

Board Meeting Minutes  
July 24, 2018

Present via teleconference were:

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| Doug La Follette, Commissioner            | Secretary of State                     |
| Matt Adamczyk, Commissioner               | State Treasurer                        |
| Brad Schimel, Board Chair                 | Attorney General                       |
| Jonathan Barry, Executive Secretary       | Board of Commissioners of Public Lands |
| Tom German, Deputy Secretary              | Board of Commissioners of Public Lands |
| Vicki Halverson, Office Manager           | Board of Commissioners of Public Lands |
| Richard Sneider, Chief Investment Officer | Board of Commissioners of Public Lands |

**ITEM 1. CALL TO ORDER**

Board Chair Schimel called the meeting to order at 2:01 p.m.

**ITEM 2. APPROVE MINUTES – JULY 3 AND JULY 6, 2018**

**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**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Brooklyn Green County Application #: 02019001 Purpose: Finance roadwork	Town Rate: 4.25% Term: 10 years	General Obligation	\$150,000.00
2. Elk Mound Dunn County Application #: 02019004 Purpose: Purchase skidsteer	Village Rate: 4.25% Term: 10 years	General Obligation	\$40,000.00
3. Holland La Crosse County Application #: 02019007 Purpose: Finance fire truck	Town Rate: 4.00% Term: 2 years	General Obligation	\$286,959.67
4. Hortonville Area Outagamie County Application #: 02019002 Purpose: Finance athletic field renovation	School Rate: 4.00% Term: 5 years	General Obligation	\$980,000.00
5. Knapp Jackson County Application #: 02019006 Purpose: Finance highway reconstruction	Town Rate: 4.00% Term: 5 years	General Obligation	\$100,000.00

6.	Mercer Iron County Application #: 02019009 Purpose: Purchase tractor	Town Rate: 4.00% Term: 2 years	General Obligation	\$35,000.00
7.	Pepin Pepin County Application #: 02019008 Purpose: Finance road project	Village Rate: 4.50% Term: 14 years	General Obligation	\$165,000.00
8.	Rutland Dane County Application #: 02019005 Purpose: Finance capital equipment and roadwork	Town Rate: 4.00% Term: 5 years	General Obligation	\$140,000.00
9.	Wellington Monroe County Application #: 02019003 Purpose: Finance road and bridge projects	Town Rate: 4.00% Term: 5 years	General Obligation	\$75,000.00
<b>TOTAL</b>				<b>\$1,971,959.67</b>

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

**DISCUSSION:** None.

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

#### **ITEM 4. DISCUSS AND VOTE ON PROPOSED SUBMERGED LANDS LEASE – CITY OF ASHLAND**

Deputy Secretary German explained that per Wisconsin state statutes BCPL is the leasing agent for lake and river beds and holds them in trust for the citizens of Wisconsin. The DNR is required to make a regulatory finding that any filling of lake or river beds are consistent with the public interest in navigable waters. That finding has been completed. A portion of Chequamegon Bay on Lake Superior had been filled many years ago and used for a number of purposes over the years. The area was designated as a superfund site and requires significant remediation, which is nearly complete.

The city of Ashland wants to lease the property, make improvements, and open the area to the public as a city park. Staff are asking the Board to approve a lease to the city of Ashland for that purpose.

Commissioner Adamczyk asked if the DNR or the Governor’s Office “wants us to do this.” Deputy Secretary German replied that “they absolutely want us to do it.”

**MOTION:** Commissioner La Follette moved to approve the 50-year submerged lands lease with an annual lease payment of \$200 to the city of Ashland; Board Chair Schimel seconded the motion.

**DISCUSSION:** None.

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

**NOW, THEREFORE BE IT RESOLVED**, that the Board of Commissioners of Public Lands authorizes a fifty-year Submerged Lands Lease with the city of Ashland in accordance with Section 24.39 of the Wisconsin Statutes with a base rental rate of Two Hundred Dollars per year for the purposes of improving navigation, improving or constructing “harbor facilities” or for improvement or provision of recreational facilities related to navigation for public use, on such other 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 transaction.

**ITEM 5. DISCUSSION ONLY (NO VOTE) REGARDING COMMISSIONER ADAMCZYK’S CONCERN ABOUT THE LACK OF PROFESSIONAL INVESTMENT EXPERIENCE BY “BCPL INVESTMENT COMMITTEE.” ATTACHMENTS TO ADD:**

- **According to SWIB attachment from this email**
- **Please include any prior work experience investing in stocks/bonds/venture capital if you have any for you/Tom/Rich**

Board Chair Schimel asked Commissioner Adamczyk to start the discussion since he requested that the topics be included on the agenda. Commissioner Adamczyk questioned whether staff involved in investing the School Trust Funds had a background or experience in such activity before joining the BCPL. Executive Secretary Barry provided information on each staff’s years of experience in investments. Commissioner Adamczyk said he was interested in their investment dealings “before working at the BCPL.” Executive Secretary Barry said that was irrelevant and that staff are eminently qualified for the work they are doing.

Commissioner Adamczyk again questioned whether staff had a professional background in investing and managing funds. Board Chair Schimel noted that the instruments that staff have invested in have been “wildly successful.” He added that staff carefully research investments and have demonstrated they are very capable of managing the Trust Fund investments.

Commissioner Adamczyk continued to question staff’s qualifications and abilities. Executive Secretary Barry responded that the Division of Personnel Management recently evaluated the positions held by Tom German and Richard Sneider. The evaluation resulted in new position descriptions for each of them and that they are fully qualified. He added that SWIB recently hired fixed income managers with accounting degrees who will be trained and who will grow into the position.

Commissioner Adamczyk questioned why staff invested \$15 million in two venture capital funds with no “guaranteed success” and why the Commissioners were not given an opportunity to vote on them. Executive Secretary Barry reminded him that staff performed due diligence on the venture capital investments and reported their findings to be Board before committing the funds. He said that while Commissioner Adamczyk has been asking staff to take on riskier investments since his joining the Board, he [Adamczyk] has voted against every investment opportunity presented. Commissioner Adamczyk replied that he did not want “you doing it.” He wanted SWIB investing the Board’s Trust Funds.

Executive Secretary Barry also pointed out that staff developed an investment plan and asset allocation model with involvement from the UW Madison School of Business and SWIB. Further, the draft plan was vetted by BCPL beneficiaries, most particularly DPI and the Wisconsin Educational Media & Technology Association (WEMTA). It was also shared with legislative leadership and the Governor’s office. During its development the plan had been presented to the board on several occasions and modifications were made to address Commissioners’ concerns. (The policy incorporating all these changes was approved at the November 1, 2016 board meeting.)

Commissioner La Follette asked that the following statement be included for the record: “I am critical of the Treasurer’s continual harassment of our staff on this issue, which we’ve just been hearing about, and on freedom of information requests for loans. I saw that the other day. There’s no rhyme or reason for that. It’s just irritating me to see it and it’s making our staff’s life difficult. They have important work to do and having to respond to all this clearly harassment has to end. And I want that on the record and I’d urge the Treasurer to stop doing it. Please. Thank you.”

Commissioner Adamczyk again questioned staff’s competency and knowledge relating to venture capital and equity investments. Richard Sneider gave a detailed description of his background, education, and experience relating to finance and investment analysis. He also provided an explanation of the CFA and CIPM designations he has earned over the years and how that knowledge benefits the Board and is used when making investment decisions.

Board Chair Schimel said he had heard enough from Commissioner Adamczyk and was “counting the days ‘til you’re not on this Board.” He agreed with Commissioner La Follette and stated for the record that “the string of demands you’ve made on the people who work hard at this agency has been unreasonable and abusive.” He said that while Commissioner Adamczyk had made his unsubstantiated and baseless allegations against them, staff have performed due diligence on the investments presented to the Board and have been quite successful investing the Trust Funds.

**ITEM 6. DISCUSSION ONLY (NO VOTE) ON OTHER OPTIONS FOR INVESTMENT OF BCPL TRUST ASSETS, SUCH AS HOW DONE BY THE MINNESOTA SCHOOL TRUST FUND. DISCUSS HAVING INVESTMENT FIRMS PRESENT TO COMMISSIONERS HOW THEY COULD INVESTMENT [SIC] SOME OF THE \$1.1 BILLION IN ASSETS. (ADD OTHER THREE ATTACHMENTS FROM THIS EMAIL)**

Board Chair Schimel asked if this agenda item had been addressed during the discussion of item five. Commissioner Adamczyk again questioned staff’s investment knowledge and stated he would prefer that SWIB (State of Wisconsin Investment Board) invest the Trust Funds because they could realize greater returns. Executive Secretary Barry pointed out that Commissioner Adamczyk had “wanted to keep quiet” a Legislative Fiscal Bureau memo that refutes his (Adamczyk’s) claim that more would be earned if SWIB managed the funds within the laws that currently exist.

Executive Secretary Barry said that Commissioner Adamczyk had supported legislation to eliminate the State Trust Fund Loan Program and shift the Trust Fund earnings to a beneficiary other than public school libraries. The legislation was very unpopular and all 18 groups who attended the hearing were opposed to it.

Commissioner Adamczyk replied, “We can just move on. Brad and Doug don’t want to do anything. Let’s just move on. I’m fine to move on.” Board Chair Schimel noted that Commissioner Adamczyk’s “usual plan” is to move on after he makes his attack and gets push back from others.

**ITEM 7. FUTURE AGENDA ITEMS**


None.

**ITEM 8. EXECUTIVE SECRETARY’S REPORT**

Executive Secretary Barry referred the board to the investment transaction report that was included in their packet.

**ITEM 9. ADJOURN**

**MOTION:** The meeting adjourned at 2:33 p.m.

  
Jonathan B. Barry, 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/2018-07-24\\_BCPL-BoardMtgRecording.mp3](ftp://doafpt1380.wi.gov/doadocs/BCPL/2018-07-24_BCPL-BoardMtgRecording.mp3).