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AGENDA

December 15, 2015

2:00 P.M.

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

Routine Business:

- 1) Call to Order
- 2) Approve Minutes – December 1, 2015 (Attachment)
- 3) Approve Loans (Attachment)

Old Business:

- 4) Discuss Discretionary Equity or Retention Adjustment (DERA) / Discretionary Merit Compensation (DMC)

New Business:

None

Routine Business:

- 5) Future Agenda Items (*NOTE: Agenda items for the January 5, 2016, board meeting are due by noon on Monday, December 21, 2015.*)
- 6) Acting Executive Secretary's Report
- 7) Adjourn

AUDIO ACCESS INFORMATION

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**BOARD MEETING
DECEMBER 15, 2015**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the December 1, 2015, board meeting.

Board Meeting Minutes
December 1, 2015

Present via teleconference were:

- Doug La Follette, Commissioner
- Matt Adamczyk, Commissioner
- Brad Schimel, Board Chair
- Tom German, Deputy Secretary
- Vicki Halverson, Office Manager
- Richard Sneider, Loan Analyst
- Mike Krueger, IT Specialist
- Denise Nechvatal, Accountant
- Randy Bixby, Land Records Archivist
- Jonathan Barry

- Secretary of State
- State Treasurer
- Attorney General
- 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 – NOVEMBER 18, 2015

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 MINUTES – NOVEMBER 25, 2015

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

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 4. APPROVE LOANS

Board Chair Schimel asked if the loans had been reviewed for public purpose. Acting Executive Secretary German confirmed they had.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Baraboo Sauk County Application #: 02016103 Purpose: Finance residential facility repairs	City Rate: 4.00% Term: 6 years	Housing Revenue	\$160,000.00
2. Beaver Dam Dodge County Application #: 02016108 Purpose: Finance utility projects	City Rate: 3.25% Term: 10 years	General Obligation	\$1,000,000.00

3.	Brown Deer Milwaukee County Application #: 02016106 Purpose: Refinance 2006 unfunded pension liability loan	School Rate: 3.25% Term: 10 years	General Obligation	\$2,335,000.00
4.	Center Rock County Application #: 02016102 Purpose: Finance town hall renovation	Town Rate: 2.50% Term: 2 years	General Obligation	\$30,000.00
5.	Fort Atkinson Jefferson County Application #: 02016107 Purpose: Refinance WRS prior service pension liability	City Rate: 3.75% Term: 20 years	General Obligation	\$1,300,000.00
6.	Hebron Jefferson County Application #: 02016101 Purpose: Improve roads and purchase fire equipment	Town Rate: 2.50% Term: 2 years	General Obligation	\$140,000.00
7.	Onalaska La Crosse County Application #: 02016109 Purpose: Refinance utility loan	Town Rate: 3.00% Term: 5 years	General Obligation	\$100,000.00
8.	Sturgeon Bay Door County Application #: 02016104 Purpose: Finance 2015 capital budget expenditures	City Rate: 3.00% Term: 3 years	General Obligation	\$333,500.00
9.	Sturgeon Bay Door County Application #: 02016105 Purpose: Construct municipal shop addition	City Rate: 3.75% Term: 20 years	General Obligation	\$98,000.00
		TOTAL		\$5,496,500.00

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

DISCUSSION: Commissioner Adamczyk expressed concern about the investment return on State Trust Fund Loans compared to what the Board could be earning with other fixed income investments. He said he was very reticent to support the loans going forward because it was his understanding that the Board's responsibility was to earn as much money as possible for the beneficiaries. He said he wanted to look at a more detailed analysis.

Commissioner La Follette noted that there had never been a default on a State Trust Fund Loan and interest rates for the loans were competitive. He asked if the Board was obligated to make loans to municipalities and school districts. Deputy Secretary German said that the Board has the discretion to say no to a loan application. While the Board does have a fiduciary responsibility to manage the assets for the beneficiaries, Deputy Secretary German did not necessarily agree with Commissioner Adamczyk's interpretation that State Trust Fund Loans were not a viable investment option.

Commissioner La Follette said he would be very reluctant to stop loaning funds to school districts and municipalities even if the Board could earn a little more interest by buying stocks or other investments. Commissioner Adamczyk stated he was not necessarily advocating buying stocks. He did want to look at a detailed analysis because if the Board could make more money, he felt it was their fiduciary responsibility to do so.

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

ITEM 5. DISCUSS AGENCY EXPENSES OVER \$5,000 APPROVED BY BOARD CHAIR SCHIMEL

Board Chair Schimel said he had approved the payment of an invoice from Reyco Forestry for timber stand examination work. Deputy Secretary German added that the work conducted included an inventory of the types, sizes, and ages of the trees on the School Trust Land parcels. The information will be used when preparing the parcels for timber sales. Commissioner La Follette observed that the work could be done by staff if they had the time or the agency had more foresters.

ITEM 6. DISCUSS AND VOTE ON WSLCA SPRING CONFERENCE ATTENDANCE

Commissioner La Follette requested authorization to attend the conference. Board Chair Schimel replied his preference was to send staff and asked Deputy Secretary German if there had been a discussion amongst staff as to who should attend. He replied that he preferred that Executive Secretary Barry make that decision.

Board Chair Schimel requested that the topic be included on the January 5 board meeting agenda. This would allow the Executive Secretary Barry and Deputy Secretary German an opportunity to discuss who should attend and make a recommendation to the Board.

ITEM 7. DISCUSS SALARY FOR NEW EXECUTIVE SECRETARY

Board Chair Schimel reported that the annual salary for the Executive Secretary would be \$102,000. He asked for the other Commissioners' input; there was no further discussion.

ITEM 8. DISCUSS DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT (DERA) / DISCRETIONARY METI COMPENSTATION (DMC)

Board Chair Schimel said he had discussed the agency's DERA/DMC plan with Executive Secretary Barry and additional recommendations had been suggested. He said the topic should be added to the December 15 meeting agenda for further discussion.

ITEM 9. FUTURE AGENDA ITEMS

Commissioner La Follette said he still was not satisfied with Commissioner Adamczyk's verbal report of his agency's (Office of the State Treasurer) expenditures and how they related to the promotion of the Unclaimed Property Program. As a custodian of those funds, Commissioner La Follette said he wanted an audit of the expenses.

Board Chair Schimel did not believe that the Board had any authority to require an audit because the State Treasurer is an independent, constitutional officer. If a report exists that contains the information being sought, an open records request could be submitted to the State Treasurer's office.

Commissioner Adamczyk suggested that maybe after the first of the year he would work with Executive Secretary Barry regarding Commissioner La Follette's request.

ITEM 10. ACTING EXECUTIVE SECRETARY'S REPORT

Deputy Secretary German reported:

- Interest rates in the Treasury bond market declined slightly but it was not enough to warrant an interest rate adjustment for State Trust Fund Loans.
- The sale of School Trust Lands to Iron County had closed recently.
- Timber sale bids totaled over \$635,000 and the amount will increase once the timber on the Mud Lake site is marked and sold.
- A submerged lands lease request had been received and it will be brought to the Board for their consideration at a future meeting.

ITEM 11. ADJOURN

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

The meeting adjourned at approximately 2:25 p.m.



Thomas P. German, Acting 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/2015-12-01_BCPL-BoardMtgRecording.mp3

**BOARD MEETING
DECEMBER 15, 2015**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Kohler Sheboygan County Application #: 02016112 Purpose: Purchase capital equipment and finance legal expenses	Village Rate: 3.25% Term: 9 years	General Obligation	\$300,000.00
2. Whitehall Trempealeau County Application #: 02016110 Purpose: Finance city center project	City Rate: 3.25% Term: 10 years	General Obligation	\$275,000.00
3. Whitehall Trempealeau County Application #: 02016111 Purpose: Interim financing for projects	City Rate: 2.50% Term: 2 years	General Obligation	\$1,200,000.00
TOTAL			\$1,775,000.00