

Board Meeting Minutes
July 25, 2017

Present were:

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| 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 2:00 p.m.

ITEM 2. APPROVE MINUTES – JULY 5, 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. Christmas Mountain Sanitary District Sauk County Application #: 02017212 Purpose: Finance sanitary sewer projects | Sanitary District Rate: 4.00% Term: 20 years | General Obligation | \$650,000.00 |
| 2. Clayton Polk County Application #: 02018003 Purpose: Purchase dump truck | Village Rate: 3.50% Term: 10 years | General Obligation | \$160,000.00 |
| 3. Janesville Rock County Application #: 02018009 Purpose: Finance fire protection | Town Rate: 3.00% Term: 1 year | General Obligation | \$300,000.00 |

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| 4. | Johnson Marathon County Application #: 02018014 Purpose: Refinance grader loan | Town Rate: 3.00% Term: 5 years | General Obligation | \$220,000.00 |
| 5. | Maxville Buffalo County Application #: 02018011 Purpose: Finance roadwork | Town Rate: 3.00% Term: 5 years | General Obligation | \$45,000.00 |
| 6. | Phelps Vilas County Application #: 02018012 Purpose: Finance road projects | Town Rate: 4.00% Term: 15 years | General Obligation | \$700,000.00 |
| 7. | Phelps Vilas County Application #: 02018013 Purpose: Refinance BCPL loan #2009255 | Town Rate: 3.50% Term: 10 years | General Obligation | \$354,039.93 |
| 8. | Richland Richland County Application #: 02018001 Purpose: Purchase squad cars | County Rate: 3.00% Term: 4 years | General Obligation | \$120,000.00 |
| 9. | Richland Richland County Application #: 02018002 Purpose: Finance capital projects | County Rate: 3.50% Term: 10 years | General Obligation | \$1,390,421.00 |
| 10. | Salem Pierce County Application #: 02018010 Purpose: Finance bridge replacement | Town Rate: 3.00% Term: 5 years | General Obligation | \$270,000.00 |
| 11. | Sheboygan Sheboygan County Application #: 02017213 Purpose: Finance TID #16 development incentive | City Rate: 3.50% Term: 10 years | General Obligation | \$400,000.00 |
| 12. | Sugar Camp Oneida County Application #: 02018005 Purpose: Purchase land; construct ambulance building | Town Rate: 3.50% Term: 10 years | General Obligation | \$300,000.00 |

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| 13. | Verona Area Dane County Application #: 02018007 Purpose: Finance school projects | School Rate: 3.00% Term: 5 years | General Obligation | \$5,000,000.00 |
| 14. | Wautoma Waushara County Application #: 02018008 Purpose: Finance roadwork | Town Rate: 3.00% Term 2 years | General Obligation | \$60,000.00 |
| 15. | Whitelaw Manitowoc County Application #: 02018006 Purpose: Finance roadwork | Village Rate: 4.00% Term: 15 years | General Obligation | \$170,000.00 |
| 16. | Winchester Winnebago County Application #: 02018004 Purpose: Finance roadwork | Town Rate: 3.00% Term: 4 years | General Obligation | \$100,000.00 |
| 17. | Wisconsin Rapids Portage and Wood Counties Application #: 02018015 Purpose: Finance energy efficiency and capital improvement projects | School Rate: 3.50% Term: 10 years | General Obligation | \$11,500,000.00 |
| | | TOTAL | | \$21,739,460.93 |

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

DISCUSSION: Commissioner Adamczyk stated that while he is opposed to all the loans, he was particularly opposed to the energy efficiency loan to the Wisconsin Rapids School District. He claimed that the “vast majority of people in Wisconsin Rapids have no clue this was going to happen and we’re doubling their debt without them knowing.” Board Chair Schimel replied that the school district board was increasing their debt, not the Commissioners. Chairman Schimel asserted that the BCPL’s responsibility is to lend money to local government entities for projects that meet the statutory obligation of “proper public purpose,” which this loan does. He added that it is outside the BCPL’s scope to assess the policies that local government entities employ when borrowing from the State Trust Fund Loan program.

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

ITEM 4. PROPOSED LAND BANK SALE TO THE PUBLIC (S1702-GANDER LAKE ROAD; S1703-ROCKY LAKE ROAD; AND S1707-LEOLA DITCH)

MOTION: Commissioner Adamczyk moved to approve the sale of the properties via sealed bid; Commissioner La Follette seconded the motion.

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands authorizes the sale of the Properties pursuant to a sealed bid process. The minimum acceptable bid for each Property shall be the appraised value for such respective Property determined by the independent appraisers as set forth above. Such sales 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 5. PROPOSED LAND BANK SALE – DEPT. OF MILITARY AFFAIRS, VOLK FIELD PROPERTY, JUNEAU COUNTY (\$1704)

MOTION: Commissioner La Follette moved to approve the sale of the property to the Department of Military Affairs; Commissioner Adamczyk seconded the motion.

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 Department of Military Affairs at the price of Thirty Thousand Dollars (\$30,000) 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.

ITEM 6. PROPOSED LAND BANK PURCHASE – AMERICAN TIMBERLAND, LLC, ONEIDA COUNTY (P1702)

Executive Secretary Barry explained that the purchase of this property meets four criteria of the land bank legislation: improve and protect public access to BCPL Trust Lands, improve management efficiencies on Trust Lands, provide productive timberland that will result in revenues to the Trust Funds, and reduce forest fragmentation.

Commissioner Adamczyk said that forest fragmentation should not be a concern of the BCPL but rather something that the WI DNR should address. Board Chair Schimel replied that being good stewards of the Board's assets (i.e., the Trust Funds and Trust Lands) *was* their responsibility. Enhancing the value of the Trust Lands in the manner Executive Secretary Barry described allows staff to manage them efficiently while at the same realizing cost savings.

Commissioner La Follette expressed concern about the communication the State Treasurer has had with legislators and whether those communications are appropriate as they relate to the actions of the BCPL. He asked the State Treasurer for copies of all communications – emails, written or text messages – with legislators that he has had over the last three months. Commissioner Adamczyk replied that he had been in contact with some legislators who shared his opposition to the proposed Land Bank purchase. Commissioner La Follette went on to report that he had recently received a letter from six legislators asking him to vote no on the purchase, which he suspected was a result of Commissioner Adamczyk's communication with them. Commissioner Adamczyk said he was within his right to contact legislators and work against matters that were before the Board. He said he would forward his communications to the other Commissioners.

MOTION: Commissioner La Follette moved to approve the purchase of the American Timberland property; Board Chair Schimel seconded the motion.

DISCUSSION: Commissioner Adamczyk objected to the purchase on the grounds that the property was only being purchased to provide access to 80 acres of Trust Lands with a small amount of timber. He also did not believe that the board had the constitutional authority to purchase land. He asserted that BCPL only had authority

to sell the Trust Lands, especially since the Board hadn't purchased any land for 150 years prior to Land Bank Authority. Board Chair Schimel replied that the Constitution allows the Commissioners to manage the Trust Lands in the manner in which the legislature directs them to. He also pointed out that the agency did not purchase land prior to Land Bank Authority because statutes did not allow it. He added that Commissioner Adamczyk was "dead wrong" in his assertion about the constitutionality of the Board purchasing land. Commissioner Adamczyk "completely" disagreed.

Commissioner Adamczyk questioned why the Board was in a rush to purchase the property and if a better price could be negotiated after three, four months or more. Board Chair Schimel pointed out that American Timberland would likely harvest the timber and subdivide the property if it was not sold as one large block. Executive Secretary Barry added that the benefits to purchasing this large block of property included timber revenue now and in the future, the ability to manage adjacent Trust Lands more efficiently, and the appreciation of the land itself.

Commissioner Adamczyk again asserted that the land was being purchased to only enhance 80 acres of isolated Trust Lands. Board Chair Schimel replied that he was either "intentionally ignoring the point" or missing the point, and it was not about the 80 acres he (Commissioner Adamczyk) kept referring to. He added that a potential land trade with the US Forest Service would further enhance and enlarge the block of Trust Lands adjacent to the proposed land purchase. Commissioner Adamczyk said that "a swap is fine if it blocks our land better" but was still opposed to this purchase.

Executive Secretary Barry said that timber revenues are higher on a larger block of Trust Lands because a logger's organizational costs are the same whether the area logged is large or small. Because of this, they are willing to bid higher on a larger sized timber sale because it is more cost effective.

Board Chair Schimel said legislators from northern Wisconsin told him that they wanted BCPL lands managed in a way that increased the forestry industry and created jobs in that region. Commissioner Adamczyk claimed that he did not know of any legislators – Democrat or Republican – who supported the purchase. Board Chair Schimel replied that perhaps none would publicly express support because of the "political turmoil" Commissioner Adamczyk had brought to the matter and that he had not made it an "honest debate." He went on to say that he resented Commissioner Adamczyk's assertion that the "only conservative option" would be to vote against purchasing the land. Chairman Schimel noted that there is a conservative interest in this purchase because it would increase the value of the Board's assets and grow the School Trust Fund for the beneficiaries.

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

ITEM 7. FUTURE AGENDA ITEMS – LRB Draft #17-3986/P1

Commissioner Adamczyk referred the Commissioners to a recent article where Executive Secretary Barry had made disparaging comments about him. Board Chair Schimel said that perhaps he had asked for it given the language Commissioner Adamczyk has used towards the staff and the public and private abuse he's given staff. Commissioner Adamczyk replied that he wants the land and investments managed by other entities and could understand why staff would be resistant to that but he had "every right to push that." Commissioner La Follette replied that while Commissioner Adamczyk has a right to vote his position, he does not have the right to harass staff, which makes it difficult for them to do their work and tasks the Board has assigned them. Executive Secretary Barry said that the article Commissioner Adamczyk was referring to was unfortunate and Secretary Barry accepted Commissioner Adamczyk's complaint regarding the public comments.

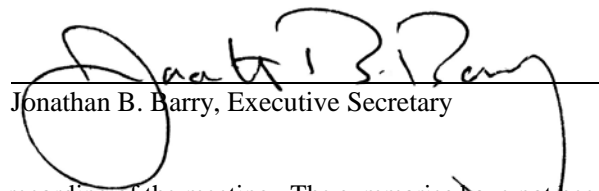
ITEM 8. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Barry referred the board to the Investment Transaction Report that was included in the board meeting packet. Secretary Barry noted that a certain bond investment house had recently analyzed government and agency bond issues in the last six months and found that BCPL had managed to acquire a significant position in the bonds bearing the highest coupon rates. Board Chair Schimel congratulated Rich Sneider on his acumen on such bond purchases.

ITEM 9. ADJOURN

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

The meeting adjourned at approximately 3:00 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://doaftp1380.wi.gov/doadocs/BCPL/2017-07-25_BCPL-BoardMtgRecording.mp3