

Board Meeting Minutes
April 7, 2015

Present were:

Doug La Follette, Commissioner
Matt Adamczyk, Commissioner
Brad Schimel, Board Chair
Tia Nelson, Executive Secretary
Tom German, Deputy Secretary
Richard Sneider, Loan Analyst
Vicki Halverson, Office Manager
Denise Nechvatal, Accountant
Randy Bixby, Land Records Archivist
Other individuals were in attendance
but did not sign in

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

ITEM 1. CALL TO ORDER

Board Chair Schimel called the meeting to order at 2:01 PM and noted that all three Commissioners were present, as was staff.

ITEM 2. APPROVE MINUTES

- **March 17, 2015**
- **March 27, 2015**

Board Chair Schimel asked for a motion to approve the March 17 board meeting minutes.

MOTION and VOTE: Commissioner La Follette moved to approve the minutes; Commissioner Adamczyk seconded the motion. The motion passed 3-0.

Board Chair Schimel asked for a motion to approve the March 27 board meeting minutes.

MOTION AND VOTE: Commissioner La Follette moved to approve the minutes; Board Chair Schimel seconded the motion. The motion passed 3-0.

ITEM 3. APPROVE LOANS

Board Chair Schimel asked if the loans had been examined for proper purpose. Executive Secretary Nelson replied that they had received legal review.

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

DISCUSSION: Commissioner Adamczyk asked if loans numbered 11 and 12 were a restructuring of existing BCPL loans at a lower interest rate. Richard Sneider, BCPL Loan Analyst, replied that they were. He said that customers are required to borrow additional funds in order to refinance existing loans, which helps to maintain earnings for the beneficiaries.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Combined Locks Outagamie County Application #: 02015109 Purpose: Finance water main replacement	Village Rate: 3.75% Term: 20 years	General Obligation	\$400,000.00
2. Combined Locks Outagamie County Application #: 02015110 Purpose: Finance sanitary sewer project	Village Rate: 3.75% Term: 20 years	General Obligation	\$400,000.00
3. La Crosse La Crosse County Application #: 02015113 Purpose: Finance housing replacement projects	City Rate: 3.25% Term: 10 years	General Obligation	\$350,000.00
4. Lebanon Dodge County Application #: 02015107 Purpose: Purchase tractor and mower attachment	Town Rate: 3.00% Term: 5 years	General Obligation	\$102,500.00
5. Madison Metropolitan Dane County Application #: 02015119 Purpose: Finance scoreboard replacement and renovation	School Rate: 3.00% Term: 5 years	General Obligation	\$420,000.00
6. Maple Dale-Indian Hill Milwaukee County Application #: 02015112 Purpose: Refinance WRS prior service pension liability	School Rate: 3.25% Term: 10 years	General Obligation	\$1,240,000.00
7. Onalaska La Crosse County Application #: 02015108 Purpose: Purchase capital equipment and vehicles	City Rate: 3.00% Term: 5 years	General Obligation	\$992,200.00
8. Two Rivers Manitowoc County Application #: 02015114 Purpose: Refinance WRS prior service pension liability	City Rate: 3.75% Term: 15 years	General Obligation	\$1,120,000.00
9. Two Rivers Manitowoc County Application #: 02015115 Purpose: Refinance callable bond issues	City Rate: 3.00% Term: 4 years	General Obligation	\$960,000.00
10. Two Rivers Manitowoc County Application #: 02015116 Purpose: Finance 2015 capital projects	City Rate: 3.25% Term: 10 years	General Obligation	\$647,000.00

11.	Two Rivers Manitowoc County Application #: 02015117 Purpose: Refinance BCPL loans 2014168 and 2014170	City Rate: 3.25% Term: 9 years	General Obligation	\$2,159,596.99
12.	Two Rivers Manitowoc County Application #: 02015118 Purpose: Refinance BCPL loan #2014169	City Rate: 3.75% Term: 19 years	General Obligation	\$2,890,666.44
13.	Windsor Sanitary District #1 Dane County Application #: 02015106 Purpose: Construct water booster	Sanitary District Rate: 3.75% Term: 20 years	General Obligation	\$1,100,000.00
TOTAL				\$12,781,963.43

VOTE: The motion passed 3-0.

ITEM 4. DISCUSS GOVERNOR’S REQUEST FOR BCPL’S BUDGET AND JOINT FINANCE COMMITTEE ACTION

Board Chair Schimel recalled that the Commissioners discussed this topic at prior meetings and asked why it was included on the agenda for this meeting.

Commissioner Adamczyk replied that it was his understanding that the motion made at the March 27 meeting allowed Executive Secretary Nelson to present the Governor’s budget to members of the Joint Finance Committee. He said he did not support the agency’s cost to continue provision in the budget and questioned the agency’s need for the land records archivist and information technology positions.

Commissioner La Follette reminded the other Commissioners that they voted unanimously to support the Governor’s budget on March 27, which included the agency positions that Commissioner Adamczyk now indicated he opposes.

MOTION: Commissioner La Follette moved to support the budget as presented by the Governor; Board Chair Schimel seconded the motion.

DISCUSSION: Commissioner Adamczyk said the Commissioners could recommend changes to the agency’s budget in the future. Board Chair Schimel agreed but said that given the timeframe for the budget, there was no time for those changes now.

MOTION WITHDRAWAL: Commissioner La Follette withdrew his motion. He expressed his concern and found it problematic that Commissioner Adamczyk was now intending to speak to members of the Joint Finance Committee about changes he wanted to the agency’s budget, especially since the three Commissioners voted to unanimously support it at their March 27 meeting.

ITEM 5. EXECUTIVE SECRETARY’S RESPONSE TO ALLEGATIONS

- **Global Warming Task Force**

Board Chair Schimel said it was his understanding that Executive Secretary Nelson was nominated by then-Governor Jim Doyle to serve on a state task force to examine global warming issues. He asked Executive Secretary Nelson if that was accurate. She replied that it was.

Board Chair Schimel asked her if the Commissioners were aware of Governor Doyle's request. She replied that they were.

Board Chair Schimel asked her if any of the Commissioners expressed concern or objection to her participation on the Task Force. She replied no.

Board Chair Schimel asked her if she typically worked a 40-hour work week and how her work week functioned. Executive Secretary Nelson replied that she is currently averaging a 55-hour work week and does what is "necessary to get the job done." She said this sometimes requires her to work evenings and weekends.

Board Chair Schimel asked about recent meetings that involved staff working evenings and weekends. She replied that she, Tom German, and Richard Sneider attended over 35 meetings over the past six months where they promoted the State Trust Fund Loan Program to municipal officials, nearly all of which involved overnight stays and Saturday meetings.

Board Chair Schimel asked if the other Commissioners had any questions. Commissioner La Follette replied that Executive Secretary Nelson served in an executive position, did not "punch a time clock" nor was she expected to, and worked more than 40 hours on many occasions.

Commissioner Adamczyk asked Executive Secretary Nelson if she received "explicit permission from the Board to lobby on global warming or to serve on that Global Warming Task Force." She replied that while there was no board vote, she did discuss her service on the Task Force with all of the Commissioners and none of them objected. Commissioner La Follette added that he was Board Chair at the time and did not think it necessary for the Board to approve such an appointment by a sitting governor, especially since no objections were raised by the other Commissioners.

Commissioner Adamczyk said his concern revolved around the hours that the Executive Secretary had worked on the Task Force while on state time, not Governor Doyle's appointment. He cited a meeting Executive Secretary Nelson attended in Washington, DC, where she "spent the whole day out there testifying before Congress on global warming." Executive Secretary responded to his allegation by stating she "did not spend the whole day ... working on climate change." She said she spent approximately two hours "reporting to Congress the recommendations of the Global Warming Task Force." She said the majority of the day was spent in meetings with Congressional members regarding US Forest Service and BCPL Trust Land exchanges.

Commissioner Adamczyk said he did not want any employee of the agency "to work on that topic again." Board Chair Schimel said there was no action the Board could take retroactively nor was it worth the Board's time to confirm that the Executive Secretary worked 40 hours per week during the time she served on the Task Force.

ITEM 6. PROHIBIT STAFF FROM ENGAGING IN GLOBAL WARMING OR CLIMATE CHANGE WORK WHILE ON BCPL TIME

MOTION: Commissioner Adamczyk moved to prohibit staff from engaging in global warming or climate change while on BCPL time; Board Chair Schimel seconded the motion.

DISCUSSION: Commissioner La Follette said he had "never seen such nonsense" in the 30 years that he has served on the Board and the Board would be trying to "gag employees from talking about issues ... climate change." He said the topic did relate to the agency's work because the land and forests that BCPL manages were affected by climate change.

Commissioner Adamczyk said the Executive Secretary had spent a lot of time on the issue. He did not think climate change was "important or relevant" to the Trust Funds, was not a part of the Board's mission, and wanted agency staff to manage the Trust Funds.

Board Chair Schimel said it was “not a gag of any kind on the Executive Secretary” or any member of the staff. He said staff could participate in activities they found important on their personal time.

Commissioner La Follette asked how staff should respond to questions about the effects climate change had on Trust Lands. Commissioner Adamczyk did not think that would be a likely question and asked why staff would even have to answer such a question. Executive Secretary Nelson said climate change is sometimes a topic of discussion among timber land managers in northern Wisconsin. She did not think it inconceivable that she or staff would be asked such a question and asked if they would be allowed to answer questions on the topic. Commissioner Adamczyk said that emails could be forwarded to the Commissioners.

Commissioner La Follette said it was not only appropriate but sensible for the Executive Secretary of BCPL to participate in such discussions.

Commissioner Adamczyk would have preferred that the Board not prohibit this type of activity but implied that the Executive Secretary had been “engaging on this topic for years.” He asked Executive Secretary Nelson if she was actively lobbying or working on climate change at the present time. She replied that she had never lobbied on climate change in the ten years she had been at BCPL and had not actively worked on climate change since 2008, which was when the Task Force completed its work. She said that she had attended a meeting “a couple of years ago” convened by timber land managers where the impacts of climate change on timber management was discussed.

Commissioner Adamczyk stated that “in a lot of ways it’s a moot point.” He wanted to “make it abundantly clear” that he did not want staff working on global warming or climate change while on BCPL time.

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

ITEM 7. DISCUSSION TO BRING BCPL UNDER THE UMBRELLA OF THE UNIFORM PRUDENT MANAGEMENT OF INSTITUTIONAL FUNDS ACT (UPMIFA)

Board Chair Schimel explained that Wisconsin is part of a uniform compact that addresses how institutional funds are managed but the Board’s current investment authority is governed by Wis. Chapter 24. He said the Board should investigate the long-range impacts that prudent investor standards may have on the Trust Funds and asked the staff to prepare and present a report to the Board in 90 days.

ITEM 8. MILWAUKEE BUCKS ARENA FINANCE UPDATE

Board Chair Schimel said that some of the proposals involved BCPL providing a portion of the financing for an arena in Milwaukee County. He said that BCPL’s involvement in a project such as this was not unprecedented because the Board had provided financing for the Lambeau Field renovation, which required statutory changes. He said the amount of funds being sought was much larger and may require the Board to liquidate some of their assets.

Executive Secretary Nelson said the Board had \$100 million in cash and staff recommended reserving \$50 million for anticipated State Trust Fund Loan demand. She said that of the Board’s \$1 billion in assets, \$400 million was invested in municipal loans and approximately \$500 was invested in Wisconsin municipal bond and Farm Credit bonds. She cautioned that a large sale of bonds by the Board could have a negative impact on municipal borrowers as well as BCPL. She said a private sale of BCPL-owned bonds to the Bucks’ owners might be an option.

Commissioner La Follette said he would not support any agreement that would result in a loss of revenues for the Trust; Commissioner Adamczyk agreed. Executive Secretary assured the Board that staff would not recommend any financing option that was not in the best interest of the Trust.

Board Chair Schimel asked if a timeline for the project was known and how much funding BCPL might be expected to invest in the arena. Executive Secretary Nelson said the facility was to be completed by 2017 and the funding amount was between \$150 million and \$220 million. She said staff would keep the Board apprised of any developments.

ITEM 9. VOTE ON ADDITIONAL BOARD CHAIR DUTIES

- Approve all BCPL expenditures over \$5,000
- Approve all in-state and out-of-state travel
- Approve Executive Secretary work hours using actual start/stop times
- Approve any new staff hires at BCPL

Board Chair Schimel suggested each item be discussed individually. He had intended to speak to Executive Secretary Nelson in the week prior to the meeting about agency expenditures over \$5,000 but had not had an opportunity to do so. Executive Secretary Nelson said the agency's accountant had compiled a list of those expenditures for the last five fiscal years. She explained that some agency expenses are fixed such as the monthly lease payment, salaries and health benefits costs. She said she would send the list to the Commissioners.

Board Chair Schimel said he was reluctant for the Board Chair to approve all in-state travel by BCPL employees because a majority of those costs would be mileage reimbursements from staff attending town and county meetings. He was not interested in micromanaging those expenses.

Board Chair Schimel said, based on conversations he had with the Executive Secretary, he did not have any concerns about her work hours.

ITEM 10. VOTE REQUIRED FOR ANY TRAVEL BY EXECUTIVE SECRETARY OR COMMISSIONERS PAID WITH BCPL FUNDS

MOTION: Board Chair Schimel moved that the Commissioners must approve out-of-state travel for the Executive Secretary, staff, or Commissioners. Commissioner Adamczyk seconded the motion.

DISCUSSION: Commissioner La Follette said he had represented the BCPL at out-of-state conferences in the past and asked how he would get permission to attend future conferences. Board Chair Schimel said requests should be added to an agenda so the Board could discuss the request and vote. He said the motion should not be viewed as a prohibition on Commissioners or staff attending out-of-state conferences. Commissioner La Follette said, in the past, Executive Secretary Nelson made the Commissioners aware of conferences and Commissioners attended if they desired. He felt the process was managed well.

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

Board Chair Schimel said if the process becomes unworkable or unmanageable, the Board could review it. Commissioner La Follette thanked Board Chair Schimel for his effort in making the process work.

ITEM 11. DISCUSS AND VOTE REGARDING COMMISSIONER'S DUTY TO RECEIVE BCPL INFORMATION AND STAFF DOCUMENTATION EFFORTS

Board Chair Schimel said he understood there had been "some friction when State Treasurer Adamczyk has sought information." Commissioner Adamczyk said he realizes that his information requests cannot be fulfilled "in one minute" but it has been implied that he is asking for a lot of data and is burdening the staff.

Executive Secretary Nelson responded that she and staff had fulfilled, in a timely manner, approximately 45 information requests submitted by Commissioner Adamczyk, with the exception of the Normal School Fund report. Due to the volume of requests she said a spreadsheet had been created to track the requests, the date they were received, which staff member had been assigned to the task, and the date the request was filled. She said compiling the many responses and managing staff workflow relating to his requests, in addition to routine business, proved challenging.

Commissioner Adamczyk said the requests he had made were "just very simple things." He gave an example of his request for documentation supporting the Normal School Fund expenditures that had been reported in past biennial reports. He believed the information should be "in a document that BCPL already has." Executive Secretary Nelson replied that the request he was referring to involves a comprehensive, 10-year analysis of Normal School Fund revenues and expenditures. She said that at a previous board meeting, all the Commissioners had agreed to give staff additional time to compile the data and present a report to the Board at a future meeting.

Commissioner La Follette said he had tried to resolve the information request issue at a previous Board meeting. At that meeting, he suggested that the Commissioners make information requests at a Board meeting so it could be discussed. If the board determined that the information was required in order for them to make a decision on a particular matter, they could then direct staff to conduct the research. His said the suggestion was rejected.

Commissioner Adamczyk said he was interested in reviewing the breakdown of Normal School Fund expenditures and the documents that supported the agency's biennial reports over the last ten years. He said that his request did not require staff to "have anything created." He reiterated his belief that the requests he had made were simple and that the documentation should be readily available and provided to him. Executive Secretary again replied that his requests were not as simple as he claimed and took "strenuous objection" with the way Commissioner Adamczyk had characterized the situation.

Board Chair Schimel said the topic of the Normal School Fund analysis should be added to the April 21 board meeting.

ITEM 12. FUTURE AGENDA ITEMS

(Commissioner La Follette was unable to stay for the remainder of the meeting and excused himself.)

ITEM 13. EXECUTIVE SECRETARY'S REPORT

No discussion.

ITEM 14. ADJOURN

MOTION AND VOTE: Commissioner Adamczyk moved to adjourn the meeting; Board Chair Schimel seconded the motion. The motion passed 2-0.



Tia Nelson, Executive Secretary

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