

Board Meeting
Minutes
October 5, 2021

Present were:

Sarah Godlewski, Board Chair
Doug LaFollette, Commissioner
Josh Kaul, Commissioner
Tom German, Executive Secretary
Richard Sneider, Chief Investment Officer
Mike Krueger, IT Manager
Denise Nechvatal, Senior Accountant
Thuy Nguyen, Office Manager
Julie Benkoske, Chief of Staff

State Treasurer
Secretary of State
Attorney General
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
Board of Commissioners of Public Lands
State Treasurer

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:02p.m.

ITEM 2. APPROVE MINUTES – September 7, 2021

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; Commissioner Kaul seconded the motion.

DISCUSSION: Mr. Sneider stated that all the loans are standard bread and butter loans.

VOTE: The motion passed 3-0

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$710,837.50** in State Trust Fund Loans to support **3** community projects in Wisconsin.

1. Town of Draper / Sawyer County / Finance purchase of excavator / \$70,000.00
2. Village of Shiocton / Outagamie County / Finance sewer lining / \$137,837.50
3. Town of Ringle / Marathon County / Finance purchase of fire truck / \$503,000.00

ITEM 4. OLD BUSINESS – Update on co-op acquisition of idle paper mills

Executive Secretary German shared that the Park Falls mill has gone into receivership. And the receiver has now sold the mill to another entity that is looking at either dismantling the mill or selling it to somebody else to operate it. A co-op put together by people in the forestry industry in northern Wisconsin is still interested in running the mill, but they're still working on putting together their financing package. The private equity group is still interested but they don't have a full

financing package in place either. They had inquired about the ability to borrow \$15 million directly from BCPL but that would be something that we had never done before because that would be an investment in a loan to a single private business rather than an investment in a pool of bonds or debt of many businesses.

Commissioner LaFollette commented that that type of loan is not allowed.

Executive Secretary German replied that the Trust Fund loan program only allows BCPL to lend to governments and certain public entities. However, BCPL has prudent investor authority and we could potentially invest in something like that. But the question is would that be prudent?

With respect to Wisconsin Rapids, no news on that mill yet. In that situation, there was no bankruptcy or receivership. The owner of the facility, Verso, is still contemplating what they want to do going forward, and so there has been no activity at the present time to report.

ITEMS 5. NEW BUSINESS

None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider shared that BCPL has recently closed on investments in some private funds. In June the investment committee made a \$40 million commitment to the Invesco U.S. Income Fund. This fund is a diversified real estate fund with an emphasis on distributable income and has a good trailing 12-month yield. The Fund distributed 5.4% over the previous year to its investors, and that's about what we expect going forward plus capital gains that would be added to the principal of our Common School Fund. Invesco drew \$5 million of our \$40 million commitment back in on July 1st. We were a little disappointed that they didn't draw more at that time, but Invesco drew the remaining \$35 million of the commitment on October 1st, so we're excited to be fully invested in that fund at this point. We are scheduled to close on our investment commitment in the NVNG venture capital fund tomorrow. We have a \$10 million commitment there, but those funds will be drawn over the next few years, so we don't really expect a significant immediate investment to occur there. We also closed on a \$50 million commitment to the Prudential Secured Loan Fund, but there have been no calls to date on that fund. We expect that fund to generate between 9% and 10% distributable income to our beneficiaries.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German commented that the Secretary of State had inquired about our requirement to issue a biennial report. His memory last time was that BCPL had a reporting requirement that was separate from other executive agencies because of the fact that we are in essence an entity that is "administratively attached" to DOA, and that's where our responsibility comes from under Statute 15.07(6). So, yes, we do have a requirement to issue a report. We are working on putting that together as we speak so.

He shared that Mr. Sneider and he attended the Wisconsin Counties Association meeting in La Crosse. That was the first time that staff attended anything in person of more than two or three people, and it was a great chance to connect with some county officials they hadn't seen for a while. Mr. Sneider reported that BCPL received a sizable loan application from Sawyer County recently, proving that it's good to keep those communication connections in place.

ITEM 8. BOARD CHAIR'S REPORT

None

ITEM 9. FUTURE AGENDA ITEMS

None

ITEM 10. ADJOURN

Commissioner LaFollette moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:13 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 Documents/Board Meeting Docs/2021/2021-10-05 BoardMtgRecording.mp3>