

Board Meeting Minutes
June 4, 2019

Present in person were:

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
Richard Sneider, Chief Investment Officer	Board of Commissioners of Public Lands
John Schwarzmann, Forest Supervisor	Board of Commissioners of Public Lands
Micah Zeitler, Real Estate Specialist	Board of Commissioners of Public Lands
Kevin Burns, Senior Forester	Board of Commissioners of Public Lands

Present via teleconference were:

Josh Kaul, Commissioner	Attorney General
Doug La Follette, Commissioner	Secretary of State

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES - MAY 20, 2019

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

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 3. UPDATE ON UNCLAIMED PROPERTY PROGRAM REVIEW

Audits of Unclaimed Property Program and Third-Party Audits

Board Chair Godlewski reported that she recently met with Secretary Barca at the Department of Revenue to discuss auditing the unclaimed property program and, also, conducting third-party audits. Executive Secretary Barry and Deputy Secretary German also met with Secretary Barca. The meetings were productive, and progress was made. Staff will continue to provide updates to the Board.

Board's Fiduciary Responsibilities

Staff will meet with Charlette Gibson at the Department of Justice to discuss the Board's fiduciary responsibilities and report back to the Board.

ITEM 4. RATIFY ADJUSTMENTS TO LOAN PROGRAM INTEREST RATES

MOTION: Commissioner La Follette moved to ratify the loan program interest rate adjustments; Board Chair Godlewski seconded the motion.

DISCUSSION: Staff reported that interest rates were adjusted in response to current market conditions. The Executive Secretary in consultation with the Board Chair authorized the changes. The Board had previously authorized the Executive Secretary in consultation with the Board Chair to adjust loan interest rates up to 1% in between board meetings.

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands ratifies the changes in BCPL State Trust Fund Loan Program, with annual interest rates to be set at 3.75% for 2-year loans; 3.75% for 3-5 year loans; 3.75% for 6-10 year loans; and 4.00% for 11-20 year loans.

ITEM 5. DISCUSS AND VOTE ON STAFF ATTENDANCE AT WESTERN STATES LAND COMMISSIONERS ASSOCIATION 2019 SUMMER CONFERENCE IN WHITEFISH, MONTANA, JULY 28 - AUGUST 1

Executive Secretary Barry requested Board approval for three staff to attend the conference.

MOTION: Commissioner La Follette moved to approve that three staff attend the conference; Commissioner Kaul seconded the motion.

DISCUSSION: Staff attending include the agency's accountant, one senior forester, and the Deputy Secretary. Staff were chosen based on their roles and responsibilities. Topics to be covered at the conference include changes to protocols by the Government Accounting Standards Board that will likely impact Trust Fund accounting methods in addition to best practices in timber management. The conference is also an opportunity for staff to network with and learn from other trust land and trust asset managers. To reduce costs, staff will be sharing lodging at an off-site location that is within walking distance to the conference.

VOTE: The motion passed 3-0.

ITEM 6. PROPOSED LAND BANK PURCHASE - CONNOR/WTA PROPERTY FOREST COUNTY (P1902- NEWALD)

MOTION: Commissioner La Follette moved to approve the property purchase; Board Chair Godlewski seconded the motion.

DISCUSSION: Executive Secretary Barry explained that the proposed purchase includes an 80-acre parcel in Forest County. In addition to a professional appraisal, staff also evaluated the value of the standing timber on the parcel. Based on the appraised property and timber values, an internal rate of return was estimated to be 4.65%. Staff recommend that the Board approve the purchase at \$160,000 rather than \$168,000 because of easements that were not noted in the initial appraisal. Staff ordered a second review appraisal, which estimated the easements would devalue the property by as much as 5% or \$8,000.

AMENDED MOTION: Board Chair Godlewski moved to amend the purchase price not to exceed \$160,000; Commissioner Kaul seconded the motion.

DISCUSSION: Staff noted that the motion gives the Executive Secretary the authority to purchase the property at a price not greater than \$160,000.

VOTE: The motion passed 3-0.

MOTION: Board Chair Godlewski moved to approve the property purchase; Commissioner Kaul seconded the motion.

DISCUSSION: The Board and staff discussed negotiating a fair price for the property based on these easements.

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the purchase of the Property at a price not to exceed One Hundred Sixty Thousand Dollars (\$160,000) in accordance with Chapter 24 of the Wisconsin Statutes 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 7. PROPOSED LAND BANK SALE - WI DEPARTMENT OF TRANSPORTATION, OCONTO COUNTY (S1901 - OCONTO RIVER)

MOTION: Commissioner La Follette moved to approve the property sale; Board Chair Godlewski seconded the motion.

DISCUSSION: The Board's real estate specialist explained the Trust Land parcel was the last remaining property owned by the Board in Oconto County.

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands approves the sale of the Oconto River parcel to the Wisconsin Department of Transportation at the price of Four Thousand Two Hundred Dollars (\$4,200) in accordance with Chapter 24 of the Wisconsin Statutes on such 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 8. REPORT AND DISCUSSION OF DEER PREDATION ON SCHOOL TRUST LANDS AND IMPACT ON TIMBER REVENUE

The Board's forest supervisor reported that the regeneration failure of many valuable tree species has been occurring over the past 30 years due to deer browsing. The tree species have been replaced by those that are not as valuable and, in some, cases not replaced at all. In the past, staff have taken steps to try and mitigate deer browse problems, but they have proven to be time consuming, expensive, and limited in effectiveness. Staff would like to apply to the Department of Natural Resources for antlerless deer harvest tags for a limited number of Trust Land properties. The goal would be to reduce the deer population in specific areas, rather than on a large scale, to the point where tree regeneration outpaces the deer browsing. Staff will prepare an in-depth white paper examining the issue and offering potential solutions. The report will be shared with the Board at a future meeting, and staff would then ask for the Board's approval to move forward with a proposed plan.

ITEM 9. CHIEF INVESTMENT OFFICER'S REPORT

Staff purchased public equity ETFs in response to market conditions.

ITEM 10. EXECUTIVE SECRETARY'S REPORT

Nothing to report.

ITEM 11. BOARD CHAIR'S REPORT

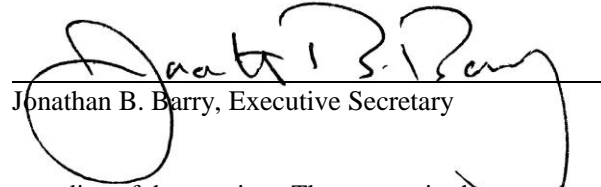
Board Chair Godlewski said that she held a strategy session with staff and priorities for 2020 were established. A report will be provided to the Board when complete.

ITEM 12. FUTURE AGENDA ITEMS

None.

ITEM 13. ADJOURN

Commissioner La Follette moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 3:31 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/2019/2019-06-04_BoardMtgRecording.mp3