commissioners concurred. The draft letter would be reviewed by the Commissioners at the next board meeting.

Board Chair La Follette said that the Board's fiduciary integrity must be protected with the security behind any loan process that is developed. Commissioner Van Hollen asked that lead time be given so that the Commissioners and any staff in his office have ample time to review the drafted response prior to the board meeting where the issue would be discussed. Executive Secretary Nelson replied that after the meeting with Senator Schultz *et al.*, staff would brief the Commissioners of the outcome of that meeting and provide a recommendation for their consideration at the next BCPL board meeting. She added that the materials would be provided to the Commissioners well in advance of the board meeting.

The Commissioners directed Executive Secretary Nelson and staff to proceed with the approach she recommended.

ITEM 5. EXECUTIVE SECRETARY'S REPORT

Nothing to report.

ITEM 6. ADJOURN

MOTION: Commissioner Schuller moved to adjourn the meeting; Commissioner Van Hollen 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.