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Tia Nelson, *Executive Secretary*

AGENDA

February 17, 2015

2:00 P.M.

Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
Madison, Wisconsin

- 1) Call to Order
- 2) Approve Minutes – February 3, 2015 (Attachments)
- 3) Approve Loans (Attachments)
- 4) Proposed Land Exchange (E1501 – Rustic Lane) (Attachments)
- 5) Executive Secretary's Report (Attachments)
- 6) Future Agenda Items
- 7) Adjourn

**BOARD MEETING
FEBRUARY 17, 2015**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the February 3, 2015, board meeting.

Board Meeting Minutes
February 3, 2015

ITEM 1. CALL TO ORDER

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 4:20 p.m. He said Commissioner Schimel was not on the call but was expected.

Board Chair La Follette thanked Loan Analyst Richard Sneider for the comprehensive bond report.

Present were:

Doug La Follette, Board Chair	Secretary of State
Matt Adamczyk, Commissioner	State Treasurer
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
Randy Bixby, Land Records Archivist	Board of Commissioners of Public Lands

ITEM 2. APPROVE MINUTES – JANUARY 20, 2015

MOTION: Commissioner Adamczyk moved to approve the minutes; Board Chair La Follette seconded the motion. The motion passed 2-0.

ITEM 3. APPROVE LOANS

Executive Secretary said that the loans had received legal review.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Beaver Dam Dodge County Application #: 02015088 Purpose: Refinance water utility debt	City Rate: 2.50% Term: 2 years	General Obligation	\$1,115,000
2. Clyman Dodge County Application #: 02015086 Purpose: Refinance bank loan	Town Rate: 3.25% Term: 8 years	General Obligation	\$37,641.33
3. Eagle Waukesha County Application #: 02015087 Purpose: Finance road construction	Town Rate: 3.00% Term: 5 years	General Obligation	\$110,000.00
4. Lakeside Douglas County Application #: 02015089 Purpose: Refinance backhoe loan	Town Rate: 3.25% Term: 9 years	General Obligation	\$83,555.95
5. Lakeside Douglas County Application #: 02015090 Purpose: Refinance BCPL loan #2014026	Town Rate: 3.00% Term: 2 years	General Obligation	\$44,659.98
TOTAL			\$1,390,857.26

MOTION: Commissioner Adamczyk moved to approve the loans; Board Chair La Follette seconded the motion. The motion passed 2-0.

ITEM 4. DISCUSS TRUST LAND OPTIONS WITH POSSIBLE COUNTY PARTNERSHIPS

Board Chair La Follette said that the staff provided a report summarizing real estate transactions with various counties and the outcome of those interactions. The report shows that a total of approximately 2,000 acres of School Trust Lands has been sold to various counties. He said that Commissioner Adamczyk had requested the discussion and asked if he had questions for the staff.

Commissioner Adamczyk replied that he had no specific questions but wanted to discuss possible opportunities to earn revenue from the School Trust Lands.

Board La Follette said that staff are working on an overall review of the Trust Lands and would present a report to the Commissioners in the coming months.

(Commissioner Schimel joined the teleconference.)

Executive Secretary said staff have been invited to make a presentation at the WI County Forest Association's annual spring meeting in Minocqua. She and staff will also be meeting with individuals at the Oneida County Forest Department at the end of February.

Executive Secretary Nelson said Oneida County is an important partner because of the volume of School Trust Lands within their county forest boundaries. A proposed land sale to Oneida County in 2009 was voted down by the Oneida County Forestry Committee. Since then, the Oneida County Board has changed their position on land acquisitions because matching grants can be obtained from the Knowles-Nelson Stewardship Fund. The county has asked BCPL to provide a proposal. She offered Commissioner Adamczyk the opportunity to participate in a meeting with the Oneida County Forest Department on February 27. Commissioner Adamczyk asked her to send him information and said he may attend if he is available.

ITEM 5. DISCUSS PROMOTION OF THE BCPL STATE TRUST FUND LOAN PROGRAM

Board Chair La Follette said marketing of the State Trust Fund Loan Program has increased over the last several years.

Commissioner Adamczyk suggested that an "email blast" be used to promote the program. He also suggested that staff work with various municipal advocacy organizations.

Executive Secretary Nelson replied that staff regularly attend and make presentations at numerous municipal and school district conferences throughout the year. She and other staff will be making formal presentations at all thirteen Wisconsin Towns Association district meetings in the next two months.

ITEM 6. FUTURE AGENDA ITEMS

Board Chair La Follette said this was a formal acknowledgement that "Future Agenda Items" would be a regular item for future board meetings.

ITEM 7. DISCUSS DEADLINE FOR BOARD MEETING MATERIALS

Executive Secretary Nelson said if the board agenda is routine in nature (i.e., approval of the minutes and loans), then the board packet is typically sent the Thursday prior to the Tuesday board meeting. If the agenda is more extensive (i.e., land transactions and other matters), the packet is typically sent on Wednesday. She asked that if the Commissioners have agenda items they want included in an upcoming board meeting, it would be helpful if the materials were provided to staff by noon on Monday of the week prior to the meeting, if possible. This would allow staff ample time to scan and organize the documents for inclusion in the board packet.

ITEM 8. PERFORMANCE EVALUATION PROCESS FOR EXECUTIVE SECRETARY

Board Chair La Follette said this agenda item is a follow-up to the January 20 meeting discussion. He suggested that a performance evaluation of the Board's Executive Secretary be conducted annually in June. The Executive Secretary would prepare and present to the Commissioners a report outlining their accomplishments and goals. He asked the Commissioners if they were in agreement with the suggested policy.

Commissioner Schimel and Commissioner Adamczyk agreed to the policy.

Executive Secretary Nelson said she has begun to prepare for that report in June.

ITEM 9. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson said that the 10-year anniversary of the Board's Land Bank Authority is approaching. In addition, maintaining earnings in the coming year will be challenging due to the interest rate environment. Because of this, she said now is the opportune time to update the agency's strategic plan. She invited the Board's participation and/or input. The process would begin in April. Board Chair La Follette asked if the other Commissioners had questions or comments. There was no further discussion.

Executive Secretary Nelson reported that staff met with the US Forest Service to discuss proposed land exchanges. In a separate meeting, she and staff met with Steigerwaldt Land Services. They manage approximately 400,000 acres of industrial timber land in northern Wisconsin and provide services that help their clients make decisions about land investments. They evaluate and analyze the value of land and project timber revenues using specialized modeling tools, and the results are used to guide land investment decisions. She said the services they provide would assist staff in preparing the comprehensive land evaluation report, which the Board requested at its January 20 meeting. She asked Steigerwaldt to prepare a proposal for this service, and when she receives it, she will present it to the Board for their consideration.

She reported that she and staff also met with the director of the Oneida County Economic Development Corporation and Jane Severt of the Wisconsin County Forest Association.

Executive Secretary Nelson gave an update on legislation that will likely affect the agency: Payment in Lieu of Taxes (PILT) made by BCPL and changes in federal forfeiture policy. She said that the agency currently makes PILT payments on Land Bank purchases but it does not on land exchanges. She said that staff has been working with the US Forest service on a large land exchange project and the current legislation would not require BCPL to make a PILT payment on the incoming property. It is her opinion that the legislation should be modified so that BCPL makes PILT payments on land acquired in exchanges. She wanted the Board's input before beginning this lobbying effort.

Board Chair La Follette asked if the other Commissioners had any questions or comments. There was no further discussion.

Executive Secretary Nelson said US Attorney General Eric Holder recently issued an order that limits state and local law enforcement agencies use of a federal forfeiture program.

Deputy Secretary Tom German reported that currently law enforcement officials in Wisconsin have two systems under which they can seize and liquidate assets from alleged criminals. He explained that under the US Department of Justice's forfeiture program – equitable sharing – local law enforcement agencies receive a percentage of the liquidated assets. Under this program, none of the liquidated assets (i.e., money) is deposited into the Common School Fund.

Deputy Secretary German said the second option allows law enforcement officials to seize and liquidate property under Wisconsin state statutes; specifically, 961.55 or 973.075. If assets are seized under this law, 30 to 50% of the net forfeited proceeds are deposited into the Common School Fund. An average of approximately \$145,000 has been deposited to the Common School Fund over the last five years.

He said US Attorney General Holder's order could result in an increase in deposits to the Common School Fund because law enforcement agencies may end up using the state's asset forfeiture statutes more often. He said that staff would work with the agency's assigned lawyers at the Department of Justice to monitor the effects of this change.

ITEM 10. ADJOURN

MOTION: Commissioner Schimel moved to adjourn the meeting; Commissioner Adamczyk 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 recording may do so at the Board of Commissioners of Public Lands, 101 E. Wilson Street, 2nd Floor, Madison, Wisconsin.

**BOARD MEETING
FEBRUARY 17, 2015**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Elk Mound Dunn County Application #: 02015096 Purpose: Finance utility meter replacement	Village Rate: 3.25% Term: 10 years	General Obligation	\$49,000.00
2. Fredonia Ozaukee County Application #: 02015093 Purpose: Refinance building loan	Town Rate: 3.75% Term: 14 years	General Obligation	\$298,243.00
3. Green Bay Brown County Application #: 02015094 Purpose: Finance TIF project	City Rate: 4.25% Term: 20 years	General Obligation	\$2,500,000.00
4. Stockbridge Calumet County Application #: 02015091 Purpose: Finance energy efficiency projects	School Rate: 3.00% Term: 5 years	General Obligation	\$1,000,000.00
5. Stockbridge Calumet County Application #: 02015092 Purpose: Refinance BCPL loan #2008099	School Rate: 3.75% Term: 13 years	General Obligation	\$209,368.49
TOTAL			\$4,056,611.49

**BOARD MEETING
FEBRUARY 17, 2015**

**AGENDA ITEM 4
PROPOSED LAND EXCHANGE – RUSTIC LANE (E1501)**

Staff is requesting authority to convey a 120-acre parcel of Trust Lands in Oneida County to Tara Lila in exchange for a 40 acre parcel that is adjacent to an existing 3,500-acre block of Trust Lands in Forest County.

BCPL staff recommends the exchange with Tara Lila for the following reasons:

- The BCPL property that would be conveyed to Tara Lila is an isolated, landlocked, low productive parcel that is mostly wetland.
- The property that BCPL would receive in the exchange would:
 - contribute to the consolidation of a block of land;
 - improve management access to an existing block of land; and
 - include a well-stocked hardwood forest that would provide additional timber revenue for the trust fund

The properties to be exchanged have been appraised at approximately equal values.

Attachments:

Resolution w/Exhibits

Exhibit A – Summary Analysis – Outgoing Property (Rustic Lane Parcel)

Exhibit B – Appraisal Certification – Outgoing Property (Rustic Lane Parcel)

Exhibit C – Summary Analysis – Incoming Property (Roberts Parcel)

Exhibit D – Appraisal Certification – Incoming Property (Roberts Parcel)

BCPL Project Maps

**BOARD MEETING
FEBRUARY 17, 2015**

**AGENDA ITEM 4
PROPOSED LAND EXCHANGE – RUSTIC LANE (E1501)**

RECITALS

- A. BCPL currently owns a 120 acre parcel in Oneida County described as the NE ¼ of the SW ¼, the SW ¼ of the SW ¼ and the NW ¼ of the SE ¼ of Section 21, Township 39 North, Range 10 East, located in the Town of Sugar Camp (the “Rustic Lane Property”).
- B. Tara Lila, LLC (“Tara Lila”) is an adjacent landowner and Richard Aylward, the managing member of Tara Lila, has proposed that BCPL exchange the Rustic Lane Property for other property of approximately equal value.
- C. The Rustic Lane Property has been evaluated by BCPL staff against criteria previously adopted by the Board and has been determined by BCPL staff to be appropriate for exchange according to such criteria. A copy of the summary analysis for the Rustic Lane Property (outgoing property) is attached to this resolution as Exhibit A.
- D. The Rustic Lane Property has been independently appraised by Compass Land Consultants, Inc. at \$500 per acre for a total value of \$60,000. A copy of the Certification of Appraisal of The Rustic Lane Property is attached to this resolution as Exhibit B.
- E. BCPL staff has identified a 40 acre parcel in Forest County described as the SE ¼ of the SE ¼ of Section 12, Township 37 North, Range 13 East, Town of Argonne (the “Roberts Parcel”) as suitable for the proposed exchange. The Roberts Parcel (incoming property) is adjacent to and blocks with existing BCPL property. The Roberts Parcel contains productive timberland as well.
- F. The Roberts Parcel has the potential to significantly improve access to a large block of existing BCPL school trust lands.
- G. The Roberts Parcel is not owned at this time by Tara Lila, but it has been offered for sale at a price of \$65,000 and Tara Lila is willing to acquire it in order to exchange it with BCPL.
- H. The Roberts Parcel has been evaluated by BCPL staff against criteria previously adopted by the Board and has been determined by BCPL staff to be appropriate for exchange according to such criteria. A copy of the summary analysis for the Roberts Parcel is attached to this resolution as Exhibit C.

- I. The Roberts Parcel has been independently appraised by Compass Land Consultants, Inc. at \$1,600 per acre for a total value of \$64,000. A copy of the Certification of Appraisal of the Roberts Parcel is attached to this resolution as Exhibit D.
- J. The value of the Rustic Lane Parcel is approximately equal to the value of the Roberts Parcel as determined pursuant to Wis. Stats. Section 24.09(bm).
- K. BCPL staff recommends approval of this proposed exchange of parcels of approximately equal value for the following reasons:
 - a. BCPL staff has determined that the Rustic Lane Parcel is appropriate for sale or exchange;
 - b. The exchange will enable BCPL to dispose of an isolated, landlocked, low productive parcel that is mostly wetland;
 - c. BCPL staff has determined that the acquisition of the Roberts Parcel would contribute to the consolidation of a block of land, improve management access to an existing block of trust lands and add a well-stocked hardwood forest that would produce more timber revenue for the trust fund; and
 - d. The values of the properties in the proposed exchange are “approximately equal” as the term is defined in Wis. Stat. Section 24.09.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the exchange of the Rustic Lane Parcel for the Roberts Parcel with Tara Lila 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.

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Exchange
Transaction ID#: E1501

Common Name for Land Parcel Rustic Lane

County Oneida Township Sugar Camp

Legal Description NESW, SWSW, NWSE of Section 21, T39N, R10E

GLO Acres 120

Criteria – Outgoing BCPL Property

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
- Parcel is a deferred natural area

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.

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

- Yes
- No


Signature of Forest Land Supervisor

10/29/14
Date

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

- Yes
- No


Executive Secretary

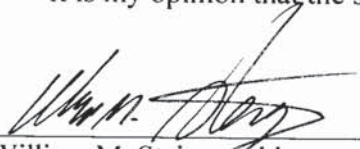
Nov 21 2014
Date

RESTRICTED APPRAISAL 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 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 December 3, 2014. The comparable sales were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on various dates in 2014 and 2015.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of \$60,000 as of December 3, 2014.



William M. Steigerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)



Daniel T. Schummer
Appraisal Assistant

Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501
Criteria – Incoming Property

1. Forest Fragmentation

- Average tract size increases
- The ratio of perimeter to area decreases
- There is a clear reduction of the threat for conversion from forest to non-forest use

2. Access

- Management access to our existing timber tracts is improved
- There is an increase in the number of BCPL acres open to the public

3. Management Efficiency

- The percentage of upland on BCPL properties increases
- The amount of line work per acre decreases
- The average distance from the tracts to the BCPL field office decreases

4. Timber Character and Value

- The average site index of forest soils on BCPL property increases
- Within one cutting cycle there is an increase in the potential high value sawlog volume and growth, on the tract
- There is an increase in the forest types and species that diversify the BCPL's timber portfolio
- There is an increase in the number of acres and size of tracts where the BCPL has summer logging opportunities

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


- Yes
- No


Trust Lands Forestry Supervisor

10/29/14
Date

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

- Yes
- No


Executive Secretary

Nov 2, 2014
Date

Board of Commissioners of Public Lands
Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501

Incoming Property

Common Name for Land Parcel: **Roberts**

County: Forest Township: Argonne

Legal Description: SESE of Section 12, T37N, R13E

Acres: 40

Parcel ID Number: 004-00328-0000

Previous Year Tax Levy: \$31.60

Name(s) of Seller(s): Isaac Roberts

Address of Seller(s): 9100 Highway 32
Argonne, WI 54511

Seller Phone #: (715) 617-9988

Seller's Attorney or Agent: _____

Contact Information: _____

Seller's Attorney or Agent Phone Number(s): (____) _____

Asking Price: \$70,000

Summary Analysis of Potential Property Exchange
Transaction ID#: E 1501

Incoming Property

Acres of productive forest land in parcel(s):	<u>39 acres</u>
Acres of non productive land in parcel(s):	<u>1 acres</u>
Acres of land with public access in parcel(s):	<u>0 acres</u>
Acres of land without public access in parcel(s):	<u>40 acres</u>
Acres of current BCPL land that will become accessible to the public through parcel(s):	<u>0 acres</u>
Acres of our current BCPL land that will become accessible for timber management purposes through parcel(s):	<u>0 acres</u>

Comments (parcel cover type or other attributes of parcel or transaction):

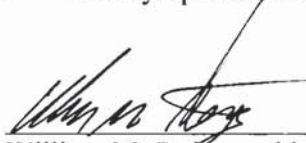
This private parcel is located in an area where BCPL is try to create a large contiguous block of land. Acquisition of this parcel would eliminate an inholding and would put BCPL one purchase away from all weather road access to the western side of BCPL's existing block of land in the Argonne area. The neighbors to the Roberts parcel are currently willing to grant management access and timber sale access across their lands, the hope is to someday purchase public access or another parcel that would provide public access. This parcel is mostly all productive highland nicely stocked with small sawlog and pole size timber.

RESTRICTED APPRAISAL 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 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 December 3, 2014. The comparable sales were inspected by Daniel T. Schummer, Appraisal Assistant with Compass Land Consultants, Inc., on December 18 and 19, 2014.
- Daniel T. Schummer provided assistance to the appraiser in the preparation of this report, development of the approaches to value, inspection of the subject property, comparable sales research, and inspection.
- It is my opinion that the subject property has a value of \$64,000 as of December 3, 2014.

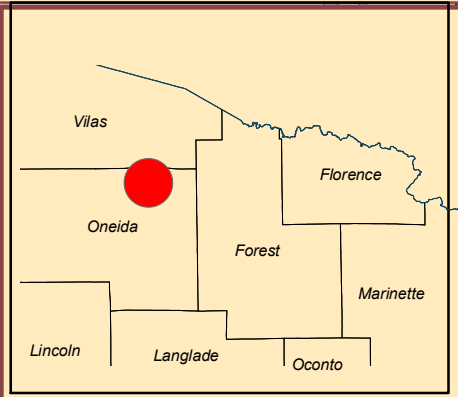
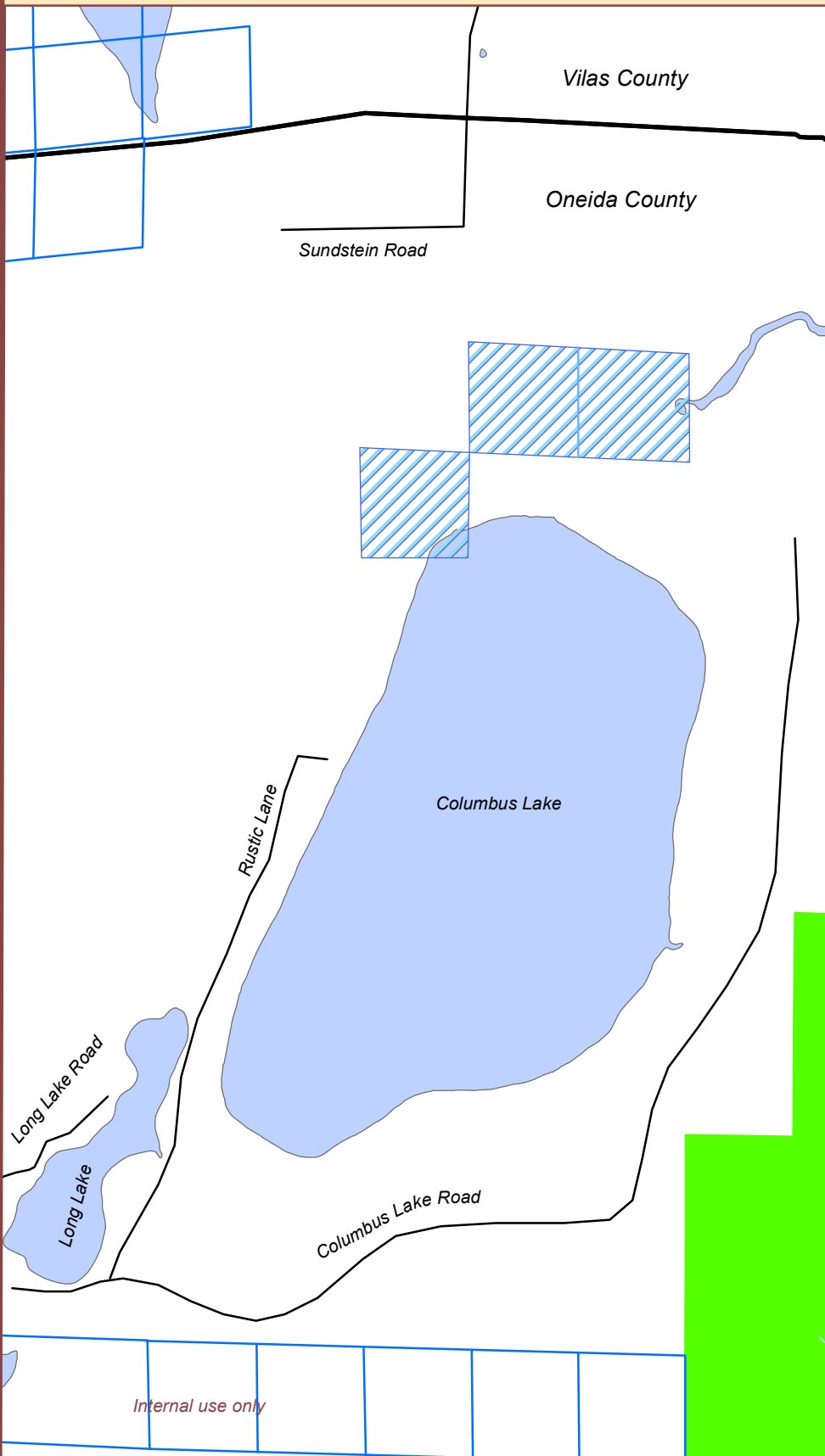


William M. Stegerwaldt
Real Estate Specialist
Wisconsin CGA #394-10
(Expires 12/14/2015)






Daniel T. Schummer
Appraisal Assistant

Exchange E1501 Outgoing Rustic Lane Parcel



BCPL Project # : E1501
County: Oneida
Town: Sugar Camp
Common Name: Rustic Lane
Acres - 120
Fund - 745

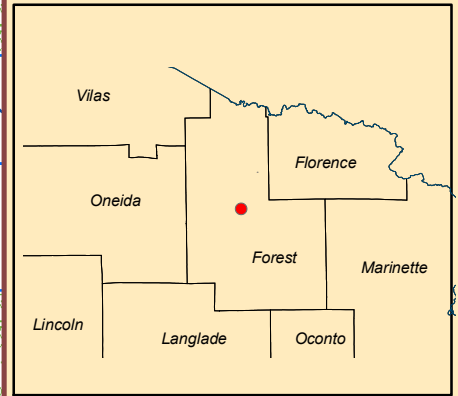
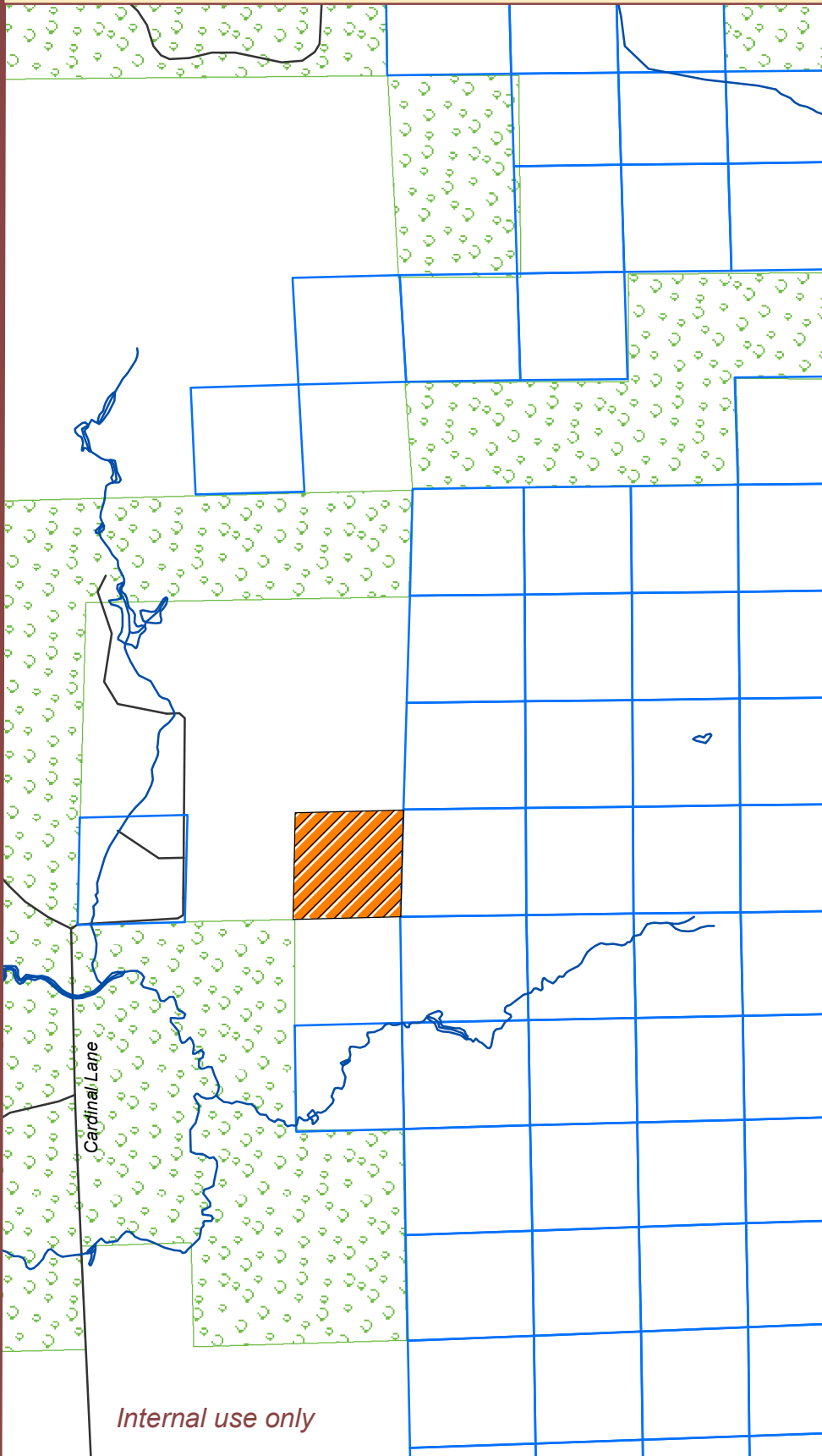
-  **Proposed Parcel to be Conveyed**
 -  **BCPL Lands**
 -  **WDNR Lands**
- Scale = 1:24,000


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E1501-Oneida-Sugar_Camp-Rustic_Lane
 BCPL-TMH-12-16-2014

Internal use only

Exchange E1501 Incoming Roberts Parcel



BCPL Project # : E1501

County: Forest

Town: Argonne


Common Name: Roberts Parcel

Acres - 40

Fund - 744

 **Proposed Parcel to be Acquired**

 **BCPL Lands**

 **Nicolet National Forest Lands**

Scale = 1:24,000



**BOARD MEETING
FEBRUARY 17, 2015**

**AGENDA ITEM 5
EXECUTIVE SECRETARY'S REPORT**

- ❖ Executive Budget Provisions
 - Shared Agency Services Pilot Program and BCPL positions (Attachment 1)

- ❖ Potential Land Bank Purchase

- ❖ Proposed Legislation to Eliminate BCPL's Investment Authority to Purchase Land
 - LRB-0169/1 (Attachment 2)
 - Staff analysis (Attachment 3)
 - List of BCPL's statutory investment options (Attachment 4)

1. Shared Agency Services Pilot Program

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	0	0.00	0	0.00	0	-2.00	0	-2.00
TOTAL	0	0.00	0	0.00	0	-2.00	0	-2.00

The Governor recommends creating a shared agency services pilot program within the Department of Administration to consolidate administrative functions (including budget, finance, human resources, payroll, procurement and information technology) of agencies with less than 150.0 FTE positions and the Department of Safety and Professional Services and its successor agency. See Department of Administration, Item #9.

2. Payment of Aids in Lieu of Property Taxes

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	0	0.00	0	0.00	21,700	0.00	21,700	0.00
TOTAL	0	0.00	0	0.00	21,700	0.00	21,700	0.00

The Governor recommends requiring the board, rather than the Department of Natural Resources, to make annual aids in lieu of property tax payments to municipalities for each parcel of land that it has purchased from the department. See Department of Natural Resources, Item #23.

3. Standard Budget Adjustments

Source of Funds	Agency Request				Governor's Recommendations			
	FY16		FY17		FY16		FY17	
	Dollars	Positions	Dollars	Positions	Dollars	Positions	Dollars	Positions
PR-S	59,200	0.00	61,300	0.00	63,400	0.00	65,500	0.00
TOTAL	59,200	0.00	61,300	0.00	63,400	0.00	65,500	0.00

The Governor recommends adjusting the board's base budget for: (a) full funding of continuing position salaries and fringe benefits (\$44,900 in each year); (b) reclassifications and semiautomatic pay progression (\$16,600 in each year); and (c) full funding of lease and directed moves costs (\$1,900 in FY16 and \$4,000 in FY17).



2015 BILL

1 **AN ACT** *to repeal* 23.0917 (5t), 24.11 (1) (c), 24.605, 24.61 (2) (a) 10. and 24.61
2 (2) (cm) 1. to 4.; *to renumber and amend* 24.61 (2) (cm) (intro.); *to amend*
3 23.0917 (8) (d), 24.62 (3), 70.114 (1) (b) 2. and 70.114 (1) (c); and *to create* 70.114
4 (5) of the statutes; **relating to:** aid payments on, and city, village, town, and
5 county approval of, certain lands purchased by the Department of Natural
6 Resources and restrictions on the purchase of land by the Board of
7 Commissioners of Public Lands.

Analysis by the Legislative Reference Bureau

Under current law, the Board of Commissioners of Public Lands (BCPL) may invest moneys in the common school fund, the normal school fund, the university fund, and the agricultural college fund in certain specified investments. These include bonds or notes of the United States; bonds issued by this state or the University of Wisconsin Hospitals and Clinics Authority; and bonds issued by a town, village, city, county, or school district or certain other special districts in the state.

Current law also authorizes BCPL to invest moneys in the purchase of land in this state, but establishes certain conditions on the purchase of this land for investment purposes. Current law provides that, if the land at the time of purchase was subject to assessment or levy of a real property tax, BCPL must make annual

BILL

payments in lieu of property taxes to the appropriate local governmental unit in an amount equal to property taxes levied on the land in the year prior to the year in which BCPL purchased the land. This bill eliminates BCPL's authority to purchase land.

Current law authorizes the state to incur public debt for certain conservation activities under the Warren Knowles–Gaylord Nelson Stewardship 2000 Program (stewardship program), which is administered by the Department of Natural Resources (DNR). The state may incur this debt to acquire land for the state for conservation purposes and for property development activities and may award grants or state aid to certain local governmental units and nonprofit conservation organizations to acquire lands for these purposes. Current law provides that each city, village, or town (municipality) and each county may adopt a nonbinding resolution supporting or opposing the proposed acquisition of land funded under the stewardship program. This bill prohibits DNR from acquiring any land under the stewardship program without the prior approval of the governing body of each city, village, town, and county in which any of the land is located.

Currently, DNR annually pays a municipality where land purchased by DNR is located an amount equal to the lesser of the purchase price or the assessed value of the land in the year before the year in which DNR purchased the land. The bill provides that DNR will not make these payments for land it purchases after June 30, 2015.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 23.0917 (5t) of the statutes is repealed.

2 **SECTION 2.** 23.0917 (8) (d) of the statutes is amended to read:

3 23.0917 (8) (d) The department may not acquire land using moneys from the
4 appropriation under s. 20.866 (2) (ta) without the prior approval of a majority of the
5 members–elect, as defined in s. 59.001 (2m), of the county board of supervisors of the
6 county in which the land is located if at least 66% of the land in the county is owned
7 or under the jurisdiction of the state, the federal government, or a local governmental
8 unit, as defined in s. 66.0131 (1) (a) governing body of each city, village, town, and
9 county in which any of the land is located. Before determining whether to approve
10 the acquisition, the each city, village, town, or county in which any of the land is

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1 located shall post notices that inform the residents of the community surrounding
2 the land of the possible acquisitions.

3 **SECTION 3.** 24.11 (1) (c) of the statutes is repealed.

4 **SECTION 4.** 24.605 of the statutes is repealed.

5 **SECTION 5.** 24.61 (2) (a) 10. of the statutes is repealed.

6 **SECTION 6.** 24.61 (2) (cm) (intro.) of the statutes is renumbered 24.61 (2) (cm)
7 and amended to read:

8 24.61 (2) (cm) *Investments in land in this state prohibited.* (intro.) The board
9 may not invest moneys in the purchase of any land under par. (a) 10. unless all of the
10 following occur:

11 **SECTION 7.** 24.61 (2) (cm) 1. to 4. of the statutes are repealed.

12 **SECTION 8.** 24.62 (3) of the statutes is amended to read:

13 24.62 (3) If any land purchased under s. 24.61 (2) (a) 10., 2013 stats., was at
14 the time of purchase subject to assessment or levy of a real property tax, the board
15 shall make annual payments in lieu of property taxes from the proceeds from the sale
16 of timber or from appropriate trust fund incomes to the appropriate local
17 governmental unit in an amount equal to property taxes levied on the land in the
18 year prior to the year in which the board purchased the land.

19 **SECTION 9.** 70.114 (1) (b) 2. of the statutes is amended to read:

20 70.114 (1) (b) 2. For land purchased on or after July 1, 2011, and before July
21 1, 2015, “estimated value,” for the year during which land is purchased, means the
22 lesser of the purchase price or the determination of the land’s equalized valuation
23 under s. 70.57 in the year before the year during which the land is purchased,
24 increased or decreased to reflect the annual percentage change in the equalized
25 valuation of all property, excluding improvements, in the taxation district, as

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1 determined by comparing the most recent determination of equalized valuation
2 under s. 70.57 for that property, except that if the land was exempt from taxation in
3 the year prior to the year during which the Department purchased the land, or
4 enrolled in the forest cropland program under subch. I of ch. 77 or the managed forest
5 land program under subch. VI of ch. 77 at the time of purchase, “estimated value,”
6 for the year during which the land is purchased means the lesser of the purchase
7 price or an amount that would result in a payment under sub. (4) that is equal to \$10
8 per acre. “Estimated value,” for later years, means the value that was used for
9 calculating the aid payment under this section for the prior year increased or
10 decreased to reflect the annual percentage change in the equalized valuation of all
11 property, excluding improvements, in the taxation district, as determined by
12 comparing the most recent determination of equalized valuation under s. 70.57 for
13 that property to the next preceding determination of equalized valuation under s.
14 70.57 for that property.

15 **SECTION 10.** 70.114 (1) (c) of the statutes is amended to read:

16 70.114 (1) (c) “Land” means state forests, as defined in s. 28.02 (1), that are
17 acquired after December 31, 1991, and before July 1, 2015, state parks that are
18 acquired after December 31, 1991, and before July 1, 2015, under s. 27.01 and other
19 areas that are acquired after December 31, 1991, and before July 1, 2015, under s.
20 23.09 (2) (d), 23.091, 23.27, 23.29, 23.293, 23.31 or 29.749 (1).

21 **SECTION 11.** 70.114 (5) of the statutes is created to read:

22 70.114 (5) SUNSET. This section does not apply to lands purchased after June
23 30, 2015.

24 **SECTION 12. Fiscal changes.**

Item 5 Attachment 3

BCPL Staff Analysis of LRB-0169/1

Proposed Legislation

A draft bill (LRB-0169/1) authored by Representatives Sanfelippo and Craig is circulating that would eliminate one of the Board of Commissioners of Public Lands' (BCPL) trust fund investment opportunities by eliminating BCPL's "land bank" authority. It would significantly impair BCPL's ability to increase the value of its remaining School Trust Lands, as well as diminish our ability to increase timber revenue for the School Trust Funds. The legislation, if passed, would make our land consolidation and efficiency improvement goals extremely difficult, if not impossible to achieve. As a consequence, this legislation would have a significant, negative impact on School Trust Assets.

Background

In 2006, a bipartisan bill authored by former Representatives Scott Jensen and Gary Sherman passed the legislature by unanimous votes of both houses, giving BCPL the authority to use the proceeds from the sale of School Trust Lands to purchase other School Trust Lands, under limited conditions. The bill also included a cap on the amount of land BCPL could own, which was set at our ownership acreage at the time the law was adopted (77,845 acres).

The bill was supported by the Wisconsin Counties Association, the Wisconsin Towns Association, Pine River Lumber, Plum Creek Timber Company, the Association of Wisconsin Snowmobilers, the Wisconsin Wildlife Federation, the Wisconsin Educational Media Association, the Wisconsin Foresters Association and others. Support for the law has grown as a result of substantial achievements in BCPL land consolidation and improved timber management since the legislation was adopted - especially among local officials, logging companies, timberland managers, and outdoor recreation users.

The legislation had the specific purpose to improve BCPL's management efficiency, enhance the value of School Trust Lands and increase public access.

Since receiving land bank authority, BCPL has:

- **Sold 13,715.18 acres and purchased 12,903.54.54 acres.**
- **Increased BCPL timber base by a net total of 20.6% (this increases School Trust Fund revenue potential from timber sales).**
- **Increased acres accessible to the public by over 17% (this increases the appraised value of school trust land property).**

Prior to 2006, many of BCPL's remaining trust land holdings were lands that people didn't want or couldn't get to ("landlocked" without legal access). The values of these existing trust lands were severely diminished by lack of access. Further, many of the forested parcels were too small to economically manage for timber production.

For example, BCPL owned a block of slightly more than one thousand acres of School Trust Lands in Oneida County. We had investigated selling this property but were disappointed when the appraiser discounted the value of the property by 30% due to lack of legal access. In 2008, using land bank authority and the proceeds from previous School Trust Land sales, BCPL was able to purchase adjacent land from Wausau Timberland Company with significant frontage on a nearby public road. By purchasing the Wausau Timberland property we obtained legal access for our existing block, thereby removing any access discount and unlocking the full value of that parcel. **Without land bank purchase authority this would not have been possible.**

A preliminary analysis of the impacts of land bank authority on timber revenue shows that at its completion, timber revenue should increase about \$200,000 annually. Seventy-percent (70%) of this increase is from increasing the timber base and 30% from getting higher bids due to selling timber from large tracts. This analysis assumes using existing prices and product mix from our lands and holding our percent of growth harvested to the existing 78% level. At a minimum, we should see average timber sales revenue increase to \$725,000 in 2014 nominal dollars.

In summary, the most cost effective way to unlock the value of remaining School Trust Lands and enhance timber revenue for the School Trust Funds is to sell isolated and unproductive parcels and use the proceeds to buy productive parcels; build larger, more economically efficient blocks of timberland; and acquire parcels that improve access to other existing School Trust Land parcels. This strategy has been very successful to date. We expect continued substantial improvements in School Trust Land values and timber revenues as long as current land bank strategies remain available to BCPL. That progress will be effectively halted if LRB-0168/1 is adopted and signed into law. **Removing land as an investment option under Wis. Statue 24.61 constrains the Board and harms the beneficiaries.**

Item 5
Attachment 4

BCPL's Statutory Investment Options

Limited by Wis. Statute 24.61 to following:

1. Bonds or notes of the **United States**.
2. Securities issued under the provisions of the federal farm loan act of July 17, 1916, (12 USC 641, et seq.) or the **farm credit act** of 1971 (P.L. 92-181).
3. Bonds, notes, or other instruments of indebtedness issued by this **state**.
4. Bonds, notes, or other instruments of indebtedness issued pursuant to law by any town, village, city, county, metropolitan sewerage district, technical college district, or school district of this state.
5. Bonds issued by a local exposition district under subch. II of ch. 229.
6. Bonds of the University of Wisconsin Hospitals and Clinics Authority.
7. Bonds issued by a local **professional baseball park** district created under subch. III of ch. 229.
8. Bonds issued by a local **professional football stadium** district created under subch. IV of ch. 229.
9. Bonds issued by a local cultural arts district under subch. V of ch. 229.
10. Land in this state, but subject to the condition established under par. (cm).
11. Bonds of the **Wisconsin Aerospace Authority**.
12. Financial institution accounts that are insured by a deposit insurance corporation, as defined in s. 214.01 (1) (h).