

Board Meeting
Minutes
April 6, 2021

Present were:

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| Sarah Godlewski, Board Chair | State Treasurer |
| Josh Kaul, Commissioner | Attorney General |
| Doug LaFollette, Commissioner | Secretary of State |
| Tom German, Executive Secretary | Board of Commissioners of Public Lands |
| Jim DiUlio, Deputy Secretary | Board of Commissioners of Public Lands |
| Richard Sneider, Chief Investment Officer | Board of Commissioners of Public Lands |
| Mike Krueger, IT Manager | Board of Commissioners of Public Lands |
| Denise Nechvatal, Senior Accountant | Board of Commissioners of Public Lands |
| Thuy Nguyen, Office Manager | Board of Commissioners of Public Lands |
| Julie Benkoske, Chief of Staff | State Treasurer |

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES – March 16, 2021

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

VOTE: The motion passed 3-0.

DISCUSSION: None

ITEM 3. APPROVE LOANS

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

DISCUSSION: Mr. Sneider highlighted three loans. Loan number five to the City of Racine is for renovation of a vacant department store downtown.

Commissioner LaFollette asked about the department store building being abandoned.

Mr. Sneider replied that he believed it had been vacant for about 40 years.

Mr. Sneider shared that the City of Onalaska’s loan is for extending the fiber network from City Hall to the Public Library which will increase the public’s access to high-speed internet in the downtown area. Loan number seven to the Town of Drammen is for an upgrade of the local utility infrastructure, ‘Fiber to the Home’ (FTTH). The town is investing a total of \$600,000 in a FTTH project. \$400,000 of the funding is from the State Trust Fund Loan Program and the town is also anticipating grants from the Public Service Commission. The town completed a survey of its residents for the project and the final survey vote was 185 yes, and 55 no.

Board Chair Godlewski commented on the survey results being largely yes and that she was pleased to see a loan for

Internet support in her home county.

Mr. Sneider replied that the project was voted on twice. It is hilly around Drammen so there is a need for landlines and fiber to everybody. Residents shared that a concern for the elderly was one of the reasons mentioned in voting for the project.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$6,479,341.00** in State Trust Fund Loans to support **7** community projects in Wisconsin.

1. Village of Shiocton / Outagamie County / Finance purchase of tractor / \$41,200.00
2. Village of Shiocton / Outagamie County / Finance purchase of plow truck / \$153,753.00
3. Town of Reedsburg / Sauk County / Finance purchase of snowplow chassis and equipment / \$106,000.00
4. Village of Brandon / Fond Du Lac County / Finance purchase of backhoe / \$25,000.00
5. City of Racine / Racine County / Finance development incentive / \$5,500,000.00
6. City of Onalaska / La Crosse County / Finance vehicle, equipment and fiber network / \$253,388.00
7. Town of Drammen / Eau Claire County / Finance telephone/broadband infrastructure / \$400,000.00

ITEM 4. OLD BUSINESS

None

NEW BUSINESS – PROPOSED LAND BANK TRANSACTIONS

ITEM 5. – P2101 purchase of 1652 acres from The Forestland Group

Executive Secretary German shared that State law requires BCPL to reinvest the proceeds from its School Trust Lands into other timberland and any lands BCPL purchases are supposed to improve public access, address forest fragmentation, or improve management efficiencies. The Forestland Group is in the process of selling off lands because their funds that own certain timberlands are reaching their maturity dates. BCPL looked for blocks of Forestland Group land that were adjacent to or near BCPL lands. The lands BCPL has identified have been appraised and we were able to negotiate a slight discount from Forestland Group off that appraised value.

ITEM 6. – E2101 Exchange of 240 acres for 206 acres from Northwoods Land Trust, Inc.

The second part of the transaction is an exchange. BCPL owns a block of land around Beaver Creek in Iron County. It is a beautiful parcel of land that has some great natural area qualities. Unfortunately, it does not have legal public access. Despite BCPL's efforts to secure that access, we were unsuccessful. The DNR has had a rule against acquiring property that does not have public access, but the Northwoods Land Trust felt strongly about preserving the property and asked if they could acquire it in exchange for part of The Forestland Group property that BCPL was looking at acquiring. In essence, they would buy a piece of The Forestland Group property and then exchange it for the Beaver Creek property. The appraisal that came in for the Beaver Creek property came in a little bit lower than we expected, and that was attributed to the lack of access. After some discussions with the Northwoods Land Trust, we agreed on a slightly higher valuation for the Beaver Creek property. This transaction makes sense for BCPL and makes sense for the Northwoods Land Trust and is acceptable to The Forestland Group. A win, win, win proposition

DISCUSSION: Commissioner LaFollette asked about how the incoming land to BCPL ended up surrounded by current trust land.

Executive Secretary German explained that when BCPL got its lands from the federal government there was never a

promise from the federal government that it would be in one single block. Lands granted through the Swamp Land Act had to be determined to be more than 50% swampy. One of the incoming parcels looks like it is mostly upland and the other piece somewhere in between, so those might have been sold by the federal government to somebody else long ago.

Commissioner LaFollette commented on the incoming land being surrounded by trust land that BCPL has owned for over 100 years.

Executive Secretary German replied that BCPL did acquire some other pieces to build that block up but that most of it came from the federal government. If you look very carefully at the original plat maps, you will see some straight lines that were drawn after the fact, not at the time that the maps were created. Swamps do not conform to squares and they do not conform to rectangles making it difficult to judge if a property was more or less than 50% swampland. So, it was decided that lines be drawn from where the swamps intersected section lines and these lines were then used as the point of reference for determining swamplands back then.

Commissioner LaFollette asked about the second map showing the land BCPL is purchasing, which appears to be separated from BCPL's current land.

Executive Secretary German acknowledged that a piece of the proposed acquisition lands were not adjacent but were located nearby. When BCPL started putting the deal together, The Forestland Group had suggested they sell us a certain piece of adjacent land and then they changed their mind. In replacement, the Forestland Group came up with those four 40s in the upper part of the map. This block is not contiguous with what we currently own, but it is nearby and easily managed together with the other lands BCPL has in the area.

Commissioner LaFollette and Executive Secretary German discussed the owners of the land surrounding the incoming lands to BCPL. Executive Secretary German commented that The Forestland Group is retaining some parcels in that area but BCPL is picking the properties that are best suited for our agency. Those surrounding lands are still privately owned but BCPL will have very good public access on both of the proposed acquisition properties.

Commissioner LaFollette asked about the exchange and how the six 40-acre parcels of school trust lands came to sit in the middle of private land.

Executive Secretary German explained that the 40-acre parcels BCPL is exchanging in the Beaver Creek Hemlocks were lands granted to BCPL by the federal government.

Commissioner LaFollette asked if BCPL has timbered those lands over the last 100 years.

Executive Secretary German replied he did not believe so.

Commissioner LaFollette thanked Executive Secretary German for the information and commended BCPL for its work.

Board Chair Godlewski commented on BCPL investing over \$1.8 million on these proposed transactions knowing the agency has only \$2 million currently left in the land bank to purchase land and buying about 1600 acres when BCPL has a little over 1700 acres of "cap room" to work with. She asked if this is a point of concern or anything to be worried about.

Executive Secretary German responded that instead of concern this is a point of encouragement. BCPL has been looking for opportunities for a while now and this is the best one that has come along. BCPL has been selling its parcels retail and it is better to be able to buy wholesale. It is correct that this transaction will use up most of the money in the Land Bank currently, and it will use up most of the land cap room we currently have. He shared his optimism that the budget will contain an allocation for the DNR to acquire some BCPL lands. BCPL is also looking at working with wetland mitigation groups that may be acquiring some BCPL wetlands to mitigate damages that have occurred. As a result of that, BCPL would be selling lower priced wetlands that would give the agency more cap space, but not necessarily more funding room. Board Chair Godlewski shared that she believes this is a very good opportunity for the BCPL and not only will it

increase public access, but our ability for timber sales. She expressed her gratitude for the great work. She asked the Board to make two separate approvals, one for the purchase and one for the exchange.

The Commissioners agreed.

MOTION ITEM #5 (purchase): Board Chair Godlewski moved to approve the land purchase as proposed in the board documents; Commissioner LaFollette seconded the motion.

VOTE: The motion passed 3-0.

MOTION ITEM #6 (exchange): Commissioner LaFollette moved to approve the land exchange as proposed in the board documents; Commissioner Kaul seconded the motion.

VOTE: The motion passed 3-0.

ITEM 7. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider pointed out that the interest rate paid by the State Investment Fund has dropped to less than 6 basis points. BCPL's portfolio continues to perform well with total unrealized gain now exceeding \$85 million, which provides BCPL with a great cushion should markets reverse course. He confirmed that he will provide the full packet of quarterly reports for discussion at the May 4th Board meeting.

ITEM 8. EXECUTIVE SECRETARY'S REPORT

None

ITEM 9. BOARD CHAIR'S REPORT

None

ITEM 10. FUTURE AGENDA ITEMS

None

ITEM 11. ADJOURN

Commissioner Kaul moved to adjourn the meeting; Commissioner LaFollette seconded the motion. The motion passed 3-0; the meeting adjourned at 2:27 p.m.



Thomas P. German, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2021/2021-03-16-BoardMtgRecording.mp3>