



STATE OF WISCONSIN
DEPARTMENT OF JUSTICE

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Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
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RE: Annual Review of Executive Secretary

On June 30, 2015, the three Commissioners of the Board of Commissioners of Public Lands (BCPL) gathered in-person with Executive Secretary Tia Nelson to conduct her annual review. There has not previously been a performance review conducted in person with all three Commissioners, however, in previous years, the former Chair has conducted an in-person evaluation of the Executive Secretary. I do not believe that any of the prior evaluations have been reduced to writing. What follows is my summary of the evaluation from my perspective. Neither of the other two Commissioners has endorsed this document.

Prior to the closed session Board meeting, the Executive Secretary provided the Commissioners with a summary of her accomplishments going all the way back to her hiring in 2004, as well as an outline of her 2015 accomplishments and goals for the 2016 fiscal year. The documents provided by the Executive Secretary break her responsibilities into three basic sections: Trust Funds management; land and timber management; and land records management. I will address the evaluation utilizing those same three categories.

With regard to Trust Funds management, the assets of the fund were at approximately \$560 million when the Executive Secretary was hired in 2004. At the time, the agency employed two Trust Fund loan program analysts, neither of which had finance education. At the time, investments were very strictly limited. After joining the agency and conducting a review of the work, the Executive Secretary eliminated one of the analyst positions. She also discovered that the Normal School Fund was in significant debt to the Common School Fund. That problem had apparently not been adequately reported to the Commissioners prior to the hiring of the new Executive Secretary. The Executive Secretary set out to correct the problem, and that has been fully resolved. Both funds are now generating record earnings. The Executive Secretary has also taken steps to ensure that the Board Commissioners are informed more fully regarding Trust Fund activities.

The Executive Secretary worked with legislators on both sides of the aisle to expand the investment authority of the BCPL to include Trust Fund revenue loans. That goal was achieved and was passed unanimously in both houses of the Legislature, and has led to much greater opportunities for higher investment returns. Currently, the BCPL manages over \$1 billion in assets, which is an increase of nearly 80% from where it was in 2004, and this is

now done with one analyst who provides the agency with extensive finance, banking and investment knowledge and experience.

2015 Trust Fund management accomplishments include record earnings distributed to beneficiaries and an increase in Trust Fund loan applications by 45% over the previous year. The Executive Secretary also significantly increased the number of presentations made to potential customer groups, such as municipal, town and school board associations. She has also worked to strengthen the relationship between the BCPL and the State of Wisconsin Investment Board (SWIB).

In the Trust Funds management area, the Executive Secretary has set appropriate goals to continue to guide a successful transition to the Prudent Investor Standard. She will continue to work to see even higher earnings distributed to Trust Fund beneficiaries and to improve the loan program outreach. Neither I, nor any of the other Commissioners, suggested any other goals in this area, and I believe these goals are appropriate and will be measurable.

In the area of land and timber management, the Executive Secretary notes that in 2004, the northern office lacked any written guidelines or criteria for selecting lands for trades. The land portfolio at the time, had 25% less productive timberland, but more unproductive land, than we currently have. This change to more productive timberland has been in part accomplished as a result of the Executive Secretary's efforts to obtain legislative approval for land bank authority. She has worked to establish procedures and objective criteria for incoming and outgoing property, and since land bank authority was granted, BCPL has sold over 14,000 acres and purchased just under 13,000 acres, again increasing timber producing lands by 25% and also increasing public access by 28%. Average annual timber volume harvest has increased over 50% during the time the Executive Secretary has been with the agency. While there are some parcels of land that are outliers and have some challenges in their harvesting, in general, BCPL harvests approximately 80% of its productive forest growth, which is comparable to the experiences in the county forests lands.

The Executive Secretary identifies a number of FY2015 accomplishments in the land and timber management area, timber harvest reached about 4 million board feet, with revenue of approximately \$500,000. Changing to 3 year timber harvest contracts has helped eliminate upward and downward spikes in revenues that result from environmental conditions such as abnormally wet conditions that existed last winter. 480 acres were sold as part of the land consolidation process, and approximately 80 acres were purchased in FY2015. These totals were significantly below the average pace since being granted land bank authorization. The BCPL also completed its FSC Certification. As a result of disposal of scattered parcels, the agency has experienced approximately 200 hours in reduced staff time that resulted previously from travel, as well as greater fuel cost savings and increased timber production. The Executive Secretary identifies several goals for FY2016, which include improving timber management efficiencies by continuing to optimize land consolidation efforts, completing necessary steps to stay on course for a large trade with the USFS, and continue to engage Oneida County to attempt to begin a large land exchange involving approximately 1,000 acres.

The Executive Secretary and I have had extensive discussions regarding the several parcels that present some timber harvest challenges and she recognizes the need to work to

resolve those challenges. The Executive Secretary will move forward to engage stake holders in participating in the timber marking at the Mud Lake site. This is in response to concerns that were brought to my attention earlier in the year, and I am pleased with the responsiveness of the Executive Secretary and her timber management staff to those concerns.

In the land records area, the Executive Secretary has, in her time with the agency, worked to make the land records storage facility safer and more secure for the records. The prior archivist was not able to locate records within a reasonable time, and was resistant to use the of electronic systems for managing and locating records. After that employee was placed on probation with performance goals and benchmarks, the employee was ultimately terminated for failure to make the necessary improvements. A trained and skilled archivist was hired, and that archivist has made substantial progress on clearing the titles of the approximately 1500 BCPL parcels which did not have clear title. The archivist is also working on conversion of the records to electronic format, which will make them easier to locate and more accessible.

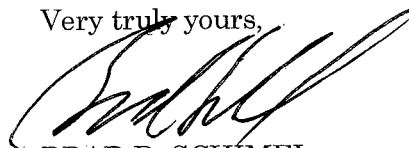
FY2015 accomplishments included examination of the title to hundreds of BCPL parcels in four different counties and clearing of the titles to those parcels. Numerous land patent records have been compiled and organized. The Executive Secretary has set FY2016 goals to include resolving title issues for the remaining parcels, improving records accessibility and developing a parcel-level land database.

The Executive Secretary also noted other successes, which include what she believes to be an exceptional "team spirit" work environment. She led the agency through a branding process which resulted in a new logo and communications materials. She also oversaw the reorganization of the IT Department and has pressed the agency to become as transparent as possible.

Given that formal annual evaluations have not occurred in the past, it is a little difficult to parse out FY2015 performance from overall performance. Hopefully, with the commencement of an annual performance evaluation process and specific goals and benchmarks being put in place each year, we will be able to more easily look at each individual year in future evaluations.

The first 6 months of 2015 have certainly seen considerable turmoil at the BCPL which has resulted from election of new Commissioners. In spite of the turmoil, the Executive Secretary has continued her work on her goals for the agency, and has maintained a staff that remains motivated and committed to the success of the agency. This is a satisfactory performance evaluation, and the goals set by the Executive Secretary for FY2016 are appropriate and measurable.

Very truly yours,



BRAD D. SCHIMEL
Attorney General

cc: Tia Nelson