

Board Meeting Minutes
June 2, 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 2:00 p.m.

ITEM 2. APPROVE MINUTES (May 19th board meeting)

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

DISCUSSION: None

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

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

DISCUSSION: Mr. Sneider reported the Village of Raymond has two loans: 1.) to purchase a snowplow; and 2.) to finance some planting for a water and sewer project. The Village of Walworth has four loans, separate loans adds flexibility for repayment to the loans in the future: 1.) Loan #3 is to finance a water system valve repair; 2.) Loan #4 is to finance a number of capital projects, and we do have a list of those capital projects in the loan file; 3.) Loan #5 is to finance pilot testing on wells for PFAS; and, 4.) Loan #6 is to finance a lead service line project. Loan #7 is to the City Of Montreal is to finance a pass through loan to their water utility. The city decided to take out a general obligation loan and then pass it through to the utility rather than having the utility borrow directly on a revenue loan. The Town of Lincoln, loan #8, is doing some roadwork and then finally loan #9 to the Village of Black Creek is a fairly large loan for construction of a DPW building. The village has to construct a new one because of the way the land is situated. The cost is a little bit higher than they expected at the beginning of the project.

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

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$4,680,762.00** in State Trust Fund Loans to support 2 community projects in Wisconsin.

1. Village of Raymond / Racine County / Finance purchase of DPW snowplow / \$261,000.00
2. Village of Raymond / Racine County / Finance I-94 water and sewer planning / \$96,000.00
3. Village of Walworth / Walworth County / Finance water system valve repairs / \$80,000.00
4. Village of Walworth / Walworth County / Finance 2026 capital projects / \$228,212.00
5. Village of Walworth / Walworth County / Finance pilot testing on wells for PFAs / \$80,000.00
6. Village of Walworth / Walworth County / Finance purchase of plow truck / \$950,000.00
7. City of Montreal / Iron County / Financing pass-through loan to water utility / \$179,000.00
8. Town of Lincoln / Vilas County / Finance roadwork / \$900,000.00
9. Village of Black Creek / Outagamie County / Finance construction of DPW buildings / \$1,906,550.00

ITEM 4. NEW BUSINESS

None

ITEM 5. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider began his report by updating the board with three recurring topics from recent Investment Committee meetings.

1. Investment committee members have voiced surprise that the markets have been so calm despite many factors: The war, tariffs, increased oil prices, inflationary pressures and the K-shaped recovery where the top 10% of earners account for nearly half of today's spending. Interest rates remain in a "higher for longer" phase. The Federal Reserve is maintaining elevated rates to combat persistent inflation above its 2% target.
2. BCPL's need for back office support: Efforts continue to address both software and personnel needs.
3. Press reports regarding challenges in the private debt market: There are concerns that private debt funds have too many loans to software companies that could be impacted by AI. Negative headlines have impacted capital flows across the private debt credit market. Retail investors want their money back. Some funds have sold loans to create the capital necessary to fund redemption requests. Loan sales temporarily flooded the market, reducing the market prices on private loans. The resulting loss in loan values has hurt the value of all private credit bonds.

The investment committee has made large allocations to private debt. This allocation is one of the reasons we've been able to make large increases in distributions over the past five years.

At the end of Q1, the Common School Fund private debt portfolio was still averaging an 8% yield. Our funds remain well diversified across several sectors. Our investments in this sector will experience credit losses. Higher yields are compensating investors for added risk.

Portfolio Report

Losses continue to show in the value of our fixed income and preferred stock asset classes. These paper losses will be recognized if and when these investments are sold. Many of these securities are bonds that will pay off in full if held at maturity as of today. These paper losses are not material to our beneficiaries. Fixed income and preferred stocks provide nearly 75% of the income we distribute each year.

There has been a half a point decline in our average yield over the past year. A year ago, the Common School Fund portfolio had an average yield of 4.9%. It is now 4.4%. This decline is responsible for an approximately \$5,000,000 drop in the projected annual income. This decline is due to two anomalies that will be self-correcting: 1.) In the past, calculated projected income was from our largest infrastructure fund at the long term expected yield of 5%. Now that this fund is fully invested, there is a change in calculation to use the most recent actual quarterly distribution. Distributions from this fund are expected to increase overtime as the underlying infrastructure investments continue to mature; 2.) Our portfolio management software has a quirk that calculates projected annual income as a multiple of the most recent distribution. This quirk amplifies any volatility within the amounts distributed over the past year. As a result, the dividends projected in today's report by our private debt portfolio are about \$3,000,000 lower than projected a year ago. This morning we received notice that our next quarterly distribution from common stocks will raise this projection significantly by nearly \$6 million. We will take that into account when we look at the next quarterly report.

We have \$40 million in smoothing funds available to supplement distributions in the future.

Allocation Report

Fixed Income: We remain over allocated in several fixed income categories including state/municipal bonds, U.S. Treasury/agency bonds, Corporate Bonds and Preferred Stocks. These overallocations remain an excellent source of liquidity when attractive opportunities in other sectors might become available. With state trust fund loans, it is normal to be under allocated at this point. We received about \$40 million in loan principal included in the annual payments received in March. Our private debt allocation is also well below the target. Our fund managers are holding off on calling in committed funds until turbulence in that sector settles down. The investment committee may be considering a supplemental commitment to an existing fund manager in this asset class over the next few months.

Equities and Alternatives: Common stocks are near target, while the alternatives, including real estate, infrastructure and private equity are well below target. Additional private equity or venture capital commitments may need to wait for additional back office resources, but the investment committee may be looking at adding to our real estate and infrastructure commitments through current funds and managers later this summer.

ITEM 6. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Nelson reported that we continue to address the challenges and opportunities of improving back office support. The LTE accountant position description has been revised and has not yet been posted as we are waiting to hear back from DOA. Staff is working feverishly and we had a very productive meeting with a consulting firm with deep experience in state government regarding addressing our back office accounting needs. We received a proposal this morning but it has not been fully reviewed yet. She will likely make a recommendation at a future meeting. She and Board Chair Godlewski will discuss this further at their next check-in.

ITEM 7. BOARD CHAIR'S REPORT

None

ITEM 8. FUTURE AGENDA ITEMS

None

ITEM 9. OLD BUSINESS

None

ITEM 10. ADJOURN

Commissioner Kaul moved to adjourn the meeting; Commissioner Leiber seconded the motion. The motion passed 3-0; the meeting adjourned at 2:18 p.m.

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

Tia Nelson, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/SharedDocuments/Board Meeting Docs/2026/2026-06-02 BoardMtgRecording.mp3>