

Board Meeting Minutes
September 5, 2023

Present were:

Sarah Godlewski, Board Chair	Secretary of State
Josh Kaul, Commissioner	Attorney General
John Leiber, Commissioner	State Treasurer
Tom German, Executive Secretary	Board of Commissioners of Public Lands
Rich Sneider, Chief Investment Officer	Board of Commissioners of Public Lands
Denise Nechvatal, Controller	Board of Commissioners of Public Lands
Chuck Failing, IT Manager	Board of Commissioners of Public Lands
Hannah Menchhoff, Communications Director	Secretary of State

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES

MOTION: Commissioner Kaul moved to approve the minutes; Board Chair Godlewski 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 shared that there are five loans that are for vehicles or road work. There are two that are a little unusual. The Village of Raymond is borrowing money for planning services. They actually have a number of projects including water facilities, wastewater facilities, future land use of the I-94 corridor and they are planning a potential TID district too. They spent some money with an engineering firm to help with planning those ideas. The School of Greendale is borrowing money to renovate their special education areas as well as some curriculum expenses.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved a **\$2,822,250.00** State Trust Fund Loan to support **7** community projects in Wisconsin.

1. Village of Nashotah / Waukesha County / Finance the purchase of vehicles / \$226,250.00
2. Town of Dunkirk / Dane County / Finance roadwork / \$400,000.00
3. Town of Union / Rock County / Finance roadwork / \$250,000.00
4. Village of Footville / Rock County / Finance roadwork / \$550,000.00
5. Village of Raymond / Racine County / Finance Village of planning services / \$157,000.00
6. Town of Oregon / Dane County / Finance Village planning services / \$365,000.00
7. Greendale School District / Milwaukee County / Finance building renovations / \$874,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. NEW BUSINESS – Submerged land Lease Amendments – City of Ashland

Board Chair Godlewski asked that the rules be suspended so that Executive Secretary German can explain the lease amendments prior to introducing a motion. All in agreement to suspend meeting rules.

Executive Secretary explained that the state holds the beds of lakes in trust for the citizens of the state pursuant to Article 9 of the Constitution. However, state law does allow that under certain limited circumstances, fill and improvements can be placed upon the lakebed, but the riparian or waterfront owner must have either a submerged land lease or a lakebed grant. BCPL has been the leasing agent for the state for several decades on these matters. This is ancillary to our mission to manage trust assets as the lease rents go to the general fund, not any of the four education trust funds we manage. Our leasing authority is limited to the riparian owner for certain bodies of water for limited periods of time and for limited purposes.

The Ashland submerged land lease case was more complicated than most and therefore we have included a separate summary for the board. As virtually all of the Ashland waterfront involves filled lakebed, it's very hard to keep track of the different areas and staff reached a point where it just made more sense to consolidate some of the leasing areas together for consideration and for administration. We had previously completed a couple of submerged land leases with the City of Ashland and as they moved forward with getting other areas surveyed and obtaining clear title to the upland and obtaining regulatory approval from the DNR, it made more sense to amend those prior leases to include the additional areas rather than create several new leases. As the city is making these areas open to the public, staff do not propose charging a rental rate that would be commensurate with the fair market value of the property, but rather charge a much lesser sum that corresponds more closely with the cost of administrating the leases into the future.

We are asking for board approval to amend the existing leases to include the additional areas that are set forth on the survey descriptions and the maps in the board packet and to slightly amend the annual rental rate and administration fee for one of the leases.

Commissioner Kaul asked about the rental rate. Is that consistent with what we have done other circumstances?

Executive Secretary German replied, yes. In similar circumstances we are charging somewhere in the neighborhood of \$200.00 a year. We are combining all these into just two leases. For one, we are going to keep it at \$200. The other one has more complicating factors and that's why it's \$500.

Board Chair Godlewski asked if there are any concerns from the City of Ashland about putting this together.

Executive Secretary German replied, no. The city likes the idea of consolidating the leases because it was hard for them and us to keep track of all the different pieces.

Commissioner Leiber asked how long the leases go for.

Executive Secretary German replied that we can lease for up to 50 years. BCPL will often execute leases that have a term of 50 years.. There is one other area that the City has not yet cleared up all the title issues and so there is a possibility that there could be yet another area added to one of the earlier leases.

Commissioner Kaul asked if there was something similar approved in the Manitowoc or Sheboygan area.

Executive Secretary German explained that we had done a lease in Two Rivers and a second lease with Ashland, during Commissioner Kaul's time on the board.

BCPL has the authority to lease to entities that may exclude the public from the premises, but it must be for harbor or navigation improvements. When BCPL leases to a private entity that intends on keeping the public out, we seek to lease those areas for a rate equal to the fair market value. For example Fraser Shipyards in Superior. It is clearly a navigation improvement purpose. If you have a shipyard that's going to service ships that are using the Great Lakes, that is a permissible purpose, but not a purpose that would be open to the general public. In situations like that we are looking to determine the fair market value for property with very restrictive zoning. We cannot lease for condos. We cannot lease for the many of the types of things that would bring the highest amount of rental income. It must be navigation or harbor improvement related.

MOTION: Board Chair Godlewski moved to approve amending the submerged land leases with the City of Ashland as captured on page fourteen of our packet the minutes; Commissioner Kaul seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

None

ITEM 7. EXECUTIVE SECRETARY'S REPORT

None

ITEM 9. BOARD CHAIR'S REPORT

None

ITEM 9. FUTURE AGENDA ITEMS

None.

ITEM 10. ADJOURN

Commissioner Kaul moved to adjourn the meeting; Commissioners Leiber seconded the motion. The motion passed 3-0; the meeting adjourned at 2:13 p.m.



Thomas P. German, Executive Secretary

Link to audio recording:

[https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2023/2023-09-05/BoardMtgRecording audio.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2023/2023-09-05/BoardMtgRecording%20audio.mp3)