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Thomas P. German, *Executive Secretary*

## AGENDA

July 1, 2025

2:00 P.M.

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

### Routine Business:

1. Call to Order
2. Approve Minutes – June 17, 2025 (Attachment)
3. Approve Loans

### Old Business:

4. None

### New Business:

5. None

### Routine Business:

6. Chief Investment Officer's Report
7. Executive Secretary's Report
8. Board Chair's Report
9. Future Agenda Items
10. Adjourn

### AUDIO ACCESS INFORMATION

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Conference Line Number: 608-571-2209  
1st Tues of the month Conf ID Code: 207 822 241#  
3rd Tues of the month Conf ID Code: 335 125 302#

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Board Meeting Minutes  
June 17, 2025

Present were:

Sarah Godlewski, Board Chair	Secretary of State
John Leiber, Commissioner	State Treasurer
Josh Kaul, Commissioner	Attorney General
Nicole Pegram, Deputy Chief of Staff	Secretary of State
Kathryn Wacker, Staff	Secretary of State
Tom German, Executive Secretary	Board of Commissioners of Public Lands
Rich Sneider, Chief Investment Officer	Board of Commissioners of Public Lands
Chuck Failing, IT Manager	Board of Commissioners of Public Lands
Denise Nechvatal, Controller	Board of Commissioners of Public Lands
Thuy Nguyen, Office Manager	Board of Commissioners of Public Lands

### ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:00 p.m.

### ITEM 2. APPROVE MINUTES

**MOTION:** Commissioner Kaul moved to approve the minutes; Commissioner Leiber seconded the motion.

**DISCUSSION:** None

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

### ITEM 3. APPROVE LOANS

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

**DISCUSSION:** Mr. Sneider reported that there are six bread and butter loans for vehicles and roadwork and three more unusual loans. Loan #5 to the City of Delavan is for the purchase of golf course equipment for a municipally owned golf course. The Village of Hancock is taking out loans #8 and #9. Loan #8 is for financing operations. Operating loans are becoming more common for BCPL. Loan #9 is for refinancing a line of credit the village took out from a local bank.

Board Chair Godlewski asked if there are more specifics about the Village of Hancock's loan for operations.

Mr. Sneider replied that he thinks the village had an unexpected expense.

**VOTE:** The motion to approve the loans passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$2,934,089.00** in State Trust Fund Loans to support **9** community projects in Wisconsin.

1. Town of Navarino / Shawano County / Finance purchase of firetruck / \$150,000.00
2. Town of Pelican / Oneida County / Finance purchase of loader / \$160,000.00
3. Town of Pine Lake / Oneida County / Finance roadwork / \$225,000.00
4. Rhinelander School District / Langlade, Lincoln & Oneida Counties / Finance purchase of vehicles / \$500,000.00
5. City of Delavan / Walworth County / Finance purchase of golf course equipment / \$287,129.00
6. Village of Woodville / St. Croix County / Finance street and sidewalk projects / \$261,960.00
7. Town of Norway / Racine County / Finance roadwork / \$950,000.00
8. Village of Hancock / Waushara County / Finance operations / \$200,000.00
9. Village of Hancock / Waushara County / Finance bank line of credit / \$200,000.00

#### **ITEM 4. OLD BUSINESS**

None

#### **ITEM 5. NEW BUSINESS**

None

#### **ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT**

None

#### **ITEM 7. EXECUTIVE SECRETARY'S REPORT**

Executive Secretary German reported that the Joint Finance Committee (JFC) took executive action on the agency's budget. JFC passed a motion that included an appropriation of \$170,000 from the Conservation Fund to fund certain school trust land expenses, an appropriation of \$50,000 from the Conservation Fund for red pine replanting expenses, and an appropriation of \$100,000 from the Conservation Fund for financial asset management expenses. In that same motion they added a reduction of the agency's GPR appropriation of over \$96,000 for salary and fringe for the deputy position, deleted the statutory provision for the deputy position and rejected our request for another accountant and all of our other smaller requests. While the total package is a mixed bag, it has profound impacts on the agency. The additional money for school trust land management expenses and red pine replanting benefits the Normal School Fund but does little for the Common School Fund. Removing the deputy position and denying us the accountant position makes it more difficult for us to do what we do here.

The Governor's budget kept us on GPR, but the JFC members considered moving us back to a program revenue appropriation. Several members of Joint Finance were supportive of this funding change and other members of the committee were supportive of this move and were more likely to approve additional budget requests for BCPL if we were moved to program revenue funding. However, the work of the Legislative Council left members of JFC with too much uncertainty regarding such a move back to program revenue funding. As it stands, there is no case law directly on point to clarify the issue. Funding for the agency is therefore likely to continue with GPR, unless there is a significant change in the legislature. It is also likely that BCPL will not have the resources necessary to accomplish its mission.

Over 100 years ago, a couple of commissioners decided to sue each other bringing certain questions to the state Supreme Court hoping to get some guidance on various issues. We may be reaching a point where it may make sense to bring a similar action to obtain clear guidance on whether BCPL could in fact be funded with trust fund investment earnings. Moving to funding the agency with program revenue does not guarantee that we'd get

additional resources, but it would create a different dynamic between us and the Legislature. The other avenue that we now must consider is moving some of our work outside the agency to the private investment funds. This means, essentially, setting up a fund of funds in various asset classes. This would create an additional layer of fees that would cost our beneficiaries in excess of \$2,000,000 per year. We may be able to accomplish some of the work that we try to do in-house but this option needs additional study and discussions with our stakeholders.

Commissioner Kaul asked about the practical impact of the deputy and accountant positions being removed and unfunded. Is there some impact to the overall budget authority that creates issues and is there an expected impact on how the loss of these positions impact the operations of the agency right now? Does it destroy any opportunities for succession planning?

Executive Secretary German replied that he is turning 67 next week and after a couple health issues in the last couple years, he cannot continue doing this forever. At some point in time, Secretary German will be leaving and without a deputy, there is nobody to turn the keys over to that has the experience needed.

Board Chair Godlewski asked about BCPL not having enough money to fund the agency. Are we talking about an actual gap in funding or more along the lines of succession planning?

Executive Secretary German explained that the agency was fortunate that he had many of the skill sets needed to be in his position at BCPL. Although, He does not have a CFA in finance, he has worked enough in financial matters and is able to ask intelligent questions. He had practiced real estate law for a number of years and has practiced trust administration law. He has knowledge in lot of different pieces that he uses every day in his position at BCPL. In preparation for his retirement, he has left memos for his successor, but those memos will not be enough for that person to lead the agency without the proper knowledge and skills. Everyone is replaceable, however, he's unsure how it will work because the agency has been stripped down to a point where it's barely functioning now so how will it work going forward. If a prison ended up with double the prisoners over a period of time, you would likely hire more prison guards. If a school doubled its enrollment, more teachers would be hired. At BCPL, we have added more and more responsibilities without a commensurate increase in funding. We've gone from managing \$650 million to \$1.5 billion. We've expanded across all kinds of asset classes. The lands we manage may be the same number of acres, but before his time with the agency, most of our land wasn't even managed, it was just swampland. We are doing more than we've ever done before and yet the total staffing of the agency has not moved and has actually been reduced. The agency's total budget is below 2017 levels and just slightly above where it was when he started at BCPL 20 years ago. He has tried to make do with what he's been given, but it is not workable anymore and yet the legislature keeps reducing the agency's budget.

Board Chair Godlewski asked about how he addressed the Legislature's comments about the deputy position being empty for a few years.

Executive Secretary German explained that the deputy position remained unfilled because we had no money to fill it. They stripped all funding for it. The governor was able to veto the deletion of the position, but no funding was provided to fill it. An option for additional funding would be to go around to some nonprofit groups and beg for money. BCPL has a gifts and grants appropriation, so that might be a possibility. However, going around and asking for money from nonprofits carries its own risks. As public officials, we have to be very careful about how we ask for money on behalf of different organizations. Our options are very limited.

Commissioner Kaul thanked Secretary German for the background information. The point Secretary German is making about succession planning and lack of resources for the agency over the years compared to growth and responsibilities is understood and well taken. In terms of the position the budget leaves us in, in immediate terms as compared to where we were prior to the budget is something Commissioner Kaul is not clear on. In the immediate term, are there things that are going to need to happen or are the concerns more about the longer term points being raised? He would like to make sure he understands the challenges we're confronting from the Secretary's perspective.

Executive Secretary German clarified that the challenge we're confronting is the fact that the Secretary's retirement will be coming sooner than later. He is getting tired and no longer able to keep the required schedule to do what he had been doing. Driving to northern Wisconsin takes a more out of him than it used to. When Leg Counsel dropped its memo at the 11th hour, he was forced to work the entire weekend to put together a response. This is no longer long-term planning, it's short-term planning.

Commissioner Kaul commented that he understands where we are with this being short term planning now, however he is unclear about the financial situation of the agency. Is there an actual gap in funding in that we need to think about? This gap would be a significant issue.

Executive Secretary German responded, is BCPL in worse shape than we were before the Legislature took action? If the Legislature rolled forward on this year's budget, would we be better off? The answer is no. Even though there were no additional cuts, the agency has been scraping together paper clips and bubble gum for such a period of time that we can't keep doing it.

Commissioner Kaul asked about clarification on the cut to funding for the deputy position. What is the impact of that loss?

Executive Secretary German explained that what happens when the position is not filled is that it becomes a standard budget adjustment to put it back into the budget. So, it was put back in as a standard budget adjustment and then they stripped it out last week.

Board Chair Godlewski commented that the position was not funded last cycle, but it was funded two cycles ago.

Commissioner Kaul commented that we've been dealing with that cut for a few years already.

Board Chair Godlewski clarified that it has been two years. It was cut in the 2022 budget cycle. It was the last budget cycle that funding for the position was officially cut, but then the position was still put back in. There could be possible that the deputy secretary is added back in because it is a significant position and negotiations are still going on between the Governor's office and the Legislature. There aren't any other significant cuts that would significantly impact operations.

Executive Secretary German replied correct, there is not. We did not receive additional funding for the accountant, but we did get funding from the Conservation Fund for some items. The statute for the state budget, Wis. Stats. 20.005, provides virtually no guidance. It just says goods and services.... This particular motion had all kinds of additional language in it about spending - \$20,000 on this and \$30,000 on this. Does this become law or is this just suggested guidance without being part of the law? When he asked the Budget Office questions, they didn't know either. He was also going to ask for a meeting in the Governor's office to talk more about what this all means and if there was any way the Governor could also make sure that this chip is on the table for any future discussions.

Board Chair Godlewski asked what is more critical, funding for the deputy or moving from GPR funding to PR funding.

Executive Secretary German responded that in the short term it would be getting the deputy position back and funded. Long term, moving to program revenue. He reiterated the idea of outsourcing because we are still struggling to manage what we do with the resources that we have. We cannot efficiently manage our portfolio on a platform that was never designed to manage a portfolio like ours. We are manually inputting data for all the private investment funds, but we are unable to input all the data because there's no place to even put it on the platform we are currently using. Our reports are all created manually. We have to start acknowledging how big we are and the amount of work we do. The only thing that is small about our agency is the staffing and our budget, not the size of the funds we manage. The mission that we accomplished is huge and we've been trying to short arm this for too long.

Commissioner Kaul asked if there is a document that shows the size BCPL is in terms of staff and the amount of money it manages as compared to other similar funds or agencies that makes clear how leanly staffed BCPL is.

Executive Secretary German replied that he has never been able to find a document that could compare apples to apples in terms of staffing but generally, what you would see out there is the cost of management. SWIB's cost of management was somewhere in the 40 basis points. At times it had been kicked up to around 45, then sometimes gone as low as 38. Mr. Sneider concurred with these numbers. If you look at our budget all in, with our assets all in, we are at 10 basis points. That's insane. This includes forestry, land operations, etc. our funding is at a fraction of what other similar entities are being funding at.

Board Chair Godlewski asked Commissioner Leiber about his thoughts or ideas.

Executive Secretary German thanked Commissioner Leiber John for accompanying him to most of the meetings with the joint finance members. It was very helpful.

Commissioner Leiber commented that he did not get everything he wanted in the budget either. It appears they really like forestry stuff. Looking at the results, they were not willing to make any big changes this session. He does not believe they disagreed with any of our arguments for additional funding it was just that they were not making any big changes this year at all. So, no new positions just the bare minimum. We did get something, just not the highest priority items we wanted. It seemed like we had support in some of our meetings. So, it was disappointing not being put back on program revenue but he's going to continue mentioning it to legislators. It's still an ongoing process. Hopefully things will be different in the next budget cycle. We can try some other methods or other bills outside of the budget, but there didn't seem to be a lot of wiggle room if any in the budget this time.

Board Chair Godlewski shared that we can continue to explore some creative options as there is a possibility the board could meet before the budget passes. The Legislature said they wanted to get it done by the end of June and our next meeting is on the 1st of July. We could be on the cusp, but if needed we could call a special meeting. The commissioners want to be as helpful as they can while we are navigating through the budget process.

Commissioner Kaul shared that it's anybody's guess what's going to happen in the state Senate in terms of getting a budget passed. There may be opportunity for more change post Joint Finance Committee in this budget cycle than there has been in prior cycles. That would be the one place it would seem like there might be continued opportunity to change what ultimately shows up in the budget. But it's hard to know.

Executive Secretary German shared that his back of the envelope take away from his meetings with legislators is that the Senate would be more agreeable. The Assembly co-chair just made it clear that there was no interest in growing government at all, full stop. Secretary German will make some more efforts along those lines.

Executive Secretary German added one final piece to his report. A while ago, the board approved the sale of just under 300 acres of land up north. We put the land up for auction and nobody bid. One of the neighbors finally came back and said he would buy it. In situations where we put the land up for bid at a minimum price and list it for sale on our website, someone can come and buy it at that posted price. We expect to close on this sale sometime in the next 60 days. The sale price is just shy of \$400,000. Upon closing, we will have somewhere in the neighborhood of \$2.2 million in our landbank account. This is a reasonable amount to purchase a block of productive timberland up north.

Board Chair Godlewski commented that the commissioners understand the position Secretary German is in. She asked Secretary German to keep the board updated along the way and the commissioners will continue to be supportive and think of other creative options too.

## **ITEM 8. BOARD CHAIR'S REPORT**


None

#### **ITEM 9. FUTURE AGENDA ITEMS**

None

#### **ITEM 10. ADJOURN**

Commissioner Kaul moved to adjourn the meeting; Commissioner Leiber seconded the motion. The motion passed 3-0; the meeting adjourned at 2:34 p.m.

  
Thomas P. German, Executive Secretary

Link to audio recording:

[https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2025/2025-06-17/BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2025/2025-06-17/BoardMtgRecording.mp3)

**BOARD MEETING  
JULY 1, 2025**

**AGENDA ITEM 3  
APPROVE LOANS**

Municipality		Municipal Type	Loan Type	Loan Amount
1.	Metomen Fond Du Lac County Application #: 02025137 Purpose: Finance roadwork	Town Rate: 5.50% Term: 2 years	General Obligation	\$319,000.00
2.	Oregon Dane County Application #: 02025138 Purpose: Finance roadwork	Town Rate: 5.50% Term: 4 years	General Obligation	\$516,600.00
<b>TOTAL</b>				<hr/> <b>\$835,600.00</b>