

Board Meeting Minutes
February 3, 2026

Present were:

Sarah Godlewski, Board Chair	Secretary of State
John Leiber, Commissioner	State Treasurer
Josh Kaul, Commissioner	Attorney General
Tia Nelson, 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
Thuy Nguyen, Office Manager	Board of Commissioners of Public Lands

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES (January 20th board meeting)

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; Board Chair Godlewski seconded the motion.

DISCUSSION: Mr. Sneider reported that loan #1 is to the Village of Marshall to finance roadwork and a solar project. The solar project entails installing roof panels on a renovated municipal building to supply a portion of that building's electrical needs. The Village of Black Creek, loan #2, is financing a storm sewer project related to a Department of Transportation roadwork project. Loan #3 is to the Town of Lawrence, which has been a great customer of the State Trust Fund Loan Program. The town is a fast growing community located between Green Bay and Appleton. This loan is to finance new infrastructure for the Rock Ridge subdivision. Loan #4 for the City of Stoughton is to purchase land for a new public safety building and potentially a new utility building on that land.

VOTE: The motion to approve the loans passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$5,096,714.00** in State Trust Fund Loans to support **4** community projects in Wisconsin.

1. Village of Marshall / Dane County / Finance roadwork and solar project / \$610,000.00
2. Village of Black Creek / Outagamie County / Finance DOT Storm Sewer Project / \$396,214.00
3. Town of Lawrence / Brown / Finance economic development project / \$2,790,500.00
4. City of Stoughton / Dane County / Finance land purchase / \$1,300,000.00

ITEM 4. NEW BUSINESS

None

ITEM 5. CHIEF INVESTMENT OFFICER'S REPORT – QUARTERLY INVESTMENT REPORT

Mr. Sneider began by quoting from BCPL's investment policy: *"The mission of the BCPL is to manage the assets of the school trust funds in a manner that maintains significant stable and sustainable distributions to fund beneficiaries and to manage all assets and programs entrusted to the Board in a prudent and professional manner in accordance with the Wisconsin Constitution and applicable state law."*

He reported on the three criteria for distributions outlined in the investment policy.

Significance: The 2026 library aid distribution, to be made in a few months, is at a new record amount of \$73.5 million. This distribution is 2.3 times higher than in 2017, which was the first year the investment policy was put into place. Since then, we've generated a 9.6% compound annual growth rate in distributions. Our distributions have grown nearly three times the rate of inflation.

Stability: The diversification of our portfolio, which includes 11 different asset classes, produces significant levels of income along with ongoing surplus funding of the smoothing fund. This has made it less likely that future distributions will be disrupted. As seen in the graph on Page 7, we have only gone in one direction. As our investment policy matures, future income growth will slow down as changes in the portfolio become more incremental. Currently the 5% increase from last year is a moderation from prior growth rates. This is the beginning of a more stable distribution pattern as we move forward.

Sustainability: The investment policy prudently requires BCPL to maintain a minimum smoothing fund at 50% of the next targeted distribution. This smoothing fund is intended to supplement annual distributions in the future, should market conditions cause a significant drop in earnings. We have maintained the smoothing fund at the minimum level required under the policy plus some. The Common School Fund smoothing fund holds over \$41 million - a \$12 million surplus over and above the minimum required. The targeted distribution is defined as the moving average of the past five years of earnings. The rationale for maintaining surplus funds in the smoothing fund is as the five-year average catches up to current earnings, any surplus held in the smoothing fund will automatically shrink due to the growth of the minimum required in the smoothing fund. We take very seriously the first word in the industry standard investment authority provided to BCPL by the legislature in late 2015, *Prudent*.

Mr. Sneider thanked the members of the investment committee and all BCPL staff for helping to create significant, stable and sustainable distributions for our beneficiaries. We should be proud of what we have accomplished over the past several years.

Executive Secretary Nelson shared her gratitude and congratulated the board, Mr. Sneider and all BCPL staff for this year's record distribution to the schools. She asked Mr. Sneider for clarification on the behavior of the smoothing fund shrinking in the future.

Mr. Sneider replied that it is not the smoothing fund itself that will shrink, but the surplus amount that will shrink. He commented that the board may want to consider the necessity of maintaining a smoothing fund of that size. The reason for the 50% level is because we were going into a lot of different asset classes many people considered riskier. The reality is, it allowed us to diversify our investments causing the distribution levels to become less risky when we were only invested in fixed income. The smoothing fund is beneficial but there are unknowns that can potentially create problems for future distributions. The lack of transparency in certain markets is something we have to consider going forward. The board needs to consider whether the 50% level is sufficient or be reduced in future years.

Mr. Sneider reported that in this fourth quarter we continue to have a diversified portfolio and are well protected from

outside noise that might influence parts of the market. His main focus for the portfolio report is the projected income over the next 12 months. This number just 12 months ago was \$70. 2 million and has grown by about 4.5 million. Most of this increase is due to both increased investment and a slightly higher yield in our private debt portfolio. We have a little room to grow there, including over \$57 million in committed capital waiting to be called. This has been a very successful asset class.

From a year ago we have seen significant growth in our common stock and venture capital portfolios. The value of our common stock portfolio grew 23% last year, almost \$50 million, while unrealized gains in our venture portfolio increased from 4 million to nearly 28 million. The 28 million does not include the \$8 million gain recognized on our investment in Histosonics, discussed in September.

During 2025 the Common School Fund portfolio went from a \$45 million unrealized loss with \$30 million unrealized gain, producing a record distribution of \$73. 5 million. It has been a good year.

Mr. Sneider reported that we are closing in on our target allocations but still have a way to go. The under allocated asset classes are those where the percentage shown in the potential allocation column is less than the percentage shown in the target allocation column. These include from top to bottom, private debt, real estate, infrastructure and private equity.

The investment committee is working to find good opportunities to bring us closer to our target allocations. Although we currently have a good amount of cash available in the state investment fund, there is a possibility there could be a change in market conditions driving loan demand up significantly. If a community requests a large loan or an investment commitment to private funds is called sooner than expected, how would we fund a new opportunity? If needed, we have several asset classes with allocations greater than the target. These asset classes include state and municipal bonds, Treasury and agency bonds, corporate bonds and preferred stocks.

The total amount invested in these asset classes is approximately \$230 million over their target allocations. These are all liquid securities traded in public markets we can sell if and when it makes sense. If we need to raise liquidity to fund a new investment, the investment committee can sell selected bonds and preferred stocks from this list prudently. However, these investments are generating good income with yields remaining well above the current yield on cash so BCPL should be patient and hold on to these assets and maintain this imbalance within our target allocations until we have a better place to invest those funds. The ability to be patient is one of our strengths.

ITEM 6. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that she continues to meet with staff. She had her first weekly check in with Kevin Burns of the northern office last Friday, which was very helpful. She asked if any board members were attending Superior Days, which is next week, Monday, Tuesday and Wednesday. Superior Days is an exciting time for those who love northern Wisconsin. A big delegation comes to Madison to engage with state leaders who might not realize the challenges folks in northern Wisconsin face. There will be several Bayfield County staff members in attendance.

She continues to work on the Pigeon Lake land transaction which the board has been briefed on with the previous Executive Secretary. That transaction requires an additional appraisal. She spoke with the UW today as negotiations continue and is trying to move the transaction along swiftly and senses that Bayfield County is eager to do so too. Everything is going well otherwise.

ITEM 7. BOARD CHAIR'S REPORT

Board Chair Godlewski shared that she and Executive Secretary meet weekly to check in, which is helpful. She reported that the Common School Fund library aid distribution announcement is scheduled for tomorrow. She and Commissioner Leiber will be in attendance. She believes there will be a good turnout for the event.

The WEMTA check presentation is scheduled for March 3rd. Unfortunately, she is unable to make the WEMTA presentation but knows that Commissioner Leiber will be attending to represent the board. However, she will attend the WEMTA conference the day before the check presentation as that will be the last time she addresses the attendees at that event.

ITEM 8. FUTURE AGENDA ITEMS

None

ITEM 9. OLD BUSINESS

None

ITEM 10. ADJOURN

Board Chair Godlewski moved to adjourn the meeting; Commissioner Leiber seconded the motion. The motion passed 3-0; the meeting adjourned at 2:23 p.m.

A handwritten signature in black ink, appearing to read "Tia Nelson", is written over a horizontal line.

Tia Nelson, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2025/2026-02-03 BoardMtgRecording.mp3>