

Board Meeting Minutes
March 3rd, 2020

Present in person were:

Tom German, Executive Secretary	Board of Commissioners of Public Lands
Mike Krueger, IT Manager	Board of Commissioners of Public Lands
Denise Nechvatal, Accountant	Board of Commissioners of Public Lands
Richard Sneider, Chief Investment Officer	Board of Commissioners of Public Lands

Present via teleconference were:

Sarah Godlewski, Board Chair	State Treasurer
Josh Kaul, Commissioner	Attorney General
Doug LaFollette, Commissioner	Secretary of State

Absent Board members:

None

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:02 p.m.

ITEM 2. APPROVE MINUTES – FEBRUARY 18th, 2020.

MOTION: Commissioner Lafollette moved to approve the minutes; Commissioner Kaul seconded the motion.

DISCUSSION: None

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

MOTION: Commissioner Lafollette moved to approve the loans; Board Chair Godlewski seconded the motion.

DISCUSSION: Mr. Sneider discussed the Marshall loan which is for land for a developer for a new apartment complex. Commissioner Lafollette asked if the land was being given to the developer, Mr. Sneider commented that the structure of the deal might involve a subsidy to the developer or be a pass-through loan to the developer would be paid back.

Mr. Sneider also discussed the potential increase in loans that are refinancing prior BCPL loans. As interest rates have hit record lows, we can expect an increase in these refinance situations. The only hurdle for borrowers face in refinancing a BCPL loan is the requirement that they borrow additional funds for a new project that amount to a minimum of 25% of the amount they would like to refinance.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$2,297,361.36** in State Trust Fund Loans to support **7** community projects in Wisconsin.

- > Town of Black Creek / Outagamie County / Finance ambulance purchase / \$275,852.00
- > Town of Ellington / Outagamie County / Finance purchase of fire truck / \$700,000.00
- > Village of Kendall / Monroe County / Refinance bank debt / \$406,431.62
- > Village of Marshall / Dane County / Finance development incentive / \$425,000.00
- > Town of Mercer / Iron County / Finance purchase of fire truck / \$308,824.00
- > City of Merrill / Lincoln County / Finance city hall roof repairs / \$80,000.00
- > City of Merrill / Lincoln County / Refinance BCPL Loan #2005180 / \$101,253.74

ITEM 4. NO OLD BUSINESS

DISCUSSION: None

ITEM 5. NO NEW BUSINESS

DISCUSSION: None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider commented that the 15% drop in equity prices over the past week has provided a buying opportunity. The BCPL is a permanent fund, and staff is looking for a better price point to get into the new asset classes. Staff utilized the full authority provided by the Investment Committee, which also had a special meeting to provide additional authority to take advantage of this market volatility

Mr. Sneider indicated that the BCPL portfolio is in good shape, and includes a strong bond portfolio and cash to take advantage of market fluctuations. The biggest risk may be the decline in interest rates and the potential to lose many of the trust fund loans if refinanced through the bond market or bank debt.

Mr. Sneider also mentioned that the investment committee had recently made a \$30 million commitment to the Blackstone/GSO Secured Loan Fund, a fund that makes loans to small and middle market companies. The sponsor has an excellent track record and the loans have good security, but are at higher risk level than the municipal and agency bonds that BCPL has acquired in prior years. The investment should provide returns in the 8-10% range with loans that are floating rate, so the investment will benefit when rates eventually turn higher.

Board Chair Godlewski commented that Rich was doing good work on further diversification.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German reported staff have completed in-person interviews of four final candidates for the BCPL office manager position. They are currently conducting reference checks before making an offer.

Secretary German said he met with a number of people at the Wisconsin Wetland Association conference in an attempt to find advocates for conservation entities to acquire and preserve BCPL's wetland holdings. He discovered that the state is in the midst of updating its comprehensive plan for wetland mitigation and preservation and a number

of people stepped forward to offer their assistance. He is currently scheduling follow up meetings with those individuals.

Wisconsin Venture Investors (“VI”) provided an update on our venture capital investment in their fund. VI gave a quick summary of how all of the companies that VI invested in were doing. VI has kept its valuations of most of those investments at the initial investment amount. However, the valuation of two of the investments were increased slightly which increased the total valuation of our investment in the fund.

Secretary German met with Sarah and officials from WHEDA to discuss the possibility of BCPL investing in some of WHEDA’s fixed income investments. It was a good discussion and we will be getting together again to look at more concrete opportunities.

Secretary German met with USFS officials in Rhinelander last week to express our disappointment that the proposed exchange between our agencies was not progressing in a timely manner. However, they had a productive discussion and the USFS laid out their expected project timeline and remaining challenges and hopefully they will be putting out the appraisals for bid within the next couple of weeks and the appraisal work should start before the end of our fiscal year.

Yesterday, BCPL hosted over 20 county Registers of Deeds from across the state for a tour of our land records archive. It was a great group of engaged visitors.

Secretary German met with an official from the Conservation Fund about potential sales of BCPL properties and purchases of productive timberland. We have worked with the Conservation Fund on land transactions in the past and there appear to be some opportunities to work on some larger transactions in the future.

ITEM 8. BOARD CHAIR’S REPORT

Board Chair Godlewski commented that the investment committee is continuing to look for other investment opportunities.

ITEM 9. FUTURE AGENDA ITEMS

No new future agenda items.

ITEM 10. ADJOURN

Commissioner Lafollette moved to adjourn the meeting; Board Chair Godlewski and Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:19 p.m.

A handwritten signature in black ink, appearing to read "Thomas P. German", written over a horizontal line.

Thomas P. German, Executive Secretary

Link to audio recording: <https://bcpl.wisconsin.gov/SharedDocuments/BoardMeetin0Docs/2020/2020-03-03-BoardMtgRecording.mp3>