BCPL Board Meeting
July 7, 2026
Start Time: 2:00 pm

SG: Well, I will then call this meeting to order on July 7th of 2026. We sent out the agenda on Friday, July 3rd. I hope everybody had a wonderful July 4th holiday and happy 250. And with that, I'm going to call our meeting to order and move to approve the minutes. Is there a second to approve the minutes?

JL: I'll second.

SG: Thank you, John. Any friendly amendments, questions, comments about the minutes? See none. All those in favor of approving our minutes from June 16th say aye. Aye, Sarah.

JK: Aye, Josh.

JL: Aye, John.

SG: The minutes are approved. The next item is our loan portfolio. We are reviewing 5 loans at a little over $3.2 million. I move to approve the loan portfolio. Is there a second?

JL: I'll second.

SG: Thank you, John Rich, do you want to walk us through the five loans we're reviewing today?

RS: Will do. Loan number one is to the town of Sugar Camp in Oneida County. They are borrowing money to buy a backhoe. And then loan #2 is to the town of Lamont and Lafayette County to find out some road work. The village of Butler has two loans outstand or that they're requesting to finance capital projects. Now some of those loans they wanted to pay off in the near term. So there's a two year schedule on that. And then some of the projects they wanted to pay off on a longer schedule. And so they asked for two separate loans, one with a 2 year schedule and one with a 10 year schedule. And then the town of Stella is borrowing quite a bit of money to for a road project, but this is an ARIP project and so the state of Wisconsin will be reimbursing the town of Stella at 90% of the cost of that project. They borrow the money from us in the interim until they get that state reimbursement. And we expect the town of Stella to pay off that loan in January of 2027. So although it's a five year term, we really expect that to be a short term loan because of a state reimbursement. That's all I have on the loans. Does anybody have any questions?

SG: No questions from me, Rich, Any questions from the commissioners?

JK: None for me

JL: None here.

SG: All right, seeing that there are no more questions, all those in favor of approving the loan portfolio say aye, Aye, Sarah.

JK: Aye, Josh.

JL: Aye, John.

SG: The loans are approved. Moving on to we have no new business, so we're just going to jump into routine business, which Rich, the floor is yours for the Chief Investment Officer's report.

RS: Thanks, Sarah. You know, I'll try to keep this short, but I wanted to report on some action by the Investment Committee which approved recommendations to fill some board approved allocations at our meeting last week. Now we approved the purchase of $10 million in additional treasury inflation protected securities which are now being offered at spreads above inflation near 15 year highs and these purchases have now been made and the common school fund is at the approved 4% allocation to that type of security. In addition, the investment can be approved additional commitments to the real estate sector where values have stabilized after a few rough years. And I believe with the market now we is presenting us with an opportunity to invest near the bottom of the cycle. And these commitments will include $20 million to B REIT, which is the Blackstone Real Estate Investment Trust. This has been our best performing real estate investments since we gained prudent investor standard and BREIT has recently offered a new share class at reduced fees. We expect the BREIT commitment to be funded at the end of July or early August once documentation has been submitted and improved and approved. The additional money of $30 million will be committed across three funds managed by Nuveen that invest in multifamily, retail and alternatives including medical office buildings and senior housing. And these Nuveen commitments will be funded as managers find opportunities over the next year or so. Following the funding of these commitments, the real estate asset class will be at or very near the full target allocation at 18% of the common school fund. The remaining asset classes below target allocations include private debt and infrastructure. And the investment committee will be looking to fill these allocations through our existing fund managers over the next few quarters. Using our current lineup of fund managers helps us in a few ways. First, it reduces risk because we know and like these managers and strategies. And 2nd, it reduces additional burdens on our back office operations because we are familiar with the documentation and the ongoing reporting provided by these funds. That's all I have for today. Does anybody have any questions?

SG: No, Rich, I think you did a good job of recapping our last investment committee meeting. So appreciate it. Seeing that there are no questions from the commissioners, moving on to the Executive Secretary's report, Tia.

TN: Thank you, Sarah. Excuse me. Thanks to Micah's swift work in the Lake Tomahawk office, our real estate, we are back in the real estate business. We have 7 land transactions that will be coming up. This is just to give you a heads up, coming up for the July 21st meeting. I've asked Thuy to get the board docs out a date earlier so you guys have more time to look at them. Five of them are going to be very straightforward land, BCPL land sales, one of them, fingers crossed. Knock on wood. I'm talking to Bayfield County this afternoon. There's been ongoing conversations with them and the University of Wisconsin. I'm very hopeful, cautiously optimistic that we'll have the sale of Pigeon Lake on the July 21st agenda. That is a transaction that has been tripped up, delayed for I think we've been on it for over 10 years. And I'm hopeful we got it ready to wrap up and move on, which would be great for the university. It would be great for BCPL and it would be great for the folks in Bayfield County who have good plans for to maintain public access and recreation on the site. And it's not a site that we can produce revenue off of. And I know you guys have through time heard bits about this, so just wanted you to know land transactions coming. Board doc will come a day early, so you guys have a little more time with it. We have another information item that I've asked Kevin Burns, our forest supervisor, to share with us because he knows it better than I. We've found an exciting opportunity to generate revenue on BCPL Timberlands that is new to us, not new to some other states, but the possibility of doing a maple syrup lease to a family owned company in Northeastern Wisconsin. And I'm going to turn it over to Kevin and let him give you a sort of high level summary of what this lease agreement would be like. The there's a lot of exciting things elements to it from my perspective, not the least of which is the lease is projected to generate more receipts for that parcel of land than we would be able to generate for timber harvest. And it's sort of an exciting new development. And I turn it over to you, Kevin to give us a little more detail please.

KB: Thanks, Tia and hello everyone else. The commercial, so there's two types of, I guess maple syrup operations. You've got small family operations and then you have what are called commercial operations. Commercial operations, larger scale, obviously and they put their maple syrup in 55 gallon drums and sell it to food processing plants and things of that nature. So it's big, it's not a family operation. These are very large operations. This opportunity actually, believe it or not, came to us in 2019. I've been working with this opportunity since then. Delving into how do we do that as a state agency? We're not the only state that does this. Vermont, New York and New Hampshire all have commercial tapping leases and have for quite a few years now, large scale operations. I did a little bit more searching. Actually, our very own Bayfield County issues permits for Maple syrup tapping on their county forest. The National Forest show. Omega Nicolet does the same, although they're not commercial leases, they're just for family operations and the tribes all do Maple syrup production as well. So why are we interested in this? Maple syrup production is a sustainable practice that adds value to your northern hardwood forest sugar maple stand in addition to the timber sale revenue that you're still going to get. So we still get to manage our forest resources and in the meantime we are going to be receiving payments annually for the for the maple tapping. So it's in addition to our timber revenue. The current lease - what we're looking at is estimated to deliver about $35 to $70 per acre per year. If we compare that to timber growth, we earn about $40 per acre per year on just on timber growth. So we're almost doubling the value of those acres that are under taps because we still manage the trees with the maple syrup production. The good part about it is we did a little bit of research on it, and it looks like it's going to be about 1 to 2 days of our time to oversee this operation. Once it's in place, it really is going to be not take much of our time at all. The leases are for typically for 20 years. We have an extension in our lease for an additional five years and the purpose for that, that time frame, it's not a magical number. You've probably seen commercial leases out there where they run the blue tubing, the PEX tubing between the trees. The PEX tubing has a lifespan of 15 to 20 years. So every 20 years they have to redo their PEX lines because of the photo degrades the lines. So that's why we have a longer lease time frame is 20 to 25 years or when they have to replace their PEX tubing and that's when we'd be back in. When they pull out to replace those tubings, we would get back into manage our forest and let them do that again. So currently we've got 130 acres that we're proposing to sign a lease for. This unit wants to add 140 acres to this within three years. They are a family operation out of Armstrong Creek. They've been in business for over 10 years, very successful, very well known, very well respected in the industry and truly a family operation. It's a mother, father and two sons that run this whole operation and we've been working with them quite a while, very comfortable relationship working with this family. So our lease, the nuts and bolts of it, we are requiring workers compensation, we're requiring liability insurance, we're requiring a performance bond. Everything that you'd have on a normal timber sale will be there to protect us. And we've, or I've downloaded a large manual from the, the state of Vermont actually, and modified that for our applications here in Wisconsin on guidelines for maple syrup production, which is a part of the lease. In other words, we want to make sure it maintains a sustainable production long term forever. So we've got some requirements built into place based off of what the state of Vermont has been using for years. The last big thing I'd like to say about this is if you've ever been to Armstrong Creek, there's a crossroads at Armstrong Creek and there's a store and a gas station that are all one, and a bar across the street. And that's all that's in Armstrong Creek. If you ever get an opportunity to visit this family operation, they're just out of town on the North End of town. You would think you're walking into Milwaukee. They have a perfectly clean operations set up out there is very impressive for little Armstrong Creek. So we look at this as a great economic development activity. All of our properties are very remote. We have a lot of other sugar maple lands out there that could support this in the future and they're very remote. So this is a good economic development we're adding to their capacity and that's I guess Tia in a nutshell, unless you anyone has a specific question for me.

TN: Really appreciate the summary, Kevin. And for the board because this is a management practice, not a land transaction. It, it doesn't require, to my understanding, action on your part, but I thought it was interesting and exciting and I wanted you guys to be informed and wonder if anyone has any questions for Kevin. He's been working on this a long time and I really appreciate Kevin's effort and Buck and the whole team up there.

JL: One question, where's the revenue for the lease go then which or is that allocated?

KB: Denise and I were just talking about that just before the meeting and I think Denise might have a better answer than myself.

DN: Yeah, I was going to talk with Tia and then get back to everybody on that information.

JL: OK, thanks.

TN: I assume it's normal school fund lands it, it will be treated the same way timber revenue would be treated. And so I actually, if there's common school lands in there, then it would go to the common school fund. But since 90% of our lands are…

DN: Is that all normal school?

KB: This is all normal school fund where this lease is located. That is correct.

JL: OK.

SG: I think to that point, this is just another revenue stream for the distribution, right. It's not growing principle.

DN: That's what I'm going to talk to Tia about and get back to everybody on because timber revenue is growing principle of the normal school fund. Yeah.

SG: Which is also I think exciting if that's the way it, it pans out because we've been, Rich, I mean always thinking of ways to grow principal for the normal school fund. And it's always been a challenge. I mean, what the normal school fund didn't provide a distribution for until what, the last 10 years just because we haven't been able to really build the principal to generate a distribution. So this is really exciting if we're able to add it to the to the principal.

TN: Yeah, I one of the first things I had to wrap my head around the first time I came to BCPL was an accounting issue between the common school fund and the normal school fund, which prevented distributions for some period of time. But we resolved that a long time ago and since then the fund has grown, grows through timber revenue and now this is a second source of growth and creating some local jobs in a different sector too. So it's kind of exciting.

SG: Yeah. No, I, I just want to reiterate, I'm again to Kevin and Buck and the entire team. I mean, this is, we've been talking about this for a really long time. And so it's, it's really exciting. And I don't want to speak on behalf of the board, but I would say if we can get this done, I think before the end of 2026, that would be, that'd be a great, a great thing to do.

KB: Sarah, I believe that's absolutely possible. In fact, they'll be contacting this family probably next week. Micah has done a nice thorough legal review of our lease. And I feel comfortable with that. The lease is based on what we're, what they're using in Vermont, but of course, we had to modify it for our applications. So I think we're ready to go with this and they want to get started as soon as possible. There's a lot of infrastructure they have to install on site before they can tap their first tree, which doesn't happen until next May depending on weather. So they have a lot of work to do this fall to get ready for tapping season next year. So the sooner the better.

SG: Great, great. And I'll share with the board. I saw Buck's presentation when we had the BCPL off site and it was exciting and you guys have really thought through it and it will be a great addition to revenue generation for the normal school fund. So it's a great job.

KB: Thank you.

TN: I don't have anything additional on my end. Back to you, Sarah.

SG: Well, thank you, Tia. And the other thing I just want to just congratulate the team on to you and Micah. And again, Lake Tomahawk team is, is Pigeon Lake for Josh and John. I have now been there twice up north talking to the Bayfield board and folks about how important this is. And so it's exciting to see that we're going to get this over the line and it's a win for BCPL, it's a win for the university, and it's a win for the community up there. So thank you, guys. OK, I don't really have much to report. I mean, Tia and the North Tomahawk team, they just, they crushed it today. So I'm just going to let us just celebrate that good news as we're kicking off the next fiscal year. So I will move on to, I guess it's old business and there's no old business. Are there any future, sorry, future agenda items? Are there any future agenda items that commissioners would like to see?

JL: I just have one note. I'm not going to be able to make it to the next meeting. So as long as both of you 2 are there to carry on, that's fine. And I'm fine with that. Just want to let you know.

SG: OK, Thanks, John, for flagging that. I right now I'm going to, I'm going to be there. Josh, are you going to be there? So we have quorum.

JK: I believe. So if there's any change to that though, I'll follow up.

SG: OK, All right, we'll let you know John, if anything changes, but I appreciate you letting us know. Any other future agenda items? Nothing for me. So there's no old business. And so I moved to adjourn our meeting today. Is there a second.

JL: I'll second?

SG: Thanks, John. All those in favor of adjourning our meeting today say aye aye, Sarah.

JK: Aye, Josh.

JL: Aye, John. Our meeting's adjourned. Thanks everybody. Have a good week.

TN: Thanks everyone.

End Time: 2:23 pm