

## **AGENDA**

June 2<sup>nd</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 19<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**

-----

Toll Free Number: **(888) 291-0079**

Passcode: **6363690#**

Board Meeting Minutes  
May 19<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
Thuy Nguyen, Office Manager	Board of Commissioners of Public Lands
Julie Benkoske	State Treasurer's Office

Absent Board members:  
None

### ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:01 p.m.

### ITEM 2. APPROVE MINUTES – May 5<sup>th</sup>, 2020.

**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 LaFollette moved to approve the loans; Board Chair Godlewski seconded the motion.

**DISCUSSION:** Mr. Sneider commented on loan number one for the School District of River Ridge. This loan is a refinance of two earlier State Trust Fund Loan Program loans. The rate is a little higher because it is an extension of their prior loans. The State Trust Fund Loan Program allows borrowers to refinance their loans at the present rate, but the borrower is required to take out additional debt of 25% of the amount being refinanced. River Ridge did not have another loan project large enough to meet that criteria, so they decided to extend their existing loan at the original rate.

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

**MOTION -** The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$5,511,632.57** in State Trust Fund Loans to support **7** community projects in Wisconsin.

1. River Ridge School District / Grant County / Refinance BCPL Loans #2019116 and #2019131 / \$1,700,000.00
2. Village of Sharon / Walworth County / Refinance BCPL Loan #2010062 and G.O. Bonds / \$926,632.57
3. Village of Deerfield / Dane County / Finance downtown revitalization projects / \$1,400,000.00

4. Town of Norrie / Marathon County / Finance purchase of fire truck / \$210,000.00
5. Village of Union Grove / Racine County / Finance purchase of fire truck / \$725,000.00
6. Town of Johnson / Marathon County / Finance road project / \$400,000.00
7. Town of Knowlton / Marathon County / Finance purchase of plow truck / \$150,000.00

#### **ITEM 4. OLD BUSINESS – NONE**

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

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

Mr. Sneider commented that BCPL is nearing its target for corporate bonds and public equities. BCPL has a target allocation for corporate bonds of 10%. Currently, it is at 9.9%. The public equities total target is 15% and it is currently a little over 14%. The investment committee is currently looking at preferred stock. Preferred stock is a bit of a hybrid between corporate bonds and common stock. Preferred stocks take a preferred position prior to any dividends being paid to common stockholders. They generally have a more dependable, higher dividend stream and better security than common stock. BCPL will be taking a better look at those either through an ETF structure or working with its advisors at Schwab to develop its own portfolio, which would be a little more work but would save on fees. The fees for preferred stock funds in the ETF area are higher than they are in common stock funds. The fee tends to be about 0.5% per year which is something BCPL would like to avoid if it can put together its own portfolio. If the investment committee does decide to move forward with investments in preferred stock, BCPL holdings may push up above the current target level for domestic equities, but still within the authorized range specified in the Investment Policy. This move could happen in the near future.

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

Executive Secretary German commented that all staff is healthy and continues to be productive. He explained that as noted at the last meeting, BCPL has been expressly exempted from the requirement for a budget lapse this year. However, it is keeping a lid on expenditures and projecting that it will be able to lapse 5% of its budget in accord with other state agencies that are not exempt. The mechanics of the lapse are still unclear and BCPL has reached out to the State Controller’s Office and the Budget Office for guidance.

Executive Secretary German added that inquiries have continued to pour in from local governments interested in borrowing through the State Trust Fund Loan Program. Some of this activity can be traced to articles in recent publications of the League of Wisconsin Municipalities and Wisconsin Counties Association. Loan processing activities have increased during this time, but not necessarily for expenses or projects directly related to COVID. It seems that the current increase in loan demand is driven more by borrowers’ preference for the program’s reliability and flexibility.

Executive Secretary German also added that the yield on the State Investment Fund has recently dropped to 0.5% and is headed lower. Although BCPL has deployed significant amounts of trust fund principal into more diverse investments (real estate funds, exchange traded bond funds and another lending fund) since the markets dropped, it still has approximately \$200 million in unencumbered funds. There is considerable interest from some local governments for short-term loans, but this interest has not yet translated into actual applications for short-term loans. BCPL has started investing in some school tax revenue anticipation notes and it is looking at moving some funds back into FDIC insured bank accounts that pay higher interest than SIF. BCPL will be having a conference call with Bankers Bank later this week to explore more short-term investment opportunities.

Executive Secretary German shared that senior forester Kevin Burns is now working part-time for DHS on the COVID mapping effort. He is working with a team to track and map the location of persons infected with COVID-19 through the state. Kevin remains a valued member of the team and is working with BCPL part-time.

Executive Secretary German commented that the land exchange with U.S. Forest Service continues to move forward. He will be having a conference call with the superintendent of the Chequamegon Nicolet National Forest and Forest County Potawatomi Community officials later this week to discuss the transaction.

Executive Secretary German had a conference call with Clint Miller of the Conservation Fund and discussed potential strategies for putting together a larger transaction that would allow BCPL to sell school trust wetlands to conservation entities and invest the proceeds in consolidated blocks of accessible, productive timberland.

Executive Secretary German closed sharing that BCPL has continued to work on a couple of submerged land leases that may be heading for board consideration in the next month (Mississippi River, Lake Michigan – Sturgeon Bay) and it is also continuing to work on the possibility of selling a conservation easement against our reserved mineral estate.

## **ITEM 8. BOARD CHAIR'S REPORT**

Board Chair Godlewski shared that she has been working with the chief financial officers of the counties and municipalities to understand what their funding gaps will be. These financial officers have shared that there are two interesting scenarios: 1.) At the federal level they are experiencing a decrease and delay in revenues but an increase in local expenses because of COVID. They are trying to understand how this will impact their budgets; and 2.) The legislature a few weeks ago gave counties the ability to authorize taxpayers to defer property tax installments until the end of September. Are counties going to be participating in this extension? How will this impact their budgets knowing they will not have the revenue stream they need to “settle up” with school districts and cities which they typically do in August? She added that she has had very good feedback about her county and municipal survey, but she is not ready to share data yet because the state just received its money from the CARES Act earlier this week. The governor's office is working on how that money will be used to help address COVID expenses. This is critical in understanding what the funding gaps are going to be. She will be following up with these communities and she anticipates more communities asking about loans from the State Trust Fund Loan Program in the future. There is uncertainty about the CARES Act funds and whether counties will be participating in authorizing deferred tax payments. She added that she is also looking forward to the conversation with Bankers Bank and seeing how BCPL can maximize its returns while keeping funds in the state.

## **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 2:15 p.m.



Thomas P. German, Executive Secretary

Link to audio recording: [https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2020/2020-5-19\\_BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2020/2020-5-19_BoardMtgRecording.mp3)

**BOARD MEETING  
JUNE 2, 2020**

**AGENDA ITEM 3  
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Combined Locks Outagamie County Application #: 02020170 Purpose: Finance street installation	Village Rate: 3.50% Term: 20 years	General Obligation	\$1,000,000.00
2. Pleasant Springs Dane County Application #: 02020171 Purpose: Finance roadwork	Town Rate: 2.50% Term: 2 years	General Obligation	\$300,000.00
3. Lessor Shawano County Application #: 02020172 Purpose: Finance addition to fire station	Town Rate: 3.00% Term: 10 years	General Obligation	\$200,000.00
4. Lawrence Brown County Application #: 02020173 Purpose: Finance TID #2 Land Purchase	Town Rate: 2.50% Term: 5 years	General Obligation	\$700,000.00
5. Glendale - River Hills Milwaukee County Application #: 02020174 Purpose: Finance Building Repairs	School Rate: 2.75% Term: 10 years	General Obligation	\$338,584.00
6. Caledonia Waupaca County Application #: 02020175 Purpose: Finance roadwork	Town Rate: 2.50% Term: 5 years	General Obligation	\$100,000.00
7. Lilly Lake Rehabilitation Dist Kenosha County Application #: 02020176 Purpose: Finance outlet and pipe projects	Lake District Rate: 2.50% Term: 5 years	General Obligation	\$150,000.00
8. Hayward Sawyer County Application #: 02020177 Purpose: Finance golf course irrigation system	Town Rate: 3.50% Term: 20 years	General Obligation	\$807,500.00

Municipality	Municipal Type	Loan Type	Loan Amount
9. Milltown Polk County Application #: 02020178 Purpose: Finance water meter project	Village Rate: 4.00% Term: 20 years	General Obligation	\$92,000.00
10. Kewaskum Washington County Application #: 02020179 Purpose: Finance roadwork and engineering projects	Village Rate: 4.00% Term: 20 years	General Obligation	\$1,010,907.00
11. Hatley Marathon County Application #: 02020180 Purpose: Refinance Bank Debt	Village Rate: 4.00% Term: 12 years	General Obligation	\$382,250.00
12. Waunakee Dane County Application #: 02020181 Purpose: Finance library construction project	Village Rate: 3.00% Term: 10 years	General Obligation	\$1,000,000.00
13. Onalaska La Crosse County Application #: 02020182 Purpose: Refinance bank debt	Town Rate: 2.50% Term: 3 years	General Obligation	\$190,000.00
<b>TOTAL</b>			<b>\$6,271,241.00</b>