

Board Meeting Minutes
February 4th, 2020

Present in person were:

Julie Benkoske, Chief of Staff
Tom German, Executive Secretary
Mike Krueger, IT Manager
Denise Nechvatal, Accountant
Richard Sneider, Chief Investment Officer

State Treasurer
Board of Commissioners of Public Lands
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Present via teleconference were:

Josh Kaul, Commissioner
Doug LaFollette, Commissioner
Sarah Godlewski, Board Chair

Attorney General
Secretary of State
State Treasurer

Absent Board members:

None

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:04 p.m.

ITEM 2. APPROVE MINUTES – JANUARY 21st, 2019.

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

DISCUSSION: No discussion.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

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

DISCUSSION: Mr. Sneider discussed the loan to the Town of Eagle, which is being made to fund Town operations. This is an allowable but unusual loan purpose for the program. Staff has confirmed that the community retains significant unutilized debt capacity and recommends approval of the loan. Mr. Sneider also discussed the Port Washington loan, which is a continuation of a project where the City is funding environmental remediation on a parcel to be re-developed for multi-family housing.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$1,014,964.48** in State Trust Fund Loans to support **7** community projects in Wisconsin.

- > Town of Eagle / Waukesha County / Finance operations / \$150,000.00
- > Town of Freedom / Outagamie County / Finance purchase of truck and accessories / \$195,000.00
- > Town of Hartford / Washington County / Finance purchase of truck / \$184,457.87
- > City of Port Washington / Ozaukee County / Finance environmental remediation project / \$47,426.00
- > Village of Webster / Burnett County / Finance skid steer / \$15,000.00
- > Village of Woodville / St Croix County / Refinance BCPL Loan #2019055.01 / \$255,337.07
- > Village of Woodville / St Croix County / Refinance BCPL Loan #2018087.01 / \$167,743.54

ITEM 4. NO OLD BUSINESS

DISCUSSION: None

ITEM 5. NO NEW BUSINESS

DISCUSSION: None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider reported that equity prices remain high, with the market anticipating continued economic growth. This elevates risk to the downside should growth fail to materialize. However, BCPL needs to remain committed to investing into this market. Mr. Sneider explained that stock prices more than doubled in the 3 years following Alan Greenspan's famous "irrational exuberance" comments in 1996. Corporate bonds continue to offer an attractive place to invest excess cash reserves. Staff continues to purchase \$5 million per week in corporate bond ETFs and \$1 million per week in equity ETFs.

Mr. Sneider reported that the \$15 million in WARF bonds purchased in early December have performed well, and currently show a significant increase in value. BCPL may continue to hold the bonds and earn a good rate of interest for many years, or decide to sell some of the bonds for a capital gain.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Secretary German announced that the Common School Fund earnings distribution for 2019 would be a record \$38.2 million. Both WEMTA and DPI were very pleased with the record earnings distribution. Staff will be coordinating with Board Members and WEMTA for the upcoming WEMTA convention and check presentation on Tuesday, March 24th during the lunch time. Tom has spoken with Adam from DPM about getting started on the recruitment for the Deputy Secretary position.

BCPL has ~200,000 acres of severed mineral estate, to the best of his knowledge BCPL has never been paid for any of those mineral rights. A person in northern Wisconsin has a cranberry bog that they want to revert back to a natural wetland and receive wetland mitigations credits for the conversion. BCPL owns mineral rights on three of the parcels (~120 acres) that they want to revert. BCPL would have to agree to not use the mineral rights for them to qualify for mitigation credits. There are no statutory mechanisms to sell or convey mineral rights. Commissioner LaFollette asked if we can sell mineral rights – Secretary German said we cannot sell the mineral rights but we could lease or agree to a conservation easement. Staff is exploring the possibility of selling a conservation easement that restricts mineral extraction on the parcels. BCPL has over 30,000 acres of wetlands that could be used for wetland mitigation banking (both DOT and DNR supports programs that protect/preserve existing wetlands. Secretary German will be

attending the Wisconsin Wetlands Association meeting later this month to discuss possible wetland mitigation options.

ITEM 8. BOARD CHAIR'S REPORT

Board Chair Godlewski commented she is meeting weekly with Tom now. She was interested in looking into how the annual distribution is being used by in the various school districts. Looking for stories on how the money has made a difference.

ITEM 9. FUTURE AGENDA ITEMS

No new future agenda items.

ITEM 10. ADJOURN

Commissioner Lafollette moved to adjourn the meeting; Board Chair Godlewski seconded the motion. The motion passed 3-0; the meeting adjourned at 2:17 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/2020/2020-02-04_BoardMtgRecording.mp3