

Board Meeting Minutes
August 19, 2025

Present were:

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

Secretary of State
State Treasurer
Secretary of State
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

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES

MOTION: Board Chair Godlewski and Commissioner Leiber unanimously approve the motion.

DISCUSSION: None

VOTE: The motion passed 2-0.

ITEM 3. APPROVE LOANS

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

DISCUSSION: Mr. Sneider shared that the loan to the Town of Buffalo in Marquette County is for a reimbursable roadwork project. The town plans to pay down this loan over the next few years. The loan to the Village of Fall Creek is to finance construction of municipal library and village center.

VOTE: The motion to approve the loans passed 2-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$1,900,000.00** in State Trust Fund Loans to support 2 community projects in Wisconsin.

1. Town of Buffalo / Marquette County / Finance roadwork / \$400,000.00
2. Village of Fall Creek / Eau Claire County / Finance construction of library & village center/ \$1,500,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. Milwaukee County Fines and Forfeitures

Executive Secretary German shared some background on the current issue with fines and forfeitures collected in Milwaukee County. The state budget was passed in early July and was put together very quickly at the end. The Legislature and the governor both denied BCPL's request to move our budget appropriation back to program revenue due to questions about the constitutionality of such a move. However, the Legislature and the governor both agreed to a budget provision allowing Milwaukee County to retain 100% of traffic fines and forfeitures collected in the county to be used to fund more assistant district attorney positions. This budget provision appears to conflict with the 1973 Wisconsin Supreme Court opinion regarding Article 10 of the Constitution and the Legislature's limited authority to define clear proceeds. That opinion expressly limited the legislature's authority to define clear proceeds in order to prevent only a nominal amount of fines and forfeitures going to the School Fund. With Milwaukee County keeping 100%, the Common School Fund would get 0%. Zero is less than nominal. The question becomes "Where do we go from here?"

Executive Secretary German shared that he spoke with a Legislative Council attorney about this issue. Leg Council is looking into it.

At the previous meeting, Commissioner Kaul raised the issue of how to go about litigation and discussing it. In Wisconsin, we have the Open Meetings Law, which generally requires meetings of public officials to be held in a manner open to the public. However, the law has exceptions which allow public officials to go into closed session to discuss certain sensitive issues. Section 19.85(1)(g) provides an exception for conferring with legal counsel for the governmental body, with respect to litigation it is likely to become involved in. We did not provide notice that the current board meeting is to have a closed session. It is permissible for the board to move from open to closed session for litigation exception even if the closed session is not listed in the public notice for the meeting. However, the ability to move back into open session after a closed session is restricted if the closed session is not noted on the public notice. The best course of action is to list a closed session on the agenda for the next board meeting, then the next item on the agenda would be 'reconvene in open session'. It would also be best if we were all in-person at the next meeting. It is possible to do a closed session on a telephonic meeting, but it's a little more complicated to do it that way. Does the board agree with this recommendation so we can have a more robust discussion in a closed session?

Board Chair Godlewski shared that the board had discussed getting together in-person originally as more of an annual meeting or a meeting to review the great work BCPL has done. It is now a priority to get all three commissioners in-person at the next meeting. Commissioner Leiber also agreed to meet in person next meeting.

Executive Secretary German has made attempts to get more information about where the \$2.2 million number came from but he has no answer on that yet. He will continue to try to get more information on that.

Board Chair Godlewski and Commissioner Leiber agreed to hold off having further discussion on potential negotiation strategies until next meeting.

Executive Secretary German asked the board if they were satisfied with the way he framed the issue with how we got to this point in the budget.

Board Chair Godlewski replied, yes. She asked Secretary German if moving BCPL funding to program revenue is part of the bigger picture or is it not directly related to the budget issue with Milwaukee County.

Executive Secretary German explained that the reason he brought that up was because of Commissioner Leiber's proposal to resolve the issue.

Board Chair Godlewski shared that the budget amendment (as enacted) is not questionable. It is a clear violation of the constitution and we have to do something about it. She thanked Secretary German for reaching out to the Legislative Council.

ITEM 6.

None

ITEM 7. CHIEF INVESTMENT OFFICER'S REPORT

None

ITEM 8. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German reported we closed the sale of school trust lands adding close to \$400,000 to the landbank so we can acquire additional land assets.

The northern office staff have been looking at selling carbon credits again. We came close to selling them before. Unfortunately, when we got the proposal, it had too many restrictions that would have prevented us from disclosing how much we made and how much we were paying the entity selling the credits on our behalf. As a government entity, those types of restrictions run afoul of the public records law in Wisconsin and the restrictions would have made it very difficult for us to engage in additional land transactions.

Things have changed a bit since then and there are other entities now engaged in that sector. As we look at it again, there's a very real possibility we will be able to generate upwards of \$800,000 a year in revenue from selling carbon credits. It's important to keep in mind, the more land you put into the carbon credit program the more money you'll make. However, this program will restrict the hand of future boards' and future staff's ability to sell lands. It's very important to evaluate which lands you want to put into the program and which lands you want to keep out. It is still possible to sell some lands when enrolled in the program because you have a certain amount of "buffer credits." This gives you some flexibility to divest some lands that are enrolled in the program by using those buffer credits. Sizable and complicated transactions would likely be a problem.

We have made a lot of progress with our landbanking. We started twenty years ago with less than 40% of BCPL having public access. That number is now well in excess of 60%. As noted earlier, if we make the decision to go into carbon credits, it will restrict our ability in the future to engage in land transactions. The thing that makes the carbon credit program attractive is there are some lands, no matter how hard we try, may be difficult to sell due to the fact that they are wetlands or landlocked. We've been at this now for 20 years and have had a fair amount of success, but on some of these lands we haven't received much interest from potential purchasers. Some forested lands may be partially wetland but, have the kind of timber that is not attractive to loggers, e.g. hemlock or other species that do not have a high dollar value. In a carbon program, we get paid for growing those types of trees. The program allows for a much higher stream of revenue from lands that have not produced a stream of revenue so far. We will continue to analyze our options for selling carbon credits unless we receive contrary guidance from the board. Secretary German welcomed input or feedback from the board on this matter.

Executive Secretary German shared that he always makes sure to talk to the Great Lakes Timber Producers and other stakeholders in northern Wisconsin to let them know we're looking at doing this and why we are considering such an action. We haven't received any feedback that would lead us to believe they are against it.

Finally, it may also be possible to stack other credit programs on top of the carbon credit program such as credits for wetland mitigation, which would generate even more revenue from some of those school trust lands that are not currently producing revenue for the trust funds.

Board Chair Godlewski shared that she appreciates BCPL continuing to look for other revenue opportunities. She commented that carbon credits have always been something we have talked about but as we get closer to it becoming a reality, she definitely sees it as a benefit for the fund.

Finally, Executive Secretary German reported that he has reached out to a couple of appraisers regarding Pigeon

Lake to provide quotes on reappraisal or new appraisal and he expects to get those back shortly.

ITEM 9. BOARD CHAIR'S REPORT

None

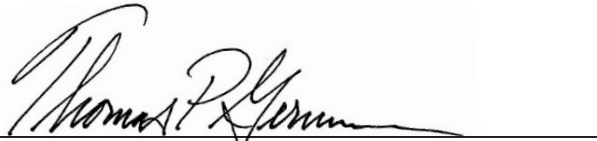
ITEM 10. FUTURE AGENDA ITEMS

Mr. Sneider shared that he will have the second quarter investment report available by September 2nd. However, it sounds like that meeting may already be lengthy. He asked the board if it would be better to deliver that report at the second meeting in September.

Board Chair Godlewski replied that it looks like there will be a lot of conversation about Milwaukee County fines and forfeitures and she does not want to rush the quarterly investment report so doing it at the second meeting in September makes sense. However, if between now and the next meeting there's a clear solution regarding the Milwaukee County there will be time for that report. She leaves that decision up to Mr. Sneider and Secretary German.

ITEM 11. ADJOURN

Board Chair Godlewski moved to adjourn the meeting; Commissioner Leiber seconded the motion. The motion passed 2-0; the meeting adjourned at 2:24 p.m.

A handwritten signature in black ink, appearing to read "Thomas P. German", is written over a horizontal line.

Thomas P. German, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2025/2025-08-19 BoardMtgRecording.mp3>