

---

Board Meeting Minutes  
July 15, 2025

Present were:

Sarah Godlewski, Board Chair  
John Leiber, Commissioner  
Josh Kaul, Commissioner  
Nicole Pegram, Deputy Chief of Staff  
Tom German, Executive Secretary  
Rich Sneider, Chief Investment Officer  
Chuck Failing, IT Manager  
Denise Nechvatal, Controller  
Thuy Nguyen, Office Manager

Secretary of State  
State Treasurer  
Attorney General  
Secretary of State  
Board of Commissioners of Public Lands  
Board of Commissioners of Public Lands  
Board of Commissioners of Public Lands  
Board of Commissioners of Public Lands  
Board of Commissioners of Public Lands

### ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:00 p.m.

### ITEM 2. APPROVE MINUTES

**MOTION:** Commissioner Kaul moved to approve the minutes; Commissioner Leiber seconded the motion.

**DISCUSSION:** None

**VOTE:** The motion passed 3-0.

### ITEM 3. APPROVE LOANS

**MOTION:** Board Chair Godlewski moved to approve the loans; Commissioner Leiber seconded the motion.

**DISCUSSION:** Mr. Sneider reported that loans #1, #3, #5 and #6 are for roadwork. Loan #2 to the Town of River Falls is for equipment, including a tractor and a snowplow cab chassis. Loan #4 is for operations to the Village of Strum.

Board Chair Godlewski asked if the Village of Strum shared specifics about what operations expenses the village was borrowing for.

Mr. Sneider replied that he did not know but there has been a significant increase in loans for operations. The reason may be that Wisconsin municipalities are subject to tax levy limits and in general can only increase their annual tax levy by the amount of net new construction. If a municipality experiences an increase in expenses, they must dip into their fund balances to cover those operations. If fund balances are too low, their only remaining option is to borrow funds because scheduled debt service is not subject to the tax levy limits, and municipalities can add the annual cost of their principal and interest payments to their tax levy. Municipal fund balances are becoming depleted because communities are not able to raise their tax levies. As the law is written, this forces communities to shift the cost of more of their operations to debt financing.

**VOTE:** The motion to approve the loans passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$1,152,000.00** in State Trust Fund Loans to support 6 community projects in Wisconsin.

1. Town of Sparta / Monroe County / Finance roadwork / \$60,000.00
2. Town of River Falls / Pierce County / Finance roadwork / \$300,000.00
3. City of Mosinee / Marathon County / Finance roadwork and capital projects / \$425,000.00
4. Village of Strum / Trempealeau County / Finance operations / \$150,000.00
5. Village of Nichols / Outagamie County / Finance roadwork / \$100,000.00
6. Town of Knowlton / Marathon County / Finance roadwork / \$117,000.00

#### **ITEM 4. OLD BUSINESS**

None

#### **ITEM 5. NEW BUSINESS**

None

#### **ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT**

None

#### **ITEM 7. EXECUTIVE SECRETARY'S REPORT**

Executive Secretary German reported that the new state budget was passed and there were a couple things in the budget that significantly impact BCPL.

The legislature added two new appropriations from the Conservation Fund to the budget which gives BCPL more money for management of its trust lands. These new appropriations for land management expenses and red pine replanting are greatly appreciated.

The legislature also put another new appropriation into the budget from the Conservation Fund which would have given BCPL \$100,000 annually for financial asset management expenses. However, the governor vetoed that appropriation. In his veto message, the governor justified the veto saying the amount was much less than the amount BCPL needed and the funds were coming from an inappropriate source.

The legislature also struck the deputy position and funding for that position. The governor was able to veto the elimination of the position but could not restore funding for the position.

All of BCPL's other requests were deleted by the legislature.

The other budget provision which was inserted at the end of budget negotiations may have even more of a profound impact on BCPL's Common School Fund beneficiaries. The budget concerns for BCPL are serious and concerning, but this other piece has serious ramifications.

The state constitution provides that the clear proceeds of fines and forfeitures that accrue to the state must be deposited in the Common School Fund. The constitution reads, "...all monies and the clear proceeds of forfeitures...". Let's focus on the clear proceeds of fines and forfeitures.

For over 50 years, the statutes have allowed counties to retain 50% of a fine or forfeiture for their costs of

prosecuting said fine or forfeiture case. The remaining 50% is deposited in the Common School Fund as clear proceeds. When that law was originally enacted in the early 70s, BCPL filed a suit challenging the constitutionality of that law. The Supreme Court said BCPL clearly has standing to bring this suit. However, the court said the Legislature has the power to define what clear proceeds are but there are limits. The court cited an earlier court decision that it would not approve of a statute defining clear proceeds that left a mere nominal amount for the School Fund.

The budget amendment that passed at the 11th hour contained a provision that allows Milwaukee County to keep 100% of fines and forfeitures to be used to fund Assistant District Attorney positions. This budget amendment will likely reduce fines and forfeitures or the clear proceeds of fines and forfeitures to the Common School Fund by over \$2,000,000 for the biennium. Years ago, an assemblyman from Sheboygan, who is the uncle of the current Senate Majority Leader sponsored a change in the law to allow counties to keep more money from fines and forfeitures. The Wisconsin Counties Association supported that change. BCPL then weighed in on the change and pointed out the previous Supreme Court decisions. The counties and the representative decided to withdraw the bill.

If this new bill stands, it's likely that more or all of the counties are going to ask for the same treatment that Milwaukee will get. It is anticipated that such changes would reduce the flow of clear proceeds of fines and forfeitures to the Common School Fund by approximately \$10 million a year.

Executive Secretary German asked the board for some direction on how they would like him to respond to this issue.

Board Chair Godlewski shared that she is concerned other counties will follow Milwaukee County, seeking 100% of fines and forfeitures going to the county. She asked Commissioner Kaul what his thoughts are about the next legal steps.

Commissioner Kaul replied that he'd like to give it some thought and circle back. He asked Executive Secretary German if there was any effort by the legislature to explain their basis for this change. Did they defend the constitutionality of this change or was it just included in the budget without explanation?

Executive Secretary German clarified that the budget amendment allows Milwaukee County to retain 100% of fines and forfeiture revenues for violations of state traffic laws and requires these revenues be deposited into a segregated account. That account can only be used for purposes related to the operations of the District Attorney's office. The budget amendment noted that other counties retain current law provisions that require 50% of fines and forfeiture revenues from violations of state traffic laws to be deposited in the Common School Fund. The budget amendment does not mention the Constitutional limitations at all. The documents about this new provision in the budget were not included in today's board packet but will be provided for the next meeting.

Board Chair Godlewski commented that it is fair to question the constitutionality of this budget move.

Executive Secretary German agreed. He reiterated that the Supreme Court noted the Legislature has the power to define "clear proceeds." However, this new amendment extends beyond the leeway that the Supreme Court had given the legislature previously with no discussion about how this change comports with the Constitution in that part of the budget.

Commissioner Leiber shared that the provision does not link the raising of the cost to any sort of expense associated with collecting the fines or fees which the courts generally tried to link to or at least justify. He feels it would be good to challenge this amendment. If Milwaukee County can do this other counties may follow, resulting in counties keeping all the proceeds from fines collected.

Board Chair Godlewski agreed.

Executive Secretary German also agreed. This amendment is written to only include traffic law fines and forfeitures. Counties also collect fines for violating the penal code, disorderly conduct, etc. It is uncertain

what the impact would be on the rest of the state, but there's no reason why other counties would draw the distinction. The budget is now in place and Milwaukee County may post those District Attorney positions and start filling them. What would the board like him to do?

Board Chair Godlewski expressed that at the next board meeting the board will discuss what their options are. This will give Commissioner Kaul time to think through this issue and talk to his team. Coming with real tangible options in two weeks to help guide a potential course of action is reasonable.

Commissioner Leiber agreed and commented that he feels there is no other option except filing suit. The law is not going to change at least until September. It will not happen on its own. He will continue to speak to legislators and explain why this is a bad idea, but that's not going to be enough to get quick action on this. Filing a suit may be the quickest way to go.

Commissioner Kaul agreed with the idea of circling back in two weeks. He would not be surprised if it takes longer than that to fully identify our options. It would be good to get an update in two weeks and take it from there as a board.

Board Chair Godlewski asked Executive Secretary German if he could come to the next board meeting with some viable options for the board.

Executive Secretary German stated that he will do his best.

Executive Secretary German asked if the board would like him to provide them with the various documents before the next board meeting. The article of the Constitution, the supreme court case and the text of the budget amendment language. Would the commissioners like to see all the documents or just hear what the options might be?

Board Chair Godlewski commented that it does not hurt to provide background. The two commissioners who are attorneys would likely appreciate the documents as they may help them think through what our options might be. She asked that the documents be included as background information in the next board packet.

Executive Secretary German confirmed that would be done. He explained that he planned to reach out to the Fiscal Bureau and ask about what constitutional consideration was given at the time this budget provision was put together. The Fiscal Bureau is likely the only one that has that answer. This was the 11<sup>th</sup> hour of working on the budget so not all t's were crossed and i's were dotted.

Commissioner Kaul asked Executive Secretary German to hold off on talking to the Fiscal Bureau and wait until DOJ looks into this and figures some things out.

Executive Secretary German agreed.

Commissioner Kaul commented that we will need to connect with somebody at DOJ so let's get that lined up in the days ahead.

Executive Secretary German agreed.

Board Chair Godlewski asked Commissioner Kaul if there was someone in particular that he would like Executive Secretary German to work with at DOJ.

Commissioner Kaul explained that someone will follow up with Executive Secretary German.

Executive Secretary German continued his report sharing that we will be closing on a land sale transaction that was presented to the board recently. A buyer plans on purchasing land that was previously offered via sealed bid auction that nobody bid on. This buyer has agreed to pay the appraised value and

has already paid their deposit. Commissioners' signatures will be needed in the near future for this transaction.

The deadline for bids for our spring timber sale has passed and we have accepted the winning bids. Timber sales are done twice a year. The estimated value of the contracts sold was about \$850,000. That's for half a year so it's a nice improvement. If our next sale is in the same range, it would mean that a million and a half dollars in timber revenue will eventually be deposited in the Normal School Fund. This is good news.

Board Chair Godlewski confirmed that the governor vetoed the removal of the deputy position. So, the deputy position is still a part of the agency.

Executive Secretary German explained that the governor was able to veto the deletion of the position, but he could not delete the deletion of the funding for that position.

Lastly, Executive Secretary German reported that next Sunday, the National Association of State Lands and State Trust Land administrators are meeting. This gives him a chance to talk to cohorts in the western part of the United States to see if anybody might be interested in coming to Wisconsin to join BCPL. Each of the different state trust land administrators have their own challenges. Some have budgetary challenges similar to what we have and every so often there is someone looking for a fresh start in a new location. It is also a good opportunity to bounce ideas off people. He approaches these meetings with a shopping list mentality. At the beginning of the meeting, there is a roll call where every state talks about what's going on in their state. Most talk about the successes and the things they've accomplished. Executive Secretary German tends to talk more about the challenges BCPL is facing and ask his peers about their experience dealing with similar challenges and see what was done and get suggestions. It's always a good thing to learn from someone else's challenges and mistakes.

## **ITEM 8. BOARD CHAIR'S REPORT**

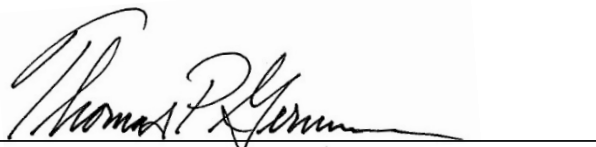
None

## **ITEM 9. FUTURE AGENDA ITEMS**

Milwaukee County fines and forfeitures

## **ITEM 10. ADJOURN**

Board Chair Godlewski moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:27 p.m.



Thomas P. German, Executive Secretary

Link to audio recording:

[https://bcpl.wisconsin.gov/bcpl.wisconsin.gov Shared Documents/Board Meeting Docs/2025/2025-07-15 BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov%20Shared%20Documents/Board%20Meeting%20Docs/2025/2025-07-15%20BoardMtgRecording.mp3)