

Board Meeting
Minutes
July 6, 2021

Present were:

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 – June 15, 2021

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 Kaul moved to approve the loans; Commissioner LaFollette seconded the motion.

DISCUSSION: Mr. Sneider commented on loan #5 to New Berlin. The loan is for \$5.1 million to finance the building and remodeling of a recreation center. New Berlin may be looking for longer term financing down the road. Loan #8 to the City of New Holstein is for a little over \$900,000 to demolish an industrial property that is no longer serving a purpose for the city. Commissioner LaFollette commented on the different loan terms for each municipality.

Executive Secretary German shared that often when a municipality takes out a large loan for a short period of time, they are using the funds for the construction phase of the project. Banks often charge points upfront for construction loans and BCPL does not so all the borrower pays is interest. BCPL provides a cleaner form of financing, however BCPL requires the borrower to take out the whole loan within four months.

Commissioner LaFollette commented on loan #8 being unusual because it is for demolition rather than construction.

Mr. Sneider explained that it is part of an economic development project, and the first phase is demolishing an obsolete industrial property.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$7,637,660.00** in State Trust Fund Loans to support **8** community projects in Wisconsin.

1. Town of Delafield / Waukesha County / Finance purchase of excavating machine / \$161,000.00
2. Town of Trenton / Pierce County / Finance purchase of Snow Plow/Haul Truck / \$150,000.00
3. Town of East Troy / Walworth County / Finance roadwork and purchase of fire truck / \$825,000.00
4. Town of Brooklyn / Green County / Finance roadwork / \$250,000.00
5. City of New Berlin / Waukesha County / Finance Build/Remodel of Recreation Center / \$5,100,000.00
6. Town of Lamont / Lafayette County / Refinance roadwork / \$180,000.00
7. Town of Sand Lake / Burnett County / Finance purchase of front end loader / \$61,000.00
8. City of New Holstein / Calumet County / Finance demolition of former Tecumseh property / \$910,660.00

ITEM 4. OLD BUSINESS – update on co-op acquisition of idle paper mills in Wisconsin Rapids and Park Falls

Executive Secretary German shared that the legislature has passed the bill to provide a loan from the Wisconsin Economic Development Corporation (WEDC) for acquisition and improvement of the two idled mills. The bill provides that the WEDC financing is no longer contingent upon the entity which acquires the mills obtaining a loan issued by BCPL. The bill still mentions BCPL, but it talks about that financing as permissive rather than mandatory. In the bill that passed, the money for the WEDC loan would come from the State Fiscal Recovery Fund. For the WEDC loan to be eligible to be used for that deadline, the use must be designated to address an economic harm that resulted or was exacerbated by the pandemic. At this point, there is still no clear answer on that. The bill is now at the governor's desk, and he will decide whether or not to veto the bill. Meanwhile, the staff here at BCPL remains ready to assist in processing any loan applications from eligible borrowers, such as the county or municipality where each of the mills are located. We have had preliminary discussions but have not had any follow up discussions with those entities. Executive Secretary German met with Henry Schienenbeck, head of the Great Lakes Timber Producers, on Friday morning. Henry is a principal of the co-ops. Although he was still hopeful, he did not have additional info to add at this time.

Board Chair Godlewski shared that the governor released a press release about the legislation. She added that based on the tone of that press release, he likely will veto the bill. This may be an opportunity to think about alternative solutions.

Executive Secretary German commented that he agrees with that assessment. He is hopeful that BCPL can be involved in successful resolution of the matter. As timberland owners in that part of the state, a good amount of our pulpwood had been going to the mill in Wisconsin Rapids.

Board Chair Godlewski thanked Executive Secretary German for the update and shared how helpful it is to the commissioners to stay informed about this.

ITEMS 5 NEW BUSINESS

None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

None

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German commented that he would like to thank the staff for their diligent hard work to complete some recent real estate investments. The outside counsel that was approved about six months ago has been very helpful. BCPL has been able to close on two more investments before the end of the fiscal year. We are starting the new fiscal year with more money invested in real estate funds and we are more diversified and stronger than before. Thank you to all the staff members for helping make it happen and thank you to the board for helping us get to the point where we could have that outside counsel assistance. All those pieces were necessary to get us across the finish line.

Board Chair Godlewski asked Executive Secretary German to remind the board how much those real estate transactions were worth.

Executive Secretary German replied that those transactions were in the tens of millions. Investment in Invesco US Income Fund was authorized at \$40 million, but they only called \$5 million on the front end.

Mr. Sneider stated that BCPL committed \$30 million to Brookfield Infrastructure Debt Fund II and they called the full \$30 million. \$20 million was committed to BlackRock US Core Property Fund and they called all \$20 million. These new investments total \$55 million now deployed with another \$35 million that is likely to be deployed in the near future.

Board Chair Godlewski thanked Mr. Sneider and Executive Secretary German and emphasized that these are not small transactions and the work behind these commitments is incredibly complicated. Commissioner Kaul thanked the staff for their work.

Executive Secretary German shared that last Friday BCPL had a sealed bid opening for several timber sales. Five separate timber sales were offered for bid. Those sales covered over 400 acres and we received acceptable bids on four of the offerings. Bidding pressure was low with all but one of those sales getting only one bid. The one sale that generated no bids was a remote frozen-logging-only-pulpwood-sale. Two of the sales were on properties that were recently approved for purchase by the current board. Staff at the northern office wanted to make sure to thank the board profusely for approving those land purchases which now resulted in timber sales. Not only did those sales improve our land portfolio but the land is also already generating revenue. The recent northern hardwood saw timber sale broke previous records because it generated \$1,541.00 per acre, which is a significant amount of money per acre. We still own the land and there are still more trees because we do sustainable harvesting. The estimated timber that we sold totaled over \$264,000 so, overall, it was a success in a market that right now is struggling.

ITEM 8. BOARD CHAIR'S REPORT

Board Chair Godlewski provided two updates. First, a press release will be rolled out about the record distribution from the Normal School Fund at over \$1,000,000. She asked the other commissioners to make sure to share their quotes. It is very exciting that we're continuing to support the university system in different ways. She will be interviewing Brian Sloss, the dean of the University of Wisconsin-Stevens Point College of Natural Resources, about how the money from the Normal School Fund impacts that program. She hopes the rollout strategy elevates what the Normal School Fund provides for the people of Wisconsin and emphasizes how it makes a difference in the Community.

Executive Secretary German shared that one of the additional things that BCPL has done for Stevens Point is that we have worked with Stevens Point to have the Western State Land Commissioners provide scholarships to UW Stevens Point students to attend their annual conferences. Those students are learning more about how the public land managers are functioning throughout the western part of the United States. The students also have a chance to talk to the leaders of different organizations. Stevens Point has been very grateful to BCPL for being a leader in helping do that for their campus and for their students.

Board Chair Godlewski commented that hopefully we can further emphasize that in this news release and over social media. Brian is very excited to share the impact of the disbursement.

Board Chair Godlewski shared that Jill Underly was sworn in as the Superintendent of Public Schools yesterday. We are really excited about her serving in that role. Something that's important to the Common School Fund is our relationship with DPI and our beneficiaries. Part of the reason we were able to be effective the last few years is the relationship we had with Carolyn Stanford Taylor, for example, and for the first time in the fund's history making that special distribution during Covid. Board Chair Godlewski and Executive Secretary German will be meeting with Jill in the next few weeks and will continue to share any progress made. She shared that she has known Jill for some time now and knows Jill is excited to work with the board and staff to best serve our public schools.

ITEM 9. FUTURE AGENDA ITEMS

Update regarding the co-op acquisition of idled paper mills.

ITEM 10. ADJOURN

Commissioner Lafollette moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:21 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/Shared Documents/Board Meeting Docs/2021/2021-07-06 BoardMtgRecording.mp3>