

Board Meeting Minutes  
May 20, 2019

Present in person were:

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| Sarah Godlewski, Board Chair              | State Treasurer                        |
| 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 |

Present via teleconference were:

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| Josh Kaul, Commissioner | Attorney General |
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**ITEM 1. CALL TO ORDER**

Board Chair Godlewski called the meeting to order at 3:01 p.m. Commissioner La Follette was not present.

**ITEM 2. APPROVE MINUTES - MAY 7, 2019**

**MOTION:** Board Chair Godlewski moved to approve the minutes; Commissioner Kaul seconded the motion.

**DISCUSSION:** Commissioner Kaul noted that the attorney referred to in item four of the minutes is an Assistant Attorney General, not an Assistant District Attorney.

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

**ITEM 3. APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Freedom Outagamie County Application #: 02019132 Purpose: Finance town complex planning and design	Town Rate: 4.00% Term: 3 years	General Obligation	\$400,000.00
2. Greenville Outagamie County Application #: 02019133 Purpose: Construct public safety building	Town Rate: 4.00% Term: 2 years	General Obligation	\$6,750,000.00
3. Merrimac Sauk County Application #: 02019130 Purpose: Refinance tractor lease	Village Rate: 4.25% Term: 7 years	General Obligation	\$35,175.84
4. Northfield Jackson County Application #: 02019135 Purpose: Finance roadwork	Town Rate: 4.00% Term: 2 years	General Obligation	\$50,000.00

5.	Pleasant Springs Dane County Application #: 02019126 Purpose: Finance roadwork	Town Rate: 4.00% Term: 2 years	General Obligation	\$300,000.00
6.	Rice Lake Barron County Application #: 02019134 Purpose: Finance building acquisition and ancillary costs	City Rate: 4.25% Term: 10 years	General Obligation	\$200,000.00
7.	River Ridge Grant County Application #: 02019131 Purpose: Finance site improvements	School Rate: 4.25% Term: 10 years	General Obligation	\$1,000,000.00
<b>TOTAL</b>				<b>\$8,735,175.84</b>

Mr. Snider reported that the loans were typical in nature. The town of Greenville may prepay the construction loan if they are able to secure financing in the bond market; the River Ridge School District loan is the second and final phase of a construction project.

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

**DISCUSSION:** None.

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

**ITEM 4. DISCUSS AND VOTE ON BOARD’S ENDORSEMENT OF GOVERNOR’S BIENNIAL BUDGET FOR BCPL WITH REQUEST FOR CONSIDERATION OF THE ADDITION OF A GIFTS AND GRANTS APPROPRIATION LINE IN THAT BUDGET**

Executive Secretary Barry and Board Chair Godlewski reported that they each had met separately with executive staff in the Office of the Secretary in the Department of Administration to discuss the request.

**MOTION:** Board Chair Godlewski moved to approve the endorsement of the Governor’s Biennial Budget for BCPL and request the consideration of a gifts and grants appropriation line; Commissioner Kaul seconded the motion.

**DISCUSSION:** The Board discussed the timing of the motion in relation to the budget process and decided that moving forward now would be best. Executive Secretary Barry explained that the request for a gifts and grants line was necessary in order for the agency to accept future gifts or grants and spend them appropriately without impacting other program revenue or agency appropriations.

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

**Other Related Discussions:**

*Unclaimed Property Program*

Board Chair Godlewski sought legal clarity from attorneys at the Department of Justice regarding the Board’s role as a fiduciary to the Common School Fund and, also clarity on legislation that was passed during the “lame duck

session” to ensure that forfeiture money is deposited into the Common School Fund and not the General Fund. Commissioner Kaul’s view was that the extraordinary session legislation does not alter where those funds are deposited. He would like an Assistant Attorney General to discuss the question of the Board’s fiduciary responsibility at a future board meeting. He then asked how legal advice from DOJ was presented to the board in the past. Deputy Secretary German replied that the legislative process had moved quickly and oftentimes staff were only able to provide fiscal notes in response to proposed legislation. Staff would then inform the Board at their next meeting of any legislative activity impacting the agency or its programs. He could not cite an instance in the recent past where DOJ had been consulted.

The Board and staff discussed whether BCPL or the Department of Revenue could request an audit of the Unclaimed Property Program by the Legislative Audit Bureau (LAB). Although the Board can request an LAB audit, the LAB acts at the direction of the legislature, so the decision to conduct an audit would need to come from the Joint Legislative Audit Committee. In 2008, the Legislative Audit Bureau reviewed the State Treasurer’s administration of unclaimed property and published a Letter Report detailing their findings. Deputy Secretary German said the report was not an audit but a narrative. He offered to provide a copy of the report to the Commissioners if they were interested.

Board Chair Godlewski would like an audit of the Program and a third-party audit to locate unclaimed property that has not been reunited with its rightful owner. Since third-party audits have not been conducted, there is no enforcement mechanism to ensure businesses transfer unclaimed property to the DOR and, thus, comply with law. Because the State Treasurer’s Office has no funding or authority to conduct third-party audits, the Board could request that DOR provide a report detailing the number of unclaimed property reports that have been filed by businesses over a designated period of time and the amount of money associated with those reports. The report would reveal how many reports were filed, how much money came in, and trend lines. Because an audit of the Program has not been conducted in over ten years, requesting an audit by the DOR and/or the Legislative Audit Committee seemed in order.

A meeting with Secretary Barca at DOR was scheduled that week and staff said they would ask the following questions and report back to the board at the next meeting:

- How DOR is ensuring businesses are complying with the unclaimed property statutes, and
- Would DOR be willing to be included in a joint letter to the Legislative Audit Committee requesting that the LAB conduct an audit of the Program.

Staff will also meet with an Assistant Attorney General to discuss the legal matters relating to the Board’s fiduciary responsibilities.

#### **ITEM 5. CHIEF INVESTMENT OFFICER’S REPORT**

Mr. Sneider reported stocks were purchased in response to a dip in the stock market. Public equities now represent 5.1% of the Board’s investment portfolio.

Board Chair Godlewski noted that the end of the fiscal year was approaching and requested that Mr. Sneider provide the Board with a year-end overview of the portfolio including State Trust Fund Loans and any milestones.

#### **ITEM 6. EXECUTIVE SECRETARY’S REPORT**

Nothing to report.

#### **ITEM 7. BOARD CHAIR’S REPORT**

Last week, Board Chair Godlewski met with municipal officials in northwestern Wisconsin to highlight BCPL investments in Burnett County. The town of Wood River received a State Trust Fund Loan to replace a town hall that was built in 1916. She also presented a \$25,000 ceremonial check to officials at the Webster School District,

which represented the school district's portion of Common School Fund library aid. The funds are the school district's sole source of money for library books and materials.

The BCPL Investment Committee continues to research due diligence processes for investments.

#### **ITEM 8. FUTURE AGENDA ITEMS**

- Staff attendance at Western States Land Commissioners Association conference
- Year-end investment report
- Potential real estate transactions

#### **ITEM 9. ADJOURN**

Board Chair Godlewski moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 2-0; the meeting adjourned at 3:37 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: [https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2019/2019-05-20\\_BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2019/2019-05-20_BoardMtgRecording.mp3)