

Board Meeting Minutes
August 19, 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 |
| John Schwarzmann, Forestry Supervisor | Board of Commissioners of Public Lands |

ITEM 1. CALL TO ORDER

Board Chair Schimel called the meeting to order.

Commissioner La Follette commended Richard Sneider for his work in selling bonds and earning an additional \$44,000 for the Trust Funds.

ITEM 2. APPROVE MINUTES – AUGUST 5, 2015

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

DISCUSSION: None.

VOTE: The motion passed 3-0.

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. Elkhart Lake-Glenbeulah Sheboygan County Application #: 02016041 Purpose: Finance district-wide HVAC project	School Rate: 3.00% Term: 5 years	General Obligation	\$900,000.00
2. Orfordville Rock County Application #: 02016042 Purpose: Finance village hall remodeling project	Village Rate: 3.75% Term: 19 years	General Obligation	\$850,000.00
3. Random Lake Sheboygan County Application #: 02016040 Purpose: Finance street and recreational facilities projects	Village Rate: 3.00% Term: 5 years	General Obligation	\$565,000.00

4. Ripon Fond Du Lac, Green Lake and Winnebago Counties Application #: 02016039 Purpose: Finance school building remodeling/addition	School Rate: 3.25% Term: 10 years	General Obligation	\$900,000.00
TOTAL			\$3,215,000.00

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 COMMON SCHOOL FUND REVENUE AND UNCLAIMED PROPERTY REPORT

Acting Executive Secretary German said staff had prepared a report at the request of Commissioner La Follette that detailed the various major revenue inflows to the Common School Fund. He said the data was not sufficient enough to determine if the Fund is receiving all the money that should be deposited into it.

Commissioner La Follette said it was troubling to him that deposits from the Commissioner of Insurance and Unclaimed Property were down substantially. He asked Commissioner Adamczyk how many staff was employed at the State Treasurer's Office. Commissioner Adamczyk replied, "I don't have anybody currently working for me but myself," and noted that it was important that the Board work with the Department of Revenue to ensure that BCPL receives the correct amount of Unclaimed Property each year. Commissioner La Follette thanked him for answering his question. Commissioner La Follette said he was told that Commissioner Adamczyk had hired three LTEs (limited term employees) but whoever told him that must have been mistaken, and he was glad to have that clarified.

MOTION: Commissioner La Follette moved that the Board ask the Legislative Audit Bureau to conduct a performance audit of: 1) the activities involving fines and forfeitures from the Office of Commissioner of Insurance for the past four years, and 2) the activities involving the Unclaimed Property Program, all revenues and expenses for the program for the last two years to ensure that it's 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 those hours involved.

Board Chair Schimel said the public notice for the Board meeting only included a discussion of the topic so the Board could not vote on the motion. Commissioner La Follette requested that his motion be added to the next Board meeting agenda. Board Chair Schimel acknowledged Commissioner La Follette's request and instructed staff to include the item on the next Board meeting agenda.

ITEM 5. PROPOSED LAND BANK PURCHASE (P1502 – CONNOR/WISCONSIN TIMBER ASSOCIATES)

Acting Executive Secretary German said that Mr. Connor offered to sell two 80-acre parcels to the BCPL. The 160 acres are contiguous to a substantial block of School Trust Lands in Forest County. He said that the Board's purchase of the property would provide permanent, legal access to an 80-acre block of School Trust Lands that was disconnected from the larger block; provide a good road network to the Trust Lands; and provide high-quality timber that could be harvested in the next seven years. He added that the U.S. Forest Service (USFS) was proposing a land trade with BCPL that would add another 80 acres of land that lies between the two Connor parcels. Because of the way the Connor parcels and the proposed USFS land exchange parcels would block with the existing Trust Lands, management efficiencies and timber revenues would increase.

Commissioner Adamczyk said he did not support purchasing land, believed the purchase was a terrible investment, and questioned the need for acquiring the property. He said that the land proposed in the USFS exchange would “connect” the Board’s other land so purchasing the Connor property was unnecessary. Commissioner Adamczyk asserted that the Land Bank funds could be invested and the Board would make a better return on that investment. Board Chair Schimel asked if the USFS exchange would resolve the permanent, legal access issue. Acting Executive Secretary German replied that it would not because the road shown on the map was a private road that crossed the Connor property before crossing the USFS property and the 80-acre BCPL parcel.

MOTION: Commissioner La Follette moved to approve the purchase; Board Chair Schimel seconded the motion so the Board could continue the discussion.

DISCUSSION: Commissioner Adamczyk said he would work to abolish Land Bank Authority and asked where in the State Constitution it directs the Board to purchase land. Board Chair Schimel replied that it was their responsibility to ensure that the assets managed by the Board remain valuable. He believed it was constitutionally legitimate for the Board to enhance the value of the Trust Lands.

Commissioner Adamczyk again questioned the rationale for purchasing 160 acres of property to increase the value of 80 acres. He asserted that those funds could be invested in bonds or loans. He also asked if the 80 acres had ever been offered for sale. Acting Executive Secretary German replied that the property had not been offered for sale because of the access limitations. He also noted that the market value of the 80 acres would increase if BCPL obtained permanent, legal access through this purchase.

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

ITEM 6. DISCUSS INTERIM INVESTMENT STRATEGIES WHILE TRANSITIONING TO PRUDENT INVESTOR STANDARDS

Acting Executive Secretary German said the Governor had signed the bill that would expand the BCPL’s investment authority in accordance with the Prudent Investor Standard. He and staff would be writing guidelines on how to implement those standards so potential investments would be in compliance with the legislation. Board Chair Schimel asked if additional staff would be required to ensure that due diligence was conducted on investments under the new standards. Mr. German replied that no additional staff was required at this time. He said that funds would not be invested in investments if staff was unable to conduct the necessary due diligence.

ITEM 7. EXPENSE OVER \$5,000

Board Chair Schimel explained that he had approved an expense totaling \$6,800 for an appraisal on School Trust Lands, which staff will offer via sealed bid sale.

ITEM 8. DISCUSS LTE FORESTER INTERN

Board Chair Schimel said two limited term employees (LTE) in the District Office had recently resigned. He gave his approval for staff to hire one LTE to assist staff with fall timber sale preparation.

ITEM 9. FUTURE AGENDA ITEMS

Board Chair Schimel said that Commissioner La Follette’s motion relating to the Common School Fund audit would be added to the next board meeting agenda.

ITEM 10. EXECUTIVE SECRETARY'S REPORT

Acting Executive Secretary German reiterated what he had reported under Item 6 above. Board Chair Schimel said that a member of Joint Finance had contacted him the week prior and expressed their appreciation for the efforts and knowledge that Tom (German) and Rich (Sneider) had provided during the Arena Project.

ITEM 11. 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://doafpt1380.wi.gov/doadocs/BCPL/2015-08-19_BCPL-BoardMtgRecording.mp3