

Board Meeting Minutes
November 21, 2023

Present were:

Sarah Godlewski, Board Chair	Secretary of State
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 Manager	Board of Commissioners of Public Lands
Mike Krueger, IT Specialist	Board of Commissioners of Public Lands
Hannah Menchhoff, Communications Director	Secretary of State
Sydney Radwin, Staff/Intern	Secretary of State

ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:01 p.m.

ITEM 2. APPROVE MINUTES

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

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

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

DISCUSSION: Executive Secretary German described the loans as being mostly bread and butter purposes. There are two loans for financing broadband projects. Both communities received broadband grants from the State of Wisconsin Public Service Commission (PSC). However, often PSC grants do not cover the full cost of the broadband projects so communities must come up with the remainder needed to complete the project. The City of Fox Lake is applying for a loan to refinance a bank loan.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$2,426,949.00** in State Trust Fund Loans to support **8** community projects in Wisconsin.

1. Town of Jacksonport / Door County / Finance Broadband Project / \$1,250,000.00
2. Town of Chester / Dodge County / Finance purchase of plow-truck equipment / \$80,000.00
3. Village of Grantsburg / Burnett County / Finance capital equipment and roadwork / \$316,675.00
4. Town of Deer Creek / Taylor county / Finance purchase of grader / \$214,975.00
5. City of Fox Lake / Dodge County / Refinance Bank Loan / \$40,605.00
6. Village of Spring Valley / Finance purchase of plow truck and accessories / \$96,694.00
7. Town of Presque Isle / Vilas County / Finance broadband expansion / \$328,000.00
8. Town of Newark / Rock County / Finance transition of fire service to new provider / \$100,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. NEW BUSINESS

None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

None

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German reported that before the end of the month we will be closing on an investment in Blackstone's Private Credit Fund for the Normal School Fund, further diversifying investments for the Normal School Fund and bringing earnings up to a more robust level.

We will be bringing a new proposed submerged land lease to the board for the City of Superior. This lease is a bit unusual in that the city is looking to lease a significant amount of lakebed along Wisconsin Point in order to place fill and structure on the point in an effort to protect it as the waves of Lake Superior are eroding Wisconsin Point significantly.

In an upcoming meeting, we will be asking the Board to ratify a reallocation of lands that we received from the US Forest Service exchange from the Normal School Fund to the Common School Fund in order to make sure each of the funds received the proper amount of value for what each fund contributed to the transaction. After the exchange transaction closed, we hired the appraiser who did the original appraisal to make sure that we had a valuation we could use to make a fair reallocation.

ITEM 8. BOARD CHAIR'S REPORT

Board Chair Godlewski thanked everybody for their participation in the press conference, November 20th. We received great coverage across the state about the record breaking \$65 million distribution to public school libraries. This coverage shows the difference BCPL's work is making in our community. We had a very diverse group of stakeholders in attendance as well. The check presentation to DPI is one of her favorite events besides presenting the check to the librarians in March.

ITEM 11. FUTURE AGENDA ITEMS

Commissioner Kaul commented that the prudent investor authority played a significant role in the growth of the fund. He presented two questions for discussion at a later meeting: 1.) Are there legislative changes that the BCPL staff or commissioners would like to help improve performance? and, 2.) Does it make sense, thinking about the budget constraints that BCPL dealt with which included the position authority issues, to try to reach out to legislators to make sure they are aware of how well things were going and how the position that was requested would make a difference? He understands there were discussions in advance to the budget with legislators but, in his experience, it can often be beneficial to talk to legislators when they are not in the midst of budget discussions to identify issues early. He asked if other commissioners have thoughts or plans.

Board Chair Godlewski shared that BCPL had a fairly comprehensive legislative strategy the last few years. For example, meeting with new legislators to educate them on the BCPL. Throughout the year, Executive Secretary German and others checked in with individuals about the BCPL. That is something that is ongoing. The question is,

how do we build a more robust strategy? She asked Executive Secretary German to discuss this at an upcoming meeting. She asked that this topic be included on the next agenda for the next board meeting.

Executive Secretary German shared that he has always keeps a list of statutory changes that he would be interested in. However, it's always important to keep in mind that when you ask for statutory changes, once the door is open, what comes through may not look like what you're asking for. He is available to further discuss this with the board at another meeting or one-on-one with Commissioner Kaul if he would like. There are a number of statutory changes that may be helpful, not regarding our investment authority, but more specifically with the way fund accounting works at BCPL. We are an agency that dates back to statehood, so much of what we do was set up long before any accounting structures or processes were implemented by the state. We do have quite a few legacy issues, yes. Some of the other issues have to do with lands and how land transactions are handled.

Executive Secretary German discussed the second question. He agrees that this may be a better time to ask for legislative assistance as opposed to during the budget process. After meeting with all the members of Joint Finance and receiving many assurances that they all understood and were supportive of our work, he was disappointed when he sat in the Joint Finance meeting and the exact opposite happened. This makes you realize that the normal process is not necessarily helpful to BCPL anymore. Approaching legislators at an off budget time when we are celebrating significant accomplishments, may be the better time to do it. The availability of legislators for the next five weeks may be limited since many of them are likely planning time off. He does agree that this may be a better time to approach some of them.

Commissioner Kaul shared that he is happy to think about how to approach the legislators, with guidance from BCPL staff. Letting them know that BCPL asked for change several years ago and we've delivered on what we said we would do. When we ask for additional changes, it is with a track record that we can point to successes on. He believes this may resonate with them.

Board Chair Godlewski proposed that Executive Secretary German meet with individual commissioners to talk about the legislative work, approach and what has been done in the past, e.g., work with Jolene, meetings with the incoming commissioners, etc. Each commissioner has their own strengths so having one-on-one discussions would be very beneficial. Often the behind-the-scenes work goes unseen. She would like to make sure everyone is working together on this. Another item worth discussing at an upcoming meeting is our prudent investor authority. A lot of work went into implementing that and that is just one revenue stream. Other revenue streams that are extremely important to the Common School Fund are unclaimed property, and fines and forfeitures. It would be helpful to understand the other two revenue streams so we can optimize those revenue streams to the best of our ability for our public schools. She asked Executive Secretary German to provide ideas about legislative changes needed or updates regarding those two types of revenue streams for the trust funds.

Executive Secretary German stated he would be happy to discuss that with board members either collectively or individually. If done individually, he will need to be careful not to create a walking quorum. He made clear that he would not be asking the board to pass a resolution, but it would be strictly a briefing standpoint, letting the commissioners know what the issues are and how they affect the agency.

Board Chair Godlewski proposed that an upcoming agenda item should be Executive Secretary German discussing these issues with the commissioners. The other commissioners agreed.

Executive Secretary German added that each issue may have the potential for being lengthy discussions, so he suggests taking them one at a time from meeting to meeting, bringing one up at every meeting.

Executive Secretary German shared that he finally finished a draft memo that describes how money actually flows through BCPL. When he first arrived at BCPL, he could not understand how money flowed through. It made no sense at all. It took years to pull the pieces apart and Denise Nechvatal, the agency's controller, was patient and described things that he felt made no sense. He is finally able now to put all the pieces in place to tell the story in a way that would be understood by nonaccountants, by nonlawyers and by nonpolicy workers. We need to be able to tell our story in a way that other people can understand it. There are certain things like fund accounting that probably should have been changed 50 years ago.

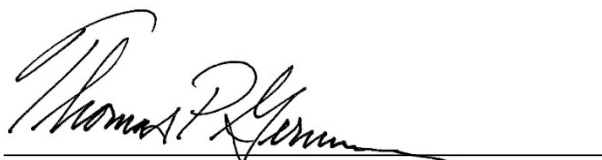
Commissioner Kaul commented that from a legislative standpoint if there are areas where there are priorities both because their significance but also feasibility, based on conversations you've had with legislators, it is worthwhile to make sure we put those first. Given that the news about this record-breaking distribution just came out, if there is follow up to build on the goodwill from that, we may be able to accomplish it. He believes it may be an opportune time to prioritize those key things for follow up.

Executive Secretary German agreed. He reiterated that a discussion on fund accounting will be had at the next board meeting. It is important to queue that up and have a discussion as to where we go from here.

Board Chair Godlewski asked that additional discussion be had about other areas after fund accounting.

ITEM 12. ADJOURN

Board Chair Godlewski moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:24 p.m.

A handwritten signature in black ink, appearing to read "Thomas P. German", is 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/2023/2023-11-21/BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2023/2023-11-21/BoardMtgRecording.mp3)