

Board Meeting Minutes
January 7, 2025

Present were:

Sarah Godlewski, Board Chair	Secretary of State
John Leiber, Commissioner	State Treasurer
Josh Kaul, Commissioner	Attorney General
Nicole Pegram, Deputy Chief of Staff	Secretary of State
Tom German, Executive Secretary	Board of Commissioners of Public Lands
Rich Sneider, Chief Investment Officer	Board of Commissioners of Public Lands
Denise Nechvatal, Controller	Board of Commissioners of Public Lands
Chuck Failing, IT Manager	Board of Commissioners of Public Lands
Thuy Nguyen, Office Manager	Board of Commissioners of Public Lands

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:30 p.m.

ITEM 2. APPROVE MINUTES

MOTION: Board Chair Godlewski 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 Leiber seconded the motion.

DISCUSSION: Mr. Sneider shared that the loan to the Village of Somerset to acquire land to expand their current tax incremental district for future development of commercial and industrial projects.

VOTE: The motion to approve the loans passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$1,510,000.00** in State Trust Fund Loans to support a community project in Somerset Wisconsin.

Village of Somerset / St Croix County / Finance TID #6 property acquisition / \$1,510,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. NEW BUSINESS – Proposed land Bank Sale – Stella Lake Wetlands (S2501)

Executive Secretary explained that the parcel for sale, although called the Stella Lake Wetlands, is not actually located on Stella Lake. However, it is in the town of Stella. It is an isolated, unproductive, mostly wetland parcel without any legal access. The parcel is not an asset currently producing a significant revenue for the trust funds. A landowner in the area has expressed interest in buying it and because he appears to be sincere in his interest in acquiring it, we decided to have it appraised and we are now proposing to the board to put it up for sale. This is the type of parcel we want to sell, and we believe it to be a good opportunity to do so. We are proposing to the board to put this up for a sealed bid auction.

Board Chair Godlewski asked for clarification on the acreage of the parcel.

Executive Secretary responded that when it was originally surveyed many years ago, it was estimated to be 58.60 acres. The GLO at the beginning of the acreage refers to the General Land Office who commissioned the original survey. However, in the intervening times, there were new developments in surveying and in geographic information systems that now estimate the parcel to be over 65 acres. This parcel is located along a correction line. Often a “quarter-quarter” parcel like this is estimated to be approximately 40 acres, but the earth is round so, every so many townships and ranges, a correction line is made that takes into consideration the curvature of the earth. That is how some of these other acreage estimates came to be. So, the original survey estimated the parcel at 58.6, but current technology estimates it at slightly over 65.

ITEM 6. CHIEF INVESTMENT OFFICER’S REPORT

Mr. Sneider reported that tomorrow we will be closing on funding commitments for both the Common School Fund and the Normal School Fund into the Nuveen U.S. Cities Retail Fund. We believe that grocery store anchored destination retail is expected to outperform other types of real estate over the next few years. There has been very limited construction of retail stores for many years and there is not currently much in the pipeline either. Our current portfolio is underweight in retail compared to standard real estate fund benchmarks. We believe this is a good time to add this fund to our portfolio. We also purchased a Treasury Inflation-Protected Security (TIPS) for the Common School Fund. These bonds provide a yield above inflation, which is a primary goal of our investment strategy. The yield available today at a 2.5% plus inflation is near the highest level available for these types of securities over the past 15 years. We're excited about the opportunity to lock in these yields for close to 30 years, which will provide additional stability for our portfolio for many years to come. These bonds are also very liquid, so if at any time it makes sense to move these funds into another investment opportunity, we retain that option.

Board Chair Godlewski asked Mr. Sneider to share the commitment amounts for each fund.

Mr. Sneider replied that we committed \$20 million for the Common School Fund and for the Normal School Fund we committed \$1.5 million, which are both well within our target allocations. We bought a \$10 million TIPS at a discount because it is a long-term bond. Our actual cash investment was \$8.5 million for a \$10 million bond.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German reported that BCPL staff is planning to attend the state education convention in Milwaukee later this month. The convention brings the entire education community together for a couple days to talk about the issues related to public education. BCPL will have a booth to talk about our loan program and the fact that we are making another record distribution to public schools for their library materials.

We will be opening bids for our timber sales on Friday and hope that we will have a good number of bidders for that. We are now allowing loggers to bid electronically for the first time ever. We have run the new electronic bidding program through the ropes to see how it works and have invited Henry Schienebeck from the Great Lakes Timber Producers to be the beta tester for it. Henry and his organization are excited about it as are we. If we can attract more loggers/bidders that usually results in higher values for our timber sales. The bid opening will be Friday.

Board Chair Godlewski asked about potential weather patterns effecting timber harvest for 2025.

Executive Secretary German replied that last year was a very tough winter because it was so mild that the ground didn't freeze for very long. It pushed a lot of the timber harvesting that was scheduled for last winter into this year. More timber harvest scheduled for this year means there's likely to be an oversupply of timber on the market that must be cut this year. Weather does have the ability to depress prices and bidding activity. However, our northern staff is very careful about which lands we are offering for timber sales. They take into consideration what the market is for different types of trees and species at any given point in time. They are fairly confident that this will be a productive timber sale.

ITEM 8. BOARD CHAIR'S REPORT

Board Chair Godlewski thanked the BCPL staff and Commissioner Leiber for a great Common School Fund distribution announcement in Brown Deer. The announcement took place right before the holiday break. They appreciated BCPL and others going to a school to do the earnings announcement. They were able to show us directly how these funds are used. It was very well received and nice to meet some of our stakeholders and beneficiaries and have them participate in the event. She and Commissioner Leiber agreed that the snowstorm that day made travel challenging.

She asked the commissioners if there were any items they would like to discuss as we move into 2025. We have our biweekly board meetings and then our quarterly financial updates from Mr. Sneider and his annual review in the first quarter of the year.

Commissioner Leiber shared that the first thing that comes to mind is the budget process. He would like to be kept updated on how that's going or what we're hearing from legislators and the governor. This can be included in regular updates at board meetings. The budget is going to take up a lot of space the next six months for everyone. We should make sure that's our focus because we have some issues we'd like to see addressed. If the commissioners can be of any assistance, he would be happy to help.

Board Chair Godlewski shared that she will be checking in with Executive Secretary German tomorrow, and the budget is one of the items on our agenda. We will also discuss how to best approach the process. We really appreciate Commissioner Leiber's support and will absolutely take him up on his offer.

Commissioner Kaul agreed with Commissioner Leiber and added that he believes the process we have is a good one.

Executive Secretary German thanked Commissioner Leiber for his willingness to be an advocate for BCPL's budget request with the legislature. It's important this coming year because it's crucial that the agency get back on solid footing with our budget. With the changes in the Legislature there are some possibilities that haven't been available the last six years.


Board Chair Godlewski commented that she is looking forward to a successful 2025 with the BCPL and she will continue to keep the board updated on the budget, finances and distributions.

ITEM 9. FUTURE AGENDA ITEMS

None

ITEM 10. ADJOURN

Board Chair Godlewski moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:50 p.m.

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

Thomas P. German, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/bcpl.wisconsin.gov Shared Documents/Board Meeting Docs/2025/2025-01-07 BoardMtgRecording.mp3>