

Board Meeting Minutes
June 20, 2023

Present were:

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| Sarah Godlewski, Board Chair | Secretary of State |
| Josh Kaul, Commissioner | Attorney General |
| John Leiber, Commissioner | State Treasurer |
| Tom German, Executive Secretary | Board of Commissioners of Public Lands |
| Rich Sneider, Chief Investment Officer | Board of Commissioners of Public Lands |
| Denise Nechvatal, Controller | Board of Commissioners of Public Lands |
| Chuck Failing, IT Specialist | Board of Commissioners of Public Lands |
| Thuy Nguyen, Office Manager | Board of Commissioners of Public Lands |

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:00 p.m.

ITEM 2. APPROVE MINUTES

MOTION: Commissioner Leiber 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 #2 to the Village of Summit. The Village has bundled everything together into a capital improvement program which includes mostly road work, the purchase of some vehicles and capital equipment. Loan #5 is to the City of Waupun is to finance TID 8 infrastructure improvements. This is to reimburse a developer for infrastructure improvements after the housing project met a \$4.8 million evaluation in accordance with the developer agreement. Loan #7 is to the Upper Nemahbin Lake District. Lake districts are an approved borrower type and in recent years more lake districts have been using the State Trust Fund Loan Program. The City of New Holstein is taking out multiple loans for utility work, including water main and sewer mains and some water meter replacements. Loan #12 to the Village of Landon in Waukesha County is for financing TID development incentive for two projects, a condo project, and an apartment project with the value upon completion estimated to be \$115 million. Loan #13 to the Town of Genesee is for financing a new public works building.

Commissioner Leiber asked why the City of New Holstein chose to take out multiple loans rather than one.

Mr. Sneider replied that he prefers separate loan purposes under separate loans just to improve the transparency for our loan program. It adds a little bit of flexibility for the community and improves the transparency of the loans for people who weren't part of the decision-making process.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$11,947,706.89** in State Trust Fund Loans to support **13** community projects in Wisconsin.

1. Village of Suring / Oconto County / Finance purchase of snowplow truck / \$60,000.00
2. Village of Summit / Waukesha County / Finance 2023 Capital Improvement Program / \$950,000.00
3. Town of Lincoln / Vilas County / Finance roadwork / \$500,000.00
4. Town of Bloomfield / Walworth County / Finance roadwork / \$250,000.00
5. City of Waupun / Dodge and Fond Du Lac Counties / Finance TID 8 infrastructure improvements / \$447,110.89
6. Town of Northfield / Jackson County / Finance road relocation / \$800,000.00
7. Upper Nemahbin Lake District / Waukesha County / Finance dredging project / \$695,596.00
8. City of New Holstein / Calumet County / Finance water main replacement / \$800,000.00
9. City of New Holstein / Calumet County / Finance water main project (Sewer) / \$780,000.00
10. City of New Holstein / Calumet County / Finance water meter replacement / \$510,000.00
11. Town of Randall / Kenosha County / Finance purchase of maintenance vehicle / \$75,000.00
12. Village of Lannon / Waukesha County / Finance TID development incentives / \$2,080,000.00
13. Town of Genesee / Waukesha County / Finance new public works building / \$4,000,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. NEW BUSINESS

None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider reported that we have 74 loan applications totaling nearly \$77 million in various stages of the loan approval process. Some loans have already been approved by the board and are waiting for borrowers to request disbursement. Borrowers have a total of four months after approval by the board to request draws on their loan. This feature of the program reduces interest costs to the borrowers when they're funding longer term construction projects as they don't accrue interest until the loan is disbursed. Many of these loans will be coming before the board for approval over the next month or two. We expect the average number of loans to be considered at board meetings this summer to be higher than average.

Interest rates remain volatile, and the investment committee remains vigilant regarding the rates offered on new State Trust Fund loans. We have raised interest rates two times in the past month, and we will continue to keep an eye on the markets moving forward.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German shared that he recently had a conversation with an employee of another state agency about how to set interest rates for their economic development revolving loan fund. A great amount of time and effort is being put into developing protocols for that agency's fund which had less than a total of \$1,000,000 to lend. BCPL lends more than 100 times that amount with a significantly smaller staff. Our staff's level of efficiency extends to every aspect of our agency, i.e., loan origination, administration implementation, real estate transactions and timber management. He commended the BCPL staff on their efficiency, talent, and hard work and for having had the best performance in the history of the agency. This has been a great year.

Investments continue to perform well even as the markets experience volatility and while the principal balance of the trust funds may fluctuate with the daily ups and downs of the market, the distributable earnings, the interest, and dividends from our investments continue to grow. The investment policy developed by BCPL, and our stakeholders has performed the way we hoped it would. He thanked and commended Mr. Sneider for his work on diversifying the portfolio. The portfolio includes several different sources of income combined to provide a strong, sustainable stream of distributable income. We are required to manage our trust funds differently than many modern endowments, which are allowed to lump principal and earnings together. Those constraints pose some challenges for our staff.

Another investment policy feature is the establishment of smoothing accounts of deferred distributions that could ensure distributions in the future if there were unforeseen upheavals in the markets that reduced earnings. At the end of this fiscal year, we anticipate that the smoothing accounts will have sufficient reserves. The smoothing funds themselves are now producing more distributable income. In essence, income from income.

The board recently authorized staff to offer four parcels of land for sale in four different counties. We opened the bids on June 9th. We received bids on three of the parcels. All the bids were for more than the appraised value. The bids ranged from 13% over appraised value to 39% over appraised value. The winning bids covered 124 acres for just over \$200,000. The winning bidders are providing us with information as to how they want the property titled and we will have land patents ready for signature soon. Thanks to Micah Zeitler, real estate specialist, for promoting the program and recruiting people to bid on those lands.

Finally, we have now surpassed \$800,000 in timber revenue for fiscal year 2023 and we are getting close to \$900,000. Previously, this amount would have been produced in a biennium, not one year. Timber is a commodity and prices fluctuate constantly. Therefore, we do not offer all our timber for sale at one time. We offer timber sales at least twice a year. This gives us a chance to bring our timber to market at two different times and potentially different price points. Recently, we advertised five sales that had a total acreage of 560 acres. We examined the properties, estimated the timber to be cut and established a total estimated minimum bid value of \$264,000. We received qualified bids on all the advertised timber sales with a high total bid value of over \$418,000. We are very happy with these results, as we are currently in one of the worst timber markets price wise that anyone can remember.

This has been a great year. Thank you to the board for supporting us and thank you to the staff for doing an awesome job.

ITEM 8. BOARD CHAIR'S REPORT

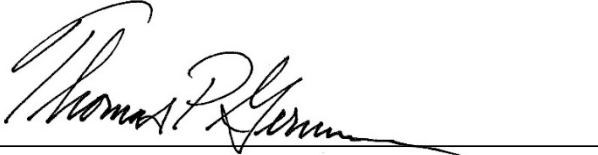
Board Chair Godlewski shared that she and staff are working on two distribution releases for the Normal School Fund because it's a record-breaking distribution providing 150 scholarships in addition to the other programs funded through the Normal School Fund. The distribution events would be in Madison in partnership with the university because they are the largest beneficiary of the fund, and UW-Stevens Point because they are the second largest beneficiary of the Normal School Fund. It is important to visit communities we work with outside of Madison. Additional details are to come after the budget has passed, after July when students are back on campus. Including the students is important since they are the recipients of these funds.

ITEM 9. FUTURE AGENDA ITEMS

None

ITEM 10. ADJOURN

Commissioner Kaul moved to adjourn the meeting; Commissioner Leiber 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/bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2023/2023-06-20/BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2023/2023-06-20/BoardMtgRecording.mp3)