



Douglas La Follette, *Secretary of State*  
Kurt Schuller, *State Treasurer*  
J.B. Van Hollen, *Attorney General*  
Tia Nelson, *Executive Secretary*

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**Managing Wisconsin's trust assets for public education**

## AGENDA

April 1, 2014

2:00 P.M.

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

- 1) Call to Order
- 2) Approve Minutes – March 18, 2014
- 3) Approve Loans
- 4) Proposed Memorandum of Understanding with WI Department of Revenue
- 5) Executive Secretary's Report
- 6) Adjourn

**BOARD MEETING  
APRIL 1, 2014**

**AGENDA ITEM 2  
APPROVE MINUTES**

Attached for approval are the minutes from the March 18, 2014, board meeting.

Board Meeting Minutes  
March 18, 2014

**ITEM 1. CALL TO ORDER**

Board Chair La Follette called the meeting of the Board of Commissioners of Public Lands to order at 2:00 p.m. He made note that Commissioner Schuller was not available for the meeting.

Present were:

- |                                 |  |
|---------------------------------|--|
| Doug La Follette, Board Chair   | Secretary of State                     |
| J.B. Van Hollen, Commissioner   | Attorney General                       |
| Tia Nelson, Executive Secretary | Board of Commissioners of Public Lands |
| Richard Sneider, Loan Analyst   | Board of Commissioners of Public Lands |
| Vicki Halverson, Office Manager | Board of Commissioners of Public Lands |

**ITEM 2. APPROVE MINUTES – FEBRUARY 18, 2014**

**MOTION:** Commissioner Van Hollen moved to approve the minutes; Board Chair La Follette seconded the motion. The motion passed 2-0.

**ITEM 3. APPROVE LOANS**

Executive Secretary Nelson said that the loans had received legal review.

Municipality	Municipal Type	Loan Amount
1. Christmas Mountain Sauk County Application #: 02014131 Purpose: Replace septic tank/lift station	Sanitary District Rate: 4.25% Term: 20 years	\$150,000.00
2. Lodi Columbia County Application #: 02014128 Purpose: Purchase street sweeper	City Rate: 2.50% Term: 2 years	\$85,000.00
3. River Falls Pierce County Application #: 02014132 Purpose: Refinance BCPL loan #2013167	Town Rate: 3.50% Term: 2 years	\$69,631.10
4. Siren Burnett County Application #: 02014130 Purpose: Purchase land	Town Rate: 2.50% Term: 2 years	\$22,819.20
5. White River Flowage Lake Management Dist Waushara County Application #: 02014129 Purpose: Purchase weed harvester and trailer	Lake District Rate: 3.50% Term: 10 years	\$65,034.50
<b>TOTAL</b>		<b>\$392,484.80</b>

**MOTION:** Commissioner Van Hollen moved to approve the loans; Board Chair La Follette seconded the motion. The motion passed 2-0.

**ITEM 4. PROPOSED LAND BANK SALES TO THE PUBLIC (S1401 – S1408)**

Board Chair La Follette said that the parcels are isolated and most have no public access; they have all been appraised.

**MOTION:** Commissioner Van Hollen moved to approve the sales to the public via sealed bid process; Board Chair La Follette seconded the motion.

**DISCUSSION:** Board Chair La Follette said that if a bid price is not equal to or greater than the appraised value, the parcel will not be sold. Vicki Halverson replied that Wisconsin statutes require a class 3 notice be published to advertise the sales.

**VOTE:** The motion passed 2-0.

**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. EXECUTIVE SECRETARY'S REPORT**

Executive Secretary Nelson reported that staff continues to do outreach at the county town unit meetings held throughout the state. She said that the check presentation to the village of Rock Springs on March 14 went well.

**ITEM 6. ADJOURN**

**MOTION:** Commissioner Van Hollen moved to adjourn the meeting; Board Chair La Follette seconded the motion. The motion passed 2-0.



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Tia Nelson, Executive Secretary

These minutes have been prepared from a tape recording of the meeting. The summaries have not been transcribed verbatim. Anyone wishing to listen to the recording may do so at the Board of Commissioners of Public Lands, 101 E. Wilson Street, 2<sup>nd</sup> Floor, Madison, Wisconsin.

**BOARD MEETING  
APRIL 1, 2014**

**AGENDA ITEM 3  
APPROVE LOANS**

Municipality	Municipal Type	Loan Amount
1. Hiles Forest County Application #: 02014139 Purpose: Purchase tanker/fire truck	Town Rate: 3.50% Term: 10 years	\$160,000.00
2. Montello Marquette County Application #: 02014141 Purpose: Purchase public works vehicle	City Rate: 3.00% Term: 5 years	\$58,000.00
3. Onalaska La Crosse County Application #: 02014140 Purpose: Purchase capital equipment and vehicles	City Rate: 3.00% Term: 5 years	\$511,200.00
4. Pleasant Valley Eau Claire County Application #: 02014138 Purpose: Construct town hall	Town Rate: 4.25% Term: 20 years	\$2,500,000.00
5. Primrose Dane County Application #: 02014133 Purpose: Finance town portion of fire truck	Town Rate: 3.00% Term: 5 years	\$33,000.00
6. Shiocton Outagamie County Application #: 02014143 Purpose: Purchase street sweeper and repair streets	Village Rate: 3.50% Term: 10 years	\$429,700.00
7. Sparta Monroe County Application #: 02014142 Purpose: Finance comprehensive plan	Town Rate: 2.50% Term: 2 years	\$33,700.00
8. Thorp Clark County Application #: 02014134 Purpose: Finance street and park maintenance	City Rate: 4.25% Term: 20 years	\$725,000.00

Municipality	Municipal Type	Loan Amount
9. Thorp Clark County Application #: 02014135 Purpose: Refinance BCPL loan #2005013.02	City Rate: 4.25% Term: 11 years	\$42,140.72
10. Thorp Clark County Application #: 02014136 Purpose: Refinance BCPL loan #97084.01	City Rate: 3.00% Term: 3 years	\$28,425.31
11. Thorp Clark County Application #: 02014137 Purpose: Refinance BCPL loan #97084.02	City Rate: 3.00% Term: 4 years	\$6,474.88
	<b>TOTAL</b>	<hr/> <b>\$4,527,640.91</b>

**BOARD MEETING**

**APRIL 1, 2014**

**AGENDA ITEM 4**

**PROPOSED MEMORANDUM OF UNDERSTANDING WITH  
WISCONSIN DEPARTMENT OF REVENUE**

**RECITALS**

- A. The Common School Fund, managed by the Board of Commissioners of Public Lands, (BCPL) receives unclaimed property in accordance with Article X, Section 2 of the Wisconsin Constitution.
- B. In 2013, a law was enacted that appointed the Wisconsin Department of Revenue (DOR) as the administrator of the Unclaimed Property Program in the State of Wisconsin.
- C. Wisconsin Statutes Section 177.23 directs that unclaimed property shall be deposited in the Common School Fund except that an amount necessary for the payment of claims and administrative expenses shall be deposited in the general fund. The administrator of the Unclaimed Property Program is responsible for determining the amount of unclaimed property that is necessary for payment of claims and administrative expenses.
- D. As administrator of the program, DOR has worked on developing a new methodology for determining the amount of unclaimed property that should be deposited in the general fund and has met with BCPL staff to discuss the methodology and also consider the concerns of BCPL staff.
- E. In an effort to strengthen the relationship, facilitate the exchange of information and provide a framework for addressing the concerns of BCPL, staff is recommending that the Board authorize the execution of a Memorandum of Understanding between BCPL and DOR in substantially the format set forth in attached Exhibit A.

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Commissioners of Public Lands authorizes and directs the Executive Secretary to execute an MOU with the Wisconsin Department of Revenue in substantially the form attached hereto as Exhibit A and take whatever actions are reasonably necessary to implement the MOU.

Attachments:

*Exhibit A – Proposed Draft of Memorandum of Understanding*

**MEMORANDUM OF UNDERSTANDING  
BY AND BETWEEN  
WISCONSIN DEPARTMENT OF REVENUE and  
WISCONSIN BOARD OF COMMISSIONERS OF PUBLIC LANDS**

This MEMORANDUM OF UNDERSTANDING is entered into by and between the WISCONSIN DEPARTMENT OF REVENUE (“DOR”) and the WISCONSIN BOARD OF COMMISSIONERS OF PUBLIC LANDS (“BCPL”) as of the \_\_\_\_\_ day of \_\_\_\_\_, 2014.

1. **Purpose.** The purpose of this MOU is to foster a strong working relationship between the parties with respect to the implementation of 2013 Wisconsin Act 20 and the administration of the unclaimed property program in order to arrange for the transfer of unclaimed property funds from DOR to BCPL on terms that are acceptable to both agencies.
2. **Term.** This MOU shall become effective upon the signature of the parties and shall remain in effect until December 31, 2016. This MOU may be terminated earlier upon 30 days advance written notice by either party.
3. **Pertinent Legal Citations.**
  - a. Wisconsin has adopted a variation of the Uniform Unclaimed Property Act and codified it as Chapter 177 of the Wisconsin Statutes. Wis. Stats. Section 177.23 “Deposit of funds” states in relevant part:
    - (1) Except as provided in sub. (2), the administrator shall deposit in the school fund all funds received under this chapter, including the clear proceeds from the sale of abandoned property under s. 177.22.
    - (2) The administrator shall deposit in the general fund an amount necessary for the payment of claims under ss. 177.24 to 177.226 and administrative expenses.
  - b. Pursuant to 2013 Wisconsin Act 20, DOR was named as administrator of the unclaimed property program.
4. **Cooperation and Communication.** DOR staff and BCPL staff shall work cooperatively to identify issues and solutions with respect to the implementation of 2013 Wisconsin Act 20 and the administration of the unclaimed property program.



- a. DOR staff and BCPL staff shall work diligently and provide all necessary and readily available information to each other upon request.
- b. DOR agrees to provide BCPL with detailed documentation on annual claims and administration expenses of the unclaimed property program at least annually.
- c. DOR agrees to give BCPL an estimate of unclaimed property that will be transferred to the Common School Fund at least 30 days prior to such scheduled transfer.
- d. In an effort to enhance communication, the parties shall meet at least once a year to discuss issues related to the administration of the unclaimed property program.
- e. BCPL shall be responsible for providing chocolate or another treat of DOR staff's choice for the meetings described above.

5. **Methodology for Determining Transfers to Common School Fund.** Based upon a statistical analysis of currently available data, DOR has developed a methodology for determining an amount necessary for the payment of claims and administrative expenses. This methodology also calculates the amount of transfers to the Common School Fund. A copy of a memo outlining this methodology is attached hereto as Exhibit A. The methodology provides in relevant part:

- a. The amount of unclaimed property retained by DOR on an annual basis for the payment of claims and administration expenses shall be the greater of:
  - i. A three year average of claims paid; or
  - ii. Ten percent (10%) of the previous year's total outstanding claims
- b. Amounts of unclaimed property in excess of the amount described above shall be transferred to the Common School Fund at least annually no later than September 1 of each year, after the close of the prior fiscal year.

6. **BCPL acknowledgement of DOR Methodology.** BCPL acknowledges receipt of DOR's methodology and accepts the use of such methodology by DOR for the initial term of this MOU. In accordance with such methodology, DOR transferred \$36,649,640.09 to the Common School Fund on January 31, 2014.

7. **Additional Issues:**

- a. While BCPL accepts the use of DOR's methodology for the initial term of this MOU, BCPL has raised the following issues:

- i. BCPL expressed concern over the use of a percentage of the total outstanding claims as a component in determining the amount necessary for payment of claims. BCPL believes it would be better to use a formula that incorporates the age of the outstanding claims rather than just the total amount as older claims are less likely to be submitted for payment. As the current methodology is requiring an ever larger reserve, BCPL is concerned that this would have a potentially substantial and detrimental effect on the Common School Fund.
  - ii. The frequency and timing of transfers to the Common School Fund.
- b. In light of these concerns, BCPL has respectfully asked DOR to consider these issues in future changes to the methodology as new data is made available.

**8. Further Negotiation and Bi-Annual Review of Methodology.** This MOU does not preclude the agencies from negotiating the implementation of other methodologies for the determination of necessary expenses and payment of claims or for the timing and frequency of transfers to the Common School Fund. Furthermore, the parties agree to revisit the methodology at least every two years to determine whether there are more appropriate methods for calculating an amount necessary for the payment of claims and administrative expenses.

DOR:  
DEPARTMENT OF REVENUE

BCPL:  
BOARD of COMMISSIONERS OF  
PUBLIC LANDS

By: \_\_\_\_\_  
Richard Chandler, Secretary

By: \_\_\_\_\_  
Tia Nelson, Executive Secretary