

Board Meeting
Minutes
November 16, 2021

Present were:

Sarah Godlewski, Board Chair	State Treasurer
Doug LaFollette, Commissioner	Secretary of State
Josh Kaul, Commissioner	Attorney General
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
Denise Nechvatal, Senior Accountant	Board of Commissioners of Public Lands
Thuy Nguyen, Office Manager	Board of Commissioners of Public Lands
Julie Benkoske, Chief of Staff	State Treasurer

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:05 p.m.

ITEM 2. APPROVE MINUTES – November 2, 2021

MOTION: Commissioner LaFollette moved to approve the minutes: Board Chair Godlewski seconded the motion.

DISCUSSION: None

VOTE: The motion passed 2-0.

ITEM 3. APPROVE LOANS

MOTION: Commissioner LaFollette moved to approve the loans; Board Chair Godlewski seconded the motion.

Commissioner Kaul joined the meeting.

DISCUSSION: Mr. Sneider shared that Loan #1 to the Town of Lawrence, just south of Green Bay, is for a stormwater project in one their tax incremental districts. The Town of Lawrence has been a very good customer of the State Trust Fund Loan Program and they continue to use the program for their economic development projects. Loan #3 to Sawyer County is to finance the county's 2022 capital expenditures. Loans like this have become more common the past few years. Loan #4 to the Town of Gibraltar located in Door County just south of Peninsula State Park is for financing a land acquisition for expanding the Town's public dock.

VOTE: The motion passed 3-0

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$5,820,000.00** in State Trust Fund Loans to support **5** community projects in Wisconsin.

1. Town of Lawrence / Brown County / Finance storm water project / \$620,000.00
2. Village of Lac La Belle / Waukesha County / Finance village truck purchase / \$95,000.00
3. Sawyer County / Sawyer County / Finance purchase of capital equipment and dam rehab / \$1,300,000.00
4. Town of Gibraltar / Door County / Finance land acquisition for town dock expansion / \$3,500,000.00

5. Town of River Falls / Pierce County / Finance purchase of road grader / \$305,000.00

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

Executive Secretary German shared that the recent proposed mill bill would provide \$15 million in loan guarantees for financing to reopen the Park Falls mill. It would also provide \$1,000,000 to keep the Wisconsin Rapids mill “nearly operational condition” in order to allow additional time for sale in reopening. The bill also contained unrelated provisions regarding substance abuse programs for public contracts. Perhaps this was put together in order to get more support for it, because that bill was passed by the Assembly by a vote of 96 to 2 last week. The bill is now in the Senate waiting for approval. BCPL has not been contacted about participating in any financing.

ITEMS 5. NEW BUSINESS – 2021 Assembly Joint Resolution #92

Executive Secretary German discussed Assembly Joint Resolution 92. Assembly Joint Resolution 92 proposes to amend the State Constitution to make both the State Treasurer and the Secretary of State appointed positions. This bill was assigned to the Committee on State Affairs October 25th. Representative Swearingen is chair of that committee. As of now, no hearing has been scheduled and no lobbying registration has been done. Executive Secretary German shared that he has reached out to Representative Swearingen’s office but has not heard back yet. Executive Secretary German will be in Representative’s district tomorrow and hopes to talk to him personally to get a sense of where this resolution may be headed. This type of bill would require passage by two successive sessions of the legislature and approval by the electors of the state before it could become law. Right now the bill does not appear to be moving, but Executive Secretary German will follow up with Representative Swearingen and report back.

ITEM 6. CHIEF INVESTMENT OFFICER’S REPORT

Mr. Sneider shared that the Common School Fund exceeded \$120 million in unrealized gains for the first time in the past week. These gains are in addition to the \$15 million in realized gains that we have achieved so far in 2021. The majority of the realized gains, just over \$14 million, were long term gains added to the principal of the Common School Fund, while the remaining \$800,000 were short term profits added to distributable income. The investment committee made oral commitments to three real estate funds managed by Nuveen, totaling \$60 million. It appears now that we are on track to close on these commitments before the end of the year, which is important in order to secure the founders discount on future management fees.

ITEM 7. EXECUTIVE SECRETARY’S REPORT

Executive Secretary German shared that the final draft of the biennial report has hopefully been completed. We had to wait for the final numbers on the Common School Fund. Two of our original investment valuations were subsequently revised and those valuation revisions resulted in a net \$1,000,000 reduction in the fund performance’s final balance sheet calculations. But even with those adjustments, the last fiscal year was outstanding. As Mr. Sneider noted, we have \$120 million in unrealized capital gains.

Executive Secretary German updated the board on the U.S. Forest Service exchange. Another hurdle has been cleared in our efforts to close the exchange with the U.S. Forest Service. We are now entering the homestretch of that transaction. Each side will be conveying more than 3000 acres in the transaction, but BCPL will receive less acreage as we are transferring more lowland swamps and receiving more upland forests in the transaction. He shared that he is hopeful and expects to close the transaction before the end of this fiscal year.

Executive Secretary German also shared that BCPL will be closing another land sale shortly. This will be the 7th parcel sold this fiscal year. In the last (2-yr) biennium BCPL sold six parcels and we are closing on a 7th sale before the half-way

mark of just this fiscal year. These sales build up the Land Bank which provides us with more money and more room to acquire other lands that are more productive. These new lands improve our efficiency, improves access to our other lands and makes our portfolio of lands a better asset for the trust funds.

Board Chair Godlewski asked Executive Secretary German about how long the transaction between U.S. Forest Service has gone on.

Executive Secretary German replied that BCPL started on the transaction in 2014. We are now seven years in, which is the average amount of time it takes to close a transaction with the U.S. Forest Service. The transaction will likely close in 2022 so it will be slightly longer than average. He suggested that after the transaction closes, the commissioners schedule a trip up north to look at the lands BCPL is acquiring.

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 2:19 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/2021/2021-11-16 BoardMtgRecording.mp3>