

Board Meeting Minutes
March 5, 2019

Present in person were:

Sarah Godlewski, Board Chair	State Treasurer
Jonathan Barry, Executive Secretary	Board of Commissioners of Public Lands
Tom German, Deputy Secretary	Board of Commissioners of Public Lands
Richard Sneider, Chief Investment Officer	Board of Commissioners of Public Lands

Present via teleconference were:

Doug La Follette, Commissioner	Secretary of State
Josh Kaul, Commissioner	Attorney General

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES - FEBRUARY 4, 2019

MOTION: Commissioner La Follette moved to approve the minutes; Commissioner Kaul seconded the motion.

DISCUSSION: Commissioner Kaul requested a word change to the minutes.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

Municipality	Municipal Type	Loan Type	Loan Amount
1. Barronett Washburn County Application #: 02019108 Purpose: Purchase tractor and equipment	Town Rate: 4.50% Term: 10 years	General Obligation	\$90,000.00
2. Beloit Rock County Application #: 02019106 Purpose: Refinance BCPL loan #02018052.02	Town Rate: 4.25% Term: 2 years	General Obligation	\$3,670,615.11
3. Knowlton Marathon County Application #: 02019103 Purpose: Finance road improvement projects	Town Rate: 4.25% Term: 5 years	General Obligation	\$350,000.00
4. Melvina Monroe County Application #: 02019104 Purpose: Finance road and flood repairs	Village Rate: 4.25% Term: 5 years	General Obligation	\$50,000.00
5. Tomah Monroe County Application #: 02019107 Purpose: Finance TID #8 development incentive	City Rate: 4.25% Term: 5 years	General Obligation	\$250,000.00

6.	Willard Rusk County Application #: 02019105 Purpose: Purchase snow plow truck	Town Rate: 4.25% Term: 5 years	General Obligation	\$37,000.00
7.	Wood River Burnett County Application #: 02019109 Purpose: Construct town hall and truck shop building	Town Rate: 4.75% Term: 20 years	General Obligation	\$878,000.00
TOTAL				\$5,325,615.11

MOTION: Commissioner La Follette moved to approve the loans; Commissioner Kaul seconded the motion.

DISCUSSION: Staff explained that the loan to the town of Beloit is anticipated to be a short-term loan that will be repaid once the municipality receives funds from the Clean Water Fund Program.

VOTE: The motion passed 3-0.

ITEM 4. DISCUSSION AND POTENTIAL VOTE ON PAST BOARD POLICIES

- The Commissioners must approve out-of-state travel for the Executive Secretary, staff, or Commissioners (April 7, 2015);

MOTION: Commissioner La Follette moved to approve modification of the Board's current out-of-state travel policy; Commissioner Kaul seconded the motion.

DISCUSSION: The Board agreed to add language specifying that any business travel is on behalf of BCPL. They also agreed to add language requiring the Board Chair to receive approval for out-of-state BCPL business travel from the Board.

VOTE: The motion passed 3-0.

NOW, THEREFORE, BE IT RESOLVED, THAT the prior Board policy on out-of-state travel is repealed in its entirety and replaced with a new policy that:

1. Requires every BCPL staff member (other than the Executive Secretary) to obtain approval for his or her out-of-state BCPL business travel from the Executive Secretary;
 2. Requires the Executive Secretary to obtain approval for his or her out-of-state BCPL business travel from the Board Chair;
 3. Requires Board members to obtain approval for his or her out-of-state BCPL business travel from the Board;
 4. Requires that BCPL business travel expenses be reasonable and necessary and otherwise in accordance with state travel reimbursement guidelines as set forth in the state compensation plan; and
 5. Requires Board Chair approval for BCPL business travel expenses if the total expenditures for agency travelers to a particular out-of-state event total more than \$5,000.
- To prohibit Board staff from lobbying the state legislature, Governor's office, or the federal government on proposals unless approved by the Board (adopted March 17, 2015).

Deputy Secretary German explained that a blanket policy had been adopted by the previous Board, but lobbying was not specifically defined in the policy. One of the Commissioners defined lobbying as "talking

to anyone.” It was, in essence, a gag order on any staff members talking to those officials defined in the bullet point above. He added that any restrictions beyond those outlined in his write-up that was included in the Board packet, encroach on freedom of speech and the freedom to petition the government.

DISCUSSION: Board Chair Godlewski said that, based on staff’s explanation of the policy outlined in the board packet, the policy should be repealed in its entirety. She added that staff work on behalf of the Board. The Board ultimately directs policy and lobbying endorsements for staff to follow.

MOTION: Commissioner La Follette moved to repeal the policy restricting staff’s ability to lobby on behalf of the Board in its entirety; Commissioner Kaul seconded the motion.

ACTION: The motion passed 3-0.

ITEM 5. REPORT OF THE CHIEF INVESTMENT OFFICER

Executive Secretary Barry explained that the new report would be given once a month, unless the Board preferred otherwise.

Mr. Sneider said the overall goal for 2019 would be diversification (of the Common School Fund (CSF)). With the CSF smoothing fund filled, increasing the long-term rate of return for the fund will be done in a prudent manner, thus, increasing the long-term rate of return for the beneficiaries. He provided examples of prudent investing by staff in 2018 and the returns realized on those investments. The State Trust Fund Loan Program will be receiving annual payments totaling approximately \$64 million in principal, which will increase cash reserves to approximately \$100 million. The cash reserves will remain in the State Investment Fund, which is currently earning 2.45%, until they are invested in loans or other investment options. The BCPL Investment Committee has begun meeting with real estate asset managers and venture capital firms to explore those markets.

Commissioner La Follette asked about the status of Unclaimed Property deposits. Deputy Secretary German replied that the funds are generally transferred in September by the Department of Revenue (DOR), so he did not have an estimate. Board Chair Godlewski said she had spoken with DOR Secretary Barca on the topic and will schedule a follow-up discussion.

Executive Secretary Barry added that in 2018 the legislature eliminated the requirement for third-party audits, which were used to locate unclaimed property. Staff does not know how this legislation has so far impacted deposits to the Unclaimed Property Program, but it would be reasonable to expect a reduction in the future. Board Chair Godlewski said that she is seeking legal guidance on her ability to request an audit of the Unclaimed Property Program, based on statutory language.

The Board and staff discussed whether BCPL should be included in the review process for the state’s banking contract, which is in the process of being rebid. The Department of Administration oversees the banking contract. While BCPL has not been involved in the process in the past, Board Chair Godlewski felt it would be in the best interests of the Trust Fund beneficiaries to participate.

ITEM 6. EXECUTIVE SECRETARY’S REPORT

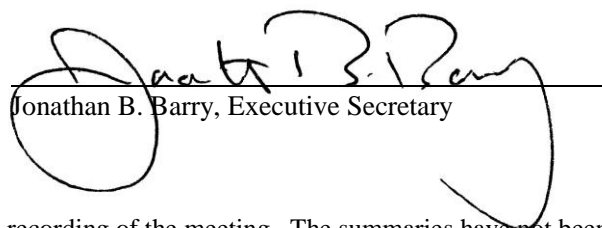
Executive Secretary Barry reported that a BCPL orientation for newly elected legislators (15 Assembly Representatives and 1 State Senator) has been scheduled for 8:30 AM on Wednesday, March 27, in Room 330 Southwest in the State Capitol. The orientation will acquaint the legislators with the programs administered by the BCPL and how those programs benefit constituents in their legislative districts.

ITEM 7. FUTURE AGENDA ITEMS

The Board and staff discussed the possibility of a future agenda item to include the US Fish & Wildlife service conducting an ecological assessment study of the Trust Lands.

ITEM 8. ADJOURN

The meeting adjourned at 2:51 p.m.



Jonathan B. Barry, Executive Secretary

These minutes have been prepared from a recording of the meeting. The summaries have not been transcribed verbatim.
Link to audio recording: <https://bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2019/2019-03-05 BoardMtgRecording.mp3>