

Board Meeting Minutes  
June 2<sup>nd</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 19<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 Kaul moved to approve the loans; Board Chair Godlewski seconded the motion.

**DISCUSSION:** Mr. Sneider commented on loan #8 for the Town of Hayward. This was a loan that was previously approved by the Board a few months ago but the town chose to reapply at a lower interest rate. He also explained that there are a variety of different interest rates in the loans for approval. This is because BCPL locks the interest rate at the time of application. Interest rates were changed during the time some of these loans were being processed. Going forward there will likely not be varying interest rates because the last interest rate changes were over 60 days ago.

Commissioner LaFollette commented that it is a very expensive irrigation system for the golf course in the Town of Hayward.

Mr. Sneider responded that the loan only represents half of the project. The City of Hayward also put in a similar amount to finance improvement to their local course.

Commissioner LaFollette asked how the Village of Kewaskum came up with their loan amount?

Mr. Sneider explained that it is likely the village got a bid and they borrowed the bid amount. He added BCPL normally recommends that the municipality go over the bid amount because there might be some contingent fees or additional costs later but it appears Kewaskum decided to borrow just at the bid amount.

**MOTION** - The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$6,271,241.00** in State Trust Fund Loans to support **13** community projects in Wisconsin.

1. Village of Combined Locks / Outagamie County / Finance street installation / \$1,000,000.00
2. Town of Pleasant Springs / Dane County / Finance roadwork / \$300,000.00
3. Town of Lessor / Shawano County / Finance addition to fire station / \$200,000.00
4. Town of Lawrence / Brown County / Finance TID #2 Land Purchase / \$700,000.00
5. Glendale - River Hills School District / Milwaukee County / Finance Building Repairs / \$338,584.00
6. Town of Caledonia / Waupaca County / Finance roadwork / \$100,000.00
7. Lake District of Lilly Lake Rehabilitation Dist / Kenosha County / Finance outlet and pipe projects / \$150,000.00
8. Town of Hayward / Sawyer County / Finance golf course irrigation system / \$807,500.00
9. Village of Milltown / Polk County / Finance water meter project / \$92,000.00
10. Village of Kewaskum / Washington County / Finance roadwork and engineering projects / \$1,010,907.00
11. Village of Hatley / Marathon County / Refinance Bank Debt / \$382,250.00
12. Village of Waunakee / Dane County / Finance library construction project / \$1,000,000.00
13. Town of Onalaska / La Crosse County / Refinance bank debt / \$190,000.00

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

**ITEM 4. OLD BUSINESS – NONE**

**ITEM 5. NEW BUSINESS - NONE**

**ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT**

Mr. Sneider commented the rate of return for the previous month was down to 0.2% on the State Investment Fund. That was to be expected because short term interest rates have declined sharply over the last few months. The investment committee has decided to invest some trust fund cash with a company called American Deposit Management (ADM). It is a local Wisconsin company. ADM invests funds for its customers in Wisconsin banks and national banking institutions at higher rates of return. Returns are 3 to 4 times higher than what the State Investment Fund is getting at a similar level of risk and a similar liquidity level. The funds invested with ADM are put into local and national banks across the country. The funds remain FDIC insured for the most part. However, there is a portion of the funds that will not be FDIC insured. Those funds are going to be placed with one major financial institution, one of the largest banks in the country. BCPL feels confident that it will have the safety and liquidity that is required for the program while also having a much higher rate of return.

Commissioner LaFollette asked why those funds invested with the major bank are not insured since it's still a bank.

Mr. Sneider explains that is because the FDIC only insures deposits up to a maximum of \$250,000. For the other bank investments, ADM will split the BCPL investment into amounts of less than \$250,000 and spread them out over hundreds of banks. However, to reiterate, one of the deposits is greater than \$250,000 and hence will not be FDIC insured, but again, it is with a major institution and BCPL is confident in the safety and liquidity of the funds.

Commissioner LaFollette asked what the funds go into. CDs or just savings accounts?

Executive Secretary German commented that the funds go into savings accounts.

Commissioner LaFollette commented that because the funds are deposited into savings accounts, they are liquid.

Mr. Sneider commented BCPL can liquidate the funds within three days, if needed.

Board Chair Godlewski stated that she wanted to compliment Mr. Sneider and the investment committee on how quickly they made this opportunity happen but not just for the liquidity and return but also because these investments meet a third objective of keeping funds and investments in Wisconsin banks and their liquidity. BCPL was able to get a higher rate of return while also keeping funds in the State of Wisconsin. Well done.

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

Executive Secretary German commented that BCPL is in the process of setting up some staff workshops with a company called Perceptive Communications. BCPL has worked with them in the past on staff communication matters and has been pleased with the results. While BCPL has worked diligently over the years to implement technology to allow its people to work remotely for limited periods of time, it has not addressed how to communicate effectively and keep everyone on the same page when there is not regular personal interaction. The technology challenges were easy to solve when COVID hit. While the personal communication and problem-solving challenges in this new environment are not monumental, Executive Secretary German still feels them and looks forward to working with Perceptive Communications and the Board Chair to improve those issues.

Executive Secretary German shared again with the board that the legislature included BCPL in its COVID-19 emergency legislation by including a provision that allowed BCPL to loan money to "municipal utilities". However, it was not certain at that time how many municipal utilities were looking to borrow money from BCPL or how much money they needed. After a recent conversation with WPPI, it appears that there are only a couple of municipal utilities that may be looking to borrow money through the State Trust Funds Loan Program. The total amount of money borrowed would likely not exceed \$2 million. While these loans may look a little bit different than the usual loans, the total number and amount of these loans would be small in comparison to our normal lending practices.

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

Board Chair Godlewski shared that she and Executive Secretary German meet weekly. She added that recently they spoke about revisiting the three golden priorities that were discussed last November: 1.) Investments – continuing to build a comprehensive investment program; 2.) Operations – what does BCPL need to do to best serve its stakeholders? and, 3.) BCPL Land. What is the work plan associated with this? Board Chair Godlewski shared that her goal is making sure she is updating the commissioners quarterly on the progress of these issues.

#### **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 2:13 p.m.



Thomas P. German, Executive Secretary

Link to audio recording: [https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2020/2020-6-2\\_BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2020/2020-6-2_BoardMtgRecording.mp3)