

Board Meeting Minutes
March 17th, 2020

Present via teleconference were:

Sarah Godlewski, Board Chair
Josh Kaul, Commissioner
Doug LaFollette, Commissioner
Julie Benkoske, Chief of Staff
Joanna Beilman-Dulin

State Treasurer
Attorney General
Secretary of State
State Treasurer's Office
State Treasurer's Office

Present in person were:

Tom German, Executive Secretary
Mike Krueger, IT Manager
Richard Sneider, Chief Investment Officer
Thuy Nguyen, Office Manager

Board of Commissioners of Public Lands
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Absent Board members:

None

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES – March 3rd, 2020.

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

DISCUSSION: None

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 Menasha loans. Menasha has three separate infrastructure projects that they want to complete with three separate loans.

Commissioner Lafollette asked about the Menasha loans. Why are the loans to Menasha three different loans? How long will the project(s) take to be completed?

Mr. Sneider replied that timeline for completion of the projects is unknown but he believes the reason for three separate loans is a desire to control the amount of the payments.

Secretary German commented that it may be that the Menasha projects are being done in phases and hence each phase needing a separate loan.

Mr. Sneider discussed the Mishicot loan for land purchase for future use. Mishicot needed to move forward right away at our old interest rate and did not have time to pass a new resolution.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$3,155,000.00** in State Trust Fund Loans to support **4** community projects in Wisconsin

- > City of Menasha / Calumet and Winnebago Counties / Finance street, sidewalk and trail projects / \$1,390,000.00
- > City of Menasha / Calumet and Winnebago Counties / Finance street, buildings, and park projects / \$1,005,000.00
- > City of Menasha / Calumet and Winnebago Counties / Finance street and sidewalk projects / \$490,000.00
- > Village of Mishicot / Manitowoc County / Finance land purchase / \$270,000.00

ITEM 4. LOAN RATE ADJUSTMENT

DISCUSSION: Mr. Sneider commented that interest rates have dropped significantly over the past several weeks. Interest rates have been changed to follow the market: 2 year loans 2.5%; 3-5 year loans 2.5%; 6-10 year 2.75%; and 11-20 year 3.5%. The Board Chair and Executive Secretary can make the decision to change loan rates up to 1% in between Board meetings. The change was introduced March 3rd and we are asking the Board to ratify those changes.

MOTION: Commissioner Lafollette moved to ratify the new loan rates; Board Chair Godlewski seconded.

VOTE: The resolution is approved 3-0.

ITEM 5. NO NEW BUSINESS

DISCUSSION: None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider commented that the market has gone down in the last few weeks but BCPL continues to be a prudent investor. When BCPL acquired Prudent Investor Standard, its mandate changed to include the diversification of assets. This change was to bring the BCPL into industry best practices for asset management and it occurred at a time when asset prices were at all-time highs.

Mr. Sneider explained that the response was to avoid jumping in with both feet. BCPL did not believe it was prudent to purchase assets it believed were overpriced. Rather, BCPL tiptoed into new asset classes even though it had plenty of cash available to deploy. This strategy has put BCPL in a position where it can take advantage of the current market turmoil.

Mr. Sneider further explained that the Investment Committee has been on top of the situation, having met several times over the past few weeks. The prior policy was to acquire \$1 million each week in equity ETFs. BCPL is fulfilling its mandate to diversity but doing so in a careful manner.

Mr. Sneider noted that in March, so far, following the huge drops in the market, BCPL has been able to acquire \$40

million in equity and corporate bond ETFs. BCPL is taking advantage of the drop in market prices, as it is a permanent fund and is looking at this as an opportunity to acquire assets at a more reasonable price.

Secretary Lafollette asked about the repercussions of a serious recession. Will that mean that the investments that BCPL is making now go down in value but then eventually go up sometime later?

Mr. Sneider responded saying that may be a possibility but it's next to impossible to call these investments bottom of the market investments, instead, look at it as an opportunity to acquire assets that would have cost us a lot more had BCPL acquired them a few weeks ago. BCPL is a long-term fund with a permanent horizon. In time, these prices will go back up and the economy will improve and BCPL will continue to be in a very good position.

Secretary Lafollette asks about a possible recession and price drops. Would BCPL continue to purchase?

Executive Secretary German responded absolutely. BCPL's total portfolio has dropped less than 2% in value because we have been slowly investing.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German commented about the coronavirus. BCPL has prepared appropriately. We have been working for years to allow staff to work remotely but we still have a need to have staff in the office regularly due to funds delivered via US mail and because most of our loan fund administration is done by paper. We will, however, be slimming down staff at the office.

Secretary German shared that WEMTA has cancelled its annual convention this year. BCPL will not have its big check presentation. BCPL is working with WEMTA on other opportunities to share the news of the record earnings distribution this year.

Secretary German shares that BCPL has hired a LTE office manager, Thuy Nguyen. She comes to BCPL with over 20 years of office managerial experience with a local law firm. She will be applying for the FTE position when the position is reposted.

Secretary German comments that he received a call from the appraiser of the US Forest Service last week to share that her top priority is the appraisal for the exchange between the agencies. She is expecting to complete her draft procurement instruction package this week and will be sharing it with BCPL to seek comments before she puts it out for bid.

Secretary German met with the CFO of Milwaukee's Housing Authority. Milwaukee has some significant financing needs for the coming year but currently does not know exact details. BCPL will have further discussion with Milwaukee when more specifics are known.

ITEM 8. BOARD CHAIR'S REPORT


Board Chair Godlewski commented about COVID-19 and the uncertainties that are to come. She thanks Mr. Sneider for maintaining the portfolio and buying ETFs.

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 2:16 p.m.



Thomas P. German, Executive Secretary

Link to audio recording: <https://bcpl.wisconsin.gov/SharedDocuments/BoardMeetingDocs/2020/2020-03-17-BoardMtgRecording.mp3>