

Board Meeting Minutes
September 1, 2015

Present were:

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| Doug La Follette, Commissioner | Secretary of State |
| Matt Adamczyk, Commissioner | State Treasurer |
| Brad Schimel, Board Chair | Attorney General |
| Tom German, Acting Executive Secretary | Board of Commissioners of Public Lands |
| Vicki Halverson, Office Manager | Board of Commissioners of Public Lands |
| Denise Nechvatal, Accountant | 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 1. CALL TO ORDER

Board Chair Schimel called the meeting to order at 2:02.

ITEM 2. APPROVE MINUTES – AUGUST 19, 2015

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

DISCUSSION: None.

VOTE: Commissioner La Follette and Board Chair Schimel voted aye; Commissioner Adamczyk abstained. The motion passed 2-1.

ITEM 3. APPROVE LOANS

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

Municipality	Municipal Type	Loan Type	Loan Amount
1. Albany Green County Application #: 02016051 Purpose: Finance capital projects	Village Rate: 3.25% Term: 8 years	General Obligation	\$200,000.00
2. Cumberland Barron County Application #: 02016044 Purpose: Finance sanitary sewer projects	City Rate: 3.00% Term: 5 years	General Obligation	\$52,000.00
3. Fairwater Fond Du Lac County Application #: 02016043 Purpose: Finance fire truck	Village Rate: 3.00% Term: 5 years	General Obligation	\$75,000.00

4.	Hartland-Lakeside J3 Waukesha County Application #: 02016054 Purpose: Refinance 2005 Refunding Bonds	School Rate: 2.50% Term: 1 years	General Obligation	\$1,205,000.00
5.	Kekoskee Dodge County Application #: 02016053 Purpose: Finance sewer project	Village Rate: 2.50% Term: 2 years	General Obligation	\$200,000.00
6.	La Crosse La Crosse County Application #: 02016059 Purpose: Refinance solid waste bonds, series 2006A	County Rate: 4.00% Term: 10 years	Utility Revenue	\$5,475,000.00
7.	Maxville Buffalo County Application #: 02016058 Purpose: Finance road project	Town Rate: 2.50% Term: 2 years	General Obligation	\$50,000.00
8.	Pewaukee Waukesha County Application #: 02016052 Purpose: Finance property acquisition	Village Rate: 3.75% Term: 20 years	General Obligation	\$528,800.00
9.	Pewaukee Waukesha County Application #: 02016055 Purpose: Finance blighted property remediation	Village Rate: 3.75% Term: 20 years	General Obligation	\$200,000.00
10.	Verona Dane County Application #: 02016057 Purpose: Finance TID #6 project	City Rate: 3.25% Term: 10 years	General Obligation	\$700,000.00
11.	Wausau Marathon County Application #: 02016056 Purpose: Finance utility improvements	City Rate: 3.25% Term: 10 years	General Obligation	\$4,000,000.00
12.	Woodville St Croix County Application #: 02016045 Purpose: Finance street and park projects, build salt shed	Village Rate: 3.75% Term: 20 years	General Obligation	\$429,677.00
13.	Woodville St Croix County Application #: 02016046 Purpose: Finance TID #3 projects	Village Rate: 3.25% Term: 8 years	General Obligation	\$224,239.00

14.	Woodville St Croix County Application #: 02016047 Purpose: Finance TID #4 projects	Village Rate: 3.75% Term: 18 years	General Obligation	\$177,500.00
15.	Woodville St Croix County Application #: 02016048 Purpose: Refinance BCPL loan #2014086.02	Village Rate: 3.75% Term: 19 years	General Obligation	\$108,766.74
16.	Woodville St Croix County Application #: 02016049 Purpose: Refinance BCPL loan #2014086.01	Village Rate: 3.75% Term: 18 years	General Obligation	\$474,252.10
TOTAL				\$14,100,234.84

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

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 4. DISCUSS REPORT ON COMMON SCHOOL FUND REVENUE AND UNCLAIMED PROPERTY. Potential board vote regarding request for audit of 1) Office of Commissioner of Insurance fines and forfeitures; and 2) Unclaimed Property Program revenue and expenses

Board Chair Schimel said the agenda item had been carried over from a previous board meeting.

MOTION: Commissioner La Follette made the following motion, which was included in the Board’s packet:

The Board of Commissioners of Public Lands requests that the Legislative Audit Bureau conduct a performance audit of:

- the activities involving fines and forfeitures from the Office of the Commissioner of Insurance for the past four years; and
- the activities involving the Unclaimed Property Program, all revenues and expenses of the program for the last two years to ensure that it has been administered in compliance with the state constitution including an accounting of all the hours spent by the State Treasurer and his staff and what activities these hours involved.

Board Chair Schimel seconded the motion for discussion purposes.

DISCUSSION: Commissioner La Follette said the Unclaimed Property is an important source of funds [for the Common School Fund] and an audit of the program would provide the Board with an analysis of why the revenues have declined. Board Chair Schimel asked Acting Executive Secretary Tom German if there was an explanation for the fluctuations in those deposits. Mr. German explained how demutualization of insurance companies and savings and loans had impacted the Unclaimed Property deposits in prior years. In addition, administration of the program was transferred from the State Treasurer’s Office to the Department of Revenue (DOR). The BCPL and DOR had executed a Memorandum of Understanding outlining how DOR would

calculate their expenses, project future claims, and how much would be transferred to the Common School Fund. During the past year, DOR deviated from the formula and determined an additional \$23 million would need to be retained for potential claims. In addition, the DOR increased their expenses for managing the program by \$290,000 from the previous year but provided no explanation for the increase.

Commissioner Adamczyk said Commissioner La Follette could send a letter to the Legislative Audit Committee co-chairs if he had concerns but he was not in favor of the motion. Commissioner La Follette said it was appropriate for the Board to request such an audit because they have a fiduciary responsibility to ensure that the Common School Fund receives the Unclaimed Property monies.

Commissioner Adamczyk said BCPL staff could work with DOR and the Office of Commissioner of Insurance (OCI) to obtain more information rather than involving the Legislative Audit Bureau. Mr. German replied that staff had been in contact with the two agencies. OCI had not yet provided additional information and DOR had sent a report that had just been received the Friday before the board meeting.

Board Chair Schimel said he wanted more time to obtain additional information and research the logistics of one state agency asking for an audit of another state agency.

MOTION: Board Chair Schimel moved to table the agenda item; Commissioner Adamczyk seconded the motion.

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

ITEM 5. DISCUSS CANDIDATE(S) FOR EXECUTIVE SECRETARY POSITION

Board Chair Schimel said he had received a cover letter and resume from only one interested candidate. He reminded the other Commissioners that they had agreed at a past meeting that interested candidates should send a cover letter and resume to his attention.

ITEM 6. DISCUSS AND VOTE ON OUT OF STATE TRAVEL: 2015 Schwab Impact Conference

Acting Executive Secretary German requested that the Board approve his and Richard Sneider's attendance at an upcoming financial conference to be held in Boston in November. With the Board transitioning to Prudent Investor Standard he felt it was important for staff to attend.

Commissioner Adamczyk questioned the need for two staff to attend. Mr. German said that given the number of concurrent sessions, sending two staff allows the opportunity for more information to be obtained and shared between them. Board Chair Schimel felt it was important to have staff fully informed.

MOTION: Board Chair Schimel moved to fund Tom German and Richard Sneider's attendance at the 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 7. FUTURE AGENDA ITEMS

Commissioner La Follette requested that the Unclaimed Property topic and any research results by DOJ and BCPL staff be added to a future agenda. Board Chair Schimel replied it would be added to the next agenda.

Board Chair Schimel said he had received legal conclusions relating to whether or not the Board could engage in revenue sharing with the Counties or other entities and said that would be included on the next agenda.

ITEM 8. ACTING EXECUTIVE SECRETARY'S REPORT

Acting Executive Secretary German reported that demand for State Trust Fund Loans was very high; approximately \$75 million in loan applications were in the "pipeline" at this time compared to \$15 million at this time last year. It was unknown whether the trend would continue but staff would monitor it.

Mr. German reported there was no additional information on the Bucks arena financing but DOA Capital Finance may have information on the structure of the debt offerings in the near future. Mr. German said any information received would be reported to the Board.

Mr. German reported that staff are concluding their due diligence on the American Deposit Management investment proposal and would present the information to the Board at the next meeting.

Mr. German said he would be contacting the Commissioners' offices regarding an open records request relating to emails received on the topic of climate change and global warming.

He concluded his report saying that staff continues to speak at county unit meetings hosted by the Wisconsin Towns Association.

ITEM 9. ADJOURN

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

The meeting adjourned at approximately 2:40 PM.



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://doaftp1380.wi.gov/doadocs/BCPL/2015-09-01_BCPL-BoardMtgRecording.mp3