

Board Meeting Minutes  
December 15, 2015

Present via teleconference were:

Doug La Follette, Commissioner  
Matt Adamczyk, Commissioner  
Brad Schimel, Board Chair  
Tom German, Deputy Secretary  
Vicki Halverson, Office Manager  
Richard Sneider, Loan Analyst  
Mike Krueger, IT Specialist  
Randy Bixby, Land Records Archivist  
Jonathan Barry

Secretary of State  
State Treasurer  
Attorney General  
Board of Commissioners of Public Lands  
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**ITEM 1. CALL TO ORDER**

Board Chair Schimel called the meeting to order at 2:03 p.m.

**ITEM 2. APPROVE MINUTES – DECEMBER 1, 2015**

**MOTION:** Board Chair Schimel moved to approve the minutes; Commissioner Adamczyk 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.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Kohler Sheboygan County Application #: 02016112 Purpose: Purchase capital equipment and finance legal expenses	Village Rate: 3.25% Term: 9 years	General Obligation	\$300,000.00
2. Whitehall Trempealeau County Application #: 02016110 Purpose: Finance city center project	City Rate: 3.25% Term: 10 years	General Obligation	\$275,000.00
3. Whitehall Trempealeau County Application #: 02016111 Purpose: Interim financing for projects	City Rate: 2.50% Term: 2 years	General Obligation	\$1,200,000.00
<b>TOTAL</b>			<b>\$1,775,000.00</b>

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

**DISCUSSION:** Commissioner Adamczyk said he was not sure that investing in loans was the best investment strategy for the Board. Commissioner La Follette asked if he was suggesting that the Board stop investing in school and municipal loans and invest in stocks or other more lucrative instruments. Commissioner Adamczyk said he was willing to consider any and all options. He was interested in a detailed analysis of the loan portfolio; and if State Trust Fund Loans can be proven to be the “best bet,” he would be fine with them. Commissioner Adamczyk noted that the Wisconsin’s Patient Compensation Fund managed by SWIB reported a higher rate of return over the last ten years compared with what he had seen of BCPL’s investment performance over that time.

Jonathan Barry (newly appointed Executive Secretary) said he welcomed an analysis of the Board’s portfolio. He said it was his understanding that the Patient Compensation Fund, which is managed by the State of Wisconsin Investment Board, included equities, bonds and fixed instruments. He said that that Fund’s total yield included capital gains while the State Trust Fund Loan earnings were interest only. He would like to see an “apples-to-apples analysis” of the Board’s return.

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

**ITEM 4. DISCUSS DISCRETIONARY EQUITY OR RETENTION ADJUSTMENT (DERA) / DISCRETIONARY MERIT COMPENSATION (DMC)**

Board Chair Schimel asked Deputy Secretary German to explain the matter.

Deputy Secretary German said that the salary for the Board’s loan/investment portfolio analyst, Richard Sneider, was not commensurate with others in the job market given his skill set and education. He believed that he was underpaid by more than four within-range pay steps based on a compensation survey conducted by the Milwaukee and Madison chapters of the Chartered Financial Analysts (CFA) group and a review of salaries of fixed-income analysts at SWIB.

Deputy Secretary German noted that a retention DERA of up to four within-range pay steps could be approved quickly by the Division of Personnel Management (DPM). Requests for a larger retention DERA may require approval from the DOA Secretary’s Office and take longer for approval. Deputy Secretary German stated his intention to submit a request for a four step retention DERA to DPM now and then seek an additional increase for Mr. Sneider at a later time. Commissioner La Follette asked if there was a limit that keeps you from going for a larger retention DERA. Mr. Barry added that the four within-range pay step is more likely to be approved than a request above four steps. Board Chair Schimel expressed concern that doing the four step DERA now may close the door to further discussions with DPM on additional increases for Mr. Sneider. Mr. Barry expressed confidence that Mr. Sneider’s compensation level could be revisited, but noted the caveat that DOA/DPM may not act on any additional increases until July.

Board Chair Schimel said that Mr. Sneider and Deputy Secretary German had been highly complimented by members of the Legislature during the Bucks arena financing negotiations. He asked if a vote was needed by the Commissioners or if the Board Chair could approve the DERA. Deputy Secretary German said that Commissioner Adamczyk had asked at a prior meeting that the Board be apprised of salary changes so that was the reason the topic was on the agenda. He said he was not aware of any approval required by the Board.

Commissioner La Follette said that in the interest of avoiding any snag in the next few days and showing Board support for an increase in salary for Mr. Sneider, he would make a motion in support of this action.

**MOTION:** Commissioner La Follette moved to approve the four within-range pay step increase for Mr. Sneider; Board Chair Schimel seconded the motion.

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

**FURTHER DISCUSSION:** Board Chair Schimel said that the Board could also submit requests for one-time discretionary merit compensation awards and the Board should consider one for Deputy Secretary German because he has been serving as Acting Executive Secretary as well as Deputy for the past six months. Mr. Barry said that the agency's submitted DERA plan included only three requests and it would need to be revised to include Mr. German's discretionary merit award. Board Chair Schimel said the topic would be discussed at a meeting in January. Mr. Barry suggested that the discussion of the discretionary merit awards be held in closed session.

#### **ITEM 5. FUTURE AGENDA ITEMS**

None.

#### **ITEM 6. ACTING EXECUTIVE SECRETARY'S REPORT**

Deputy Secretary German reported that the interest rate on 10-year Treasury bonds increased to 2.22% and that staff were finishing the preparatory work on the Mud Lake timber sale site.

#### **ITEM 7. ADJOURN**

The meeting adjourned at approximately 2:25 p.m.



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Thomas P. German, Deputy 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/2015-12-15\\_BCPL-BoardMtgRecording.mp3](ftp://doafpt1380.wi.gov/doadocs/BCPL/2015-12-15_BCPL-BoardMtgRecording.mp3)