

Board Meeting Minutes
December 3rd, 2019

Present in person were:

Doug LaFollette, Commissioner	Secretary of State
Jonathan Barry, Executive Secretary	Board of Commissioners of Public Lands
Tom German, Deputy Secretary	Board of Commissioners of Public Lands
Julie Benkoske	State Treasurer’s Office
Richard Sneider, Chief Investment Officer	Board of Commissioners of Public Lands

Present via teleconference were:

Josh Kaul, Commissioner	Attorney General
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Board members not present for meeting:

Sarah Godlewski, Board Chair	State Treasurer
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ITEM 1. CALL TO ORDER

Commissioner LaFollette called the meeting to order at 1:58 p.m.

ITEM 2. APPROVE MINUTES – NOVEMBER 19th, 2019

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

DISCUSSION: No discussion.

VOTE: The motion passed 2-0.

ITEM 3. APPROVE LOANS

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

DISCUSSION: Mr. Sneider provided additional detail regarding the loan applications of Black River Falls and Mount Pleasant. Commissioner Kaul had questions regarding the impact of the FoxConn project on the credit quality of the Mount Pleasant loan. Mr. Sneider explained that this loan was for projects that did not involve the FoxConn development and were located within a tax incremental district that has already experienced successful development with a TID value increment in excess of \$83 million. In addition, the amount of general obligation issued by the Village of Mount Pleasant remains moderate, and Mount Pleasant retains significant borrowing capacity. In any case, BCPL will remain in an excellent position by virtue of the statutory ability to intercept state aid due the Village in case of loan default. This intercept has never been required in the history of the program, which began in 1871, but provides a great incentive for any Borrower to repay their Trust Fund Loan. Staff indicated they were highly confident that the loan would be repaid as agreed.

VOTE: The motion passed 2-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$9,101,231.00** in State Trust Fund Loans to support **11** community projects in Wisconsin.

- > City of Black River Falls / Jackson County / Finance TID #3 infrastructure projects / \$1,210,000.00
- > Village of Campbellsport / Fond Du Lac County / Finance library roof project / \$85,000.00
- > City of Cumberland / Barron County / Finance roadwork / \$688,500.00
- > De Pere School District / Brown County / Finance school remodel and IT purchases / \$530,000.00
- > Town of Greenwood / Taylor County / Finance purchase of fire truck / \$100,000.00
- > Town of Highland / Douglas County / Finance tractor and brusher / \$144,531.00
- > Town of Lawrence / Brown County / Finance purchase of plow truck and property / \$500,000.00
- > City of Merrill / Lincoln County / Finance HVAC, Fiber, and Police Projects / \$251,200.00
- > City of Middleton / Dane County / Finance flood recovery projects / \$590,000.00
- > Village of Mount Pleasant / Racine County / Finance TID #1 Projects / \$4,977,000.00
- > Village of Rib Lake / Taylor County / Finance purchase of fire equipment / \$25,000.00

ITEM 4. ASSET ALLOCATION CHANGES IN INVESTMENT PLAN

MOTION: Commissioner Kaul moved to approve the asset allocation changes; Commissioner LaFollette seconded the motion.

DISCUSSION: Mr. Sneider noted the allocation to public equities is not changing, and the major modification is an increase in the allocation to real estate.

VOTE: The motion passed 2-0.

ITEM 5. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider has no report this week.

ITEM 6. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Barry brought up an issue where the Governor's office, in a meeting with staff of the Treasurer's office, asserted that BCPL was one "of just three agencies that were found lacking in their financial control responsibilities." When we were informed of this, it was not immediately apparent to any of our staff—Tom, Denise or myself—what was being referred to. We surmised, correctly it turned out, that this probably had something to do with the new STAR system implementation. In a smaller agency such as ours, it is more difficult to maintain a span of control in all transactions where, for example, a payment may come in and then a deposit made but where it is important to have a degree of separation among employees handling the transaction.

Deputy Secretary German investigated this further and pointed out that BCPL had, for years, maintained an Internal Control Plan that had worked well and had been approved by DOA and understood by the LAB. However, when the State cut over to STAR, that system was different from that which that state had been using. There were some pieces missing from STAR in the accounts receivable module. The fix will be for agencies, including BCPL, to set up a "compensating control plan" that would provide for a hard copy step for internal approval by a second pair of eyes within the agency before having the document go to DOA.

ITEM 7. BOARD CHAIR'S REPORT

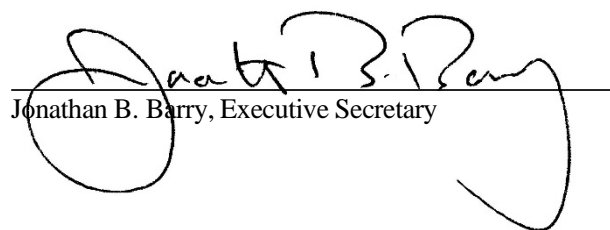
Commissioner LaFollette had no board chair report.

ITEM 8. FUTURE AGENDA ITEMS

Deputy Secretary German asked that we put on the next agenda the issue of outside counsel for real estate investments that are part of our approved asset allocation and are being contemplated but cannot be undertaken without outside counsel review. Commissioners Kaul and La Follette agreed that this matter should be included on the agenda for the next meeting on December 17th.

ITEM 9. ADJOURN

Commissioner Kaul moved to adjourn the meeting; Commissioner LaFollette seconded the motion. The motion passed 2-0; the meeting adjourned at 2:23 p.m.



Jonathan B. Barry, Executive Secretary

Link to audio recording:

https://bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2019/2019-12-03_BoardMtgRecording.mp3