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Thomas P. German, *Executive Secretary*

## AGENDA

May 19<sup>th</sup>, 2020  
2:00 P.M.

Board of Commissioners of Public Lands  
101 E. Wilson Street, 2<sup>nd</sup> Floor  
Madison, Wisconsin

### Routine Business:

1. Call to Order
2. Approve Minutes – May 5<sup>th</sup>, 2020 (Attachment)
3. Approve Loans (Attachment)

### Old Business:

4. None

### New Business:

5. None

### Routine Business:

6. Chief Investment Officer's Report
7. Executive Secretary's Report
8. Board Chair's Report
9. Future Agenda Items
10. Adjourn

### AUDIO ACCESS INFORMATION

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Toll Free Number: **(888) 291-0079**  
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Board Meeting Minutes  
May 5<sup>th</sup>, 2020

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
Richard Sneider, Chief Investment Officer	Board of Commissioners of Public Lands
Mike Krueger, IT Manager	Board of Commissioners of Public Lands

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** – May 5<sup>th</sup>, 2020.

**MOTION:** Commissioner Kaul moved to approve the minutes; Board Chair Godlewski 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 commented on loan number 8 for the School District of Lodi. This loan is for a stadium project, which is a little unusual. Loan number 9 for the Town of Lawrence in Brown County is providing TID financing for Impact Sports Academy. These sports academies have become big business where children can practice sports when school is not in session. Number 11, the City of Wausau is borrowing almost 3 million dollars for street and park improvements. Wausau normally might go to bonding but did not because the market is extremely volatile right now, instead it chose the Trust Fund Loan program. The stability of the Trust Fund Loan Program is what makes it extremely valuable to its customers. Number 17 for the City of Two Rivers is a utility revenue loan. The security for this loan is revenue from their storm water utility rather than a general obligation tax levy. BCPL analyzes the loan, the net operating income, the stability of the utility and then adjusts the rate to adjust for these additional risks. However, BCPL still maintains the ability to intercept state aid that would normally go to the community, so the overall risk of default remains very low.

Commissioner LaFollette commented that he noticed the interest rate on the revenue loan to be higher.

Mr. Sneider explained that BCPL generally gets a premium for revenue loans because there is some additional risk involved.

Commissioner LaFollette commented about loan number 16 being a 3 year loan.

Mr. Sneider responded that communities choose the terms of their loans and sometimes the terms are chosen so that they can control the repayment amounts.

Commissioner LaFollette stated that there are also a number of refinance loans.

Mr. Sneider replied that the interest rates are low right now, so it is a prime opportunity for borrowers.

Commissioner LaFollette noted that some of the refinance loans are at an interest rate of 2.5%. He asked if it is possible there are lower interest rates available elsewhere.

Mr. Sneider responded that 2.5% is a very good rate and though there might be other loans with lower rates, customers choose BCPL because its loans do not carry any additional fees or costs and the loan process is very simple.

Commissioner LaFollette asked what the original loan rates were for the refinanced loans.

Mr. Sneider explained that it varies commenting that these loans originated when market rates were higher, in the 3-4% range.

Board Chair Godlewski asked for information on how many of the loans today are driven by the COVID crisis, or where Mr. Sneider thinks the demand will come from moving forward.

Mr. Sneider responded that he does not believe BCPL is seeing loans driven by the COVID crisis yet, but that some of the loans might have been funded internally had it not been for COVID-19. He believes there may be COVID driven loans coming once communities see the impact on tax revenue being delayed or reduced. As of now, BCPL has not seen demand for loans based on the impact COVID-19 has had on communities but it will likely see those loans in the future.

**VOTE:** The motion passed 3-0.

**MOTION -** The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$10,523,232.17** in State Trust Fund Loans to support **21** community projects in Wisconsin.

1. Town of Guenther / Marathon County / Finance new town garage / \$300,000.00
2. Village of Kendall / Monroe County / Refinance Bank Loans / \$411,000.00
3. City of Delavan / Walworth County / Finance purchase of golf course equipment / \$306,300.00
4. Town of Pelican / Oneida County / Finance purchase of plow truck / \$150,000.00
5. Town of Lowville / Columbia County / Finance purchase of ambulance / \$150,000.00
6. Town of Rutland / Dane County / Finance Roadwork / \$340,000.00
7. Town of Rutland / Dane County / Refinance BCPL Loan #2019005 / \$85,879.79
8. Lodi School District / Columbia and Dane Counties / Finance stadium project / \$500,000.00
9. Town of Lawrence / Brown County / Finance TID Project for Impact Sports Academy / \$300,000.00
10. Town of Fox Lake / Dodge County / Finance purchase of fire truck / \$230,000.00
11. City of Wausau / Marathon County / Finance street and park improvements / \$2,986,000.00
12. Town of Union / Pierce County / Refinance BCPL Loan #2017025 / \$24,778.91
13. Town of Union / Pierce County / Finance roadwork / \$100,000.00
14. Town of Union / Pierce County / Refinance BCPL Loan #2017026 / \$50,838.14
15. Town of Union / Pierce County / Refinance existing loan on JD Grader 772GP / \$115,435.33
16. City of Two Rivers / Manitowoc County / Finance water and sewer laterals project / \$550,000.00
17. City of Two Rivers / Manitowoc County / Finance utility and shoreline projects / \$1,073,000.00
18. City of Two Rivers / Manitowoc County / Finance property purchase for redevelopment / \$550,000.00
19. City of Two Rivers / Manitowoc County / Finance TID #13 developer grant / \$250,000.00
20. Town of Navarino / Shawano County / Finance fire station and high capacity well / \$220,000.00
21. Town of Troy / Walworth County / Finance roadwork and refinance bank loans / \$1,830,000.00

#### **ITEM 4. OLD BUSINESS – NONE**

#### **ITEM 5. NEW BUSINESS - NONE**

#### **ITEM 6. CHIEF INVESTMENT OFFICER’S REPORT**

Mr. Sneider commented that the investment committee voted to suspend moving forward immediately with the remaining real estate commitments until the month of September, which is when it will again review the status of those funds. The real estate funds are valued every month and the valuations are conducted using third party appraisals on an annual basis along with using an algorithm that adjust or accounts for changes in the market conditions each month. The coronavirus has had an impact on real estate markets, especially retail and hospitality markets. The funds that BCPL selected included industrial and apartment types which had been less effected by the current market conditions. However, BCPL also wanted to minimize the risk of buying into these partnerships right before the valuations were adjusted because of the coronavirus. The investment committee thought it would be prudent to wait a couple months before it went through with these acquisitions in the event any of these properties have a reduced valuation so it could get the partnership interest at those reduced values.

#### **ITEM 7. EXECUTIVE SECRETARY’S REPORT**

Executive Secretary German commented that DOA and the state budget director have issued guidance on the fiscal year 2020 budget lapse. BCPL has been exempted from the requirement for a 5% budget lapse because it is not an executive agency. However, in the interest of BCPL being a team player in this difficult time it is keeping a lid on expenditures and has projected that it will be able to meet that lapse of 5% of its budget in accord with other state agencies that are not exempt. Furthermore, BCPL has provided the services of its senior forester, Kevin Burns, to the COVID effort. Kevin is an expert on geographic information systems. Normally, he uses that expertise to map BCPL’s trust land and timber located on such lands. Kevin is working with a team to track and map the locations of persons infected with COVID throughout the state.

Executive Secretary German also commented that the Wisconsin Counties Association published a story on BCPL’s Trust Fund Loan Program in their May magazine.

Executive Secretary German explained that people may be able to postpone the payment of their last property tax installment until September but counties are required to pay the full amount of uncollected taxes to the other respective taxing entities by August 20<sup>th</sup>. As a result, counties may need to borrow money in order to settle up with those other taxing authorities at that time and may look to the Trust Fund Loan Program for those needs. The yield on the state investment fund where we keep our short-term money has dropped to 0.5%. Short term investment like loans to counties or schools may be a good alternative to the 0.5% until BCPL is able to deploy the money into longer term investments. The league of Municipalities ran a story about BCPL recently and will run another short story about BCPL. This story is about using BCPL loans to pass through to local businesses or entities.

Board Chair Godlewski added that she appreciates BCPL’s creativity in investing while the yield rate is so low.

#### **ITEM 8. BOARD CHAIR’S REPORT**

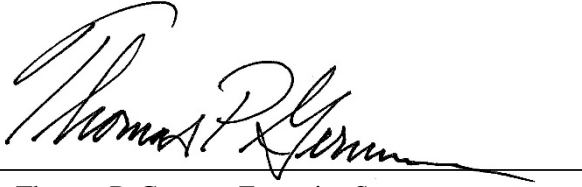
Board Chair Godlewski commented that the Treasurer’s office has been in contact with the League of Municipalities and the Counties Association and participated in a webinar with county treasurers and put together a survey to help understand what the financial impact will be on these counties. That financial impact assessment could be helpful data as counties look to the Trust Fund Loan Program. It could also be helpful in understanding what their financing gap could be and where they might go to find resources to make up for that. That data is being compiled now and will be shared with the investment committee and the board soon.

#### **ITEM 9. FUTURE AGENDA ITEMS**

No new future agenda items.

**ITEM 10. ADJOURN**

Commissioner LaFollette moved to adjourn; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:16 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%20Documents/Board%20Meeting%20Docs/2020/2020-05-05\\_BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2020/2020-05-05_BoardMtgRecording.mp3)

**BOARD MEETING  
MAY 19, 2020**

**AGENDA ITEM 3  
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. River Ridge Grant County Application #: 02020142 Purpose: Refinance BCPL Loans #2019116 and #2019131	School Rate: 4.25% Term: 19 years	General Obligation	\$1,700,000.00
2. Sharon Walworth County Application #: 02020164 Purpose: Refinance BCPL Loan #2010062 and G.O. Bonds	Village Rate: 2.75% Term: 10 years	General Obligation	\$926,632.57
3. Deerfield Dane County Application #: 02020165 Purpose: Finance downtown revitalization projects	Village Rate: 2.75% Term: 6 years	General Obligation	\$1,400,000.00
4. Norrie Marathon County Application #: 02020166 Purpose: Finance purchase of plow truck and fire truck	Town Rate: 2.75% Term: 10 years	General Obligation	\$210,000.00
5. Union Grove Racine County Application #: 02020167 Purpose: Finance purchase of fire truck	Village Rate: 3.00% Term: 10 years	General Obligation	\$725,000.00
6. Johnson Marathon County Application #: 02020168 Purpose: Finance road project	Town Rate: 2.50% Term: 5 years	General Obligation	\$400,000.00
7. Knowlton Marathon County Application #: 02020169 Purpose: Finance purchase of plow truck	Town Rate: 2.50% Term: 5 years	General Obligation	\$150,000.00
	<b>TOTAL</b>		<b>\$5,511,632.57</b>