



Douglas La Follette, *Secretary of State*
Matt Adamczyk, *State Treasurer*
Brad D. Schimel, *Attorney General*

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Jonathan Barry, *Executive Secretary*

AGENDA

June 5, 2018

2:00 P.M.

Board of Commissioners of Public Lands
101 E. Wilson Street, 2nd Floor
Madison, Wisconsin

Routine Business:

- 1) Call to Order
- 2) Approve Minutes – May 15, 2018 (Attachment)
- 3) Approve Loans (Attachment)

Old Business: None

New Business:

- 4) Discuss Adopted Investment Plan and Authorization for Staff to Make Investments in Accordance with Plan without Further Board Approvals. Contemporaneous issues cited include Venture Investors investment and recent completion of WHEDA bond transaction. (Requested by Commissioner Adamczyk)

Routine Business:

- 5) Future Agenda Items
- 6) Executive Secretary's Report (Attachment)
 - Investment Transaction Report – May 31, 2018
 - Monthly Portfolio Report – Fixed Income – May 31, 2018
 - Monthly Portfolio Report – Public Equity Income – May 31, 2018
- 7) Adjourn

AUDIO ACCESS INFORMATION

Toll Free Number: **(888) 291-0079**
Passcode: **6363690#**

**BOARD MEETING
JUNE 5, 2018**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the May 15, 2018, board meeting.

Board Meeting Minutes
May 15, 2018

Present via teleconference were:

- | | |
|---|--|
| Doug La Follette, Commissioner | Secretary of State |
| Matt Adamczyk, Commissioner | State Treasurer |
| Brad Schimel, Board Chair | Attorney General |
| Jonathan Barry, Executive Secretary | Board of Commissioners of Public Lands |
| Tom German, Deputy Secretary | Board of Commissioners of Public Lands |
| Vicki Halverson, Office Manager | Board of Commissioners of Public Lands |
| Richard Sneider, Chief Investment Officer | Board of Commissioners of Public Lands |

ITEM 1. CALL TO ORDER

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

ITEM 2. APPROVE MINUTES – MAY 1, 2018

MOTION: Board Chair Schimel moved to approve the minutes; Commissioner La Follette seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

Executive Secretary Barry reported that the loans had been reviewed for proper public purpose.

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Sun Prairie Dane County Application #: 02018143 Purpose: Purchase economic development land	City Rate: 4.25% Term: 10 years	General Obligation	\$3,589,000.00
2. Washington Green County Application #: 02018141 Purpose: Purchase snowplow truck	Town Rate: 4.00% Term: 7 years	General Obligation	\$225,000.00
3. Washington Green County Application #: 02018142 Purpose: Finance bridge reconstruction	Town Rate: 4.00% Term: 7 years	General Obligation	\$90,000.00
TOTAL			\$3,904,000.00

MOTION: Commissioner La Follette moved to approve the loans; Board Chair Schimel seconded the motion.

DISCUSSION: None.

VOTE: The motion passed 2-1. Commissioner La Follette and Board Chair Schimel voted aye; Commissioner Adamczyk voted no.

ITEM 4. UPDATE: THREE LAKES SCHOOL DISTRICT LAND PURCHASE REQUEST

Executive Secretary Barry reported that Compass Land Consulting conducted an appraisal and valued the property at \$63,000. The district administrator of Three Lakes School District was also notified. They will pay half of the appraisal cost, which was \$1,900. Staff will mark the boundary at the back of the property using GPS technology. The school district appears obligated, per statutes, to present the land purchase to the electors in the district and give them an opportunity to vote on the matter at either an annual or special meeting.

He added that a resolution from the Three Lakes School District stating that the land is “required for school district uses” is also necessary, should the Board approve the land sale. He asked the Board if they wanted staff to proceed with the sale and prepare the required paperwork.

Commissioner La Follette asked staff if there were any reasons why the Board should not sell the property. Executive Secretary Barry replied that the parcel would not likely be sold if it were not for a public entity requesting to purchase it. While the property is adjacent to a large block of School Trust Lands, it does not have a large amount of high-quality timber.

Commissioner La Follette asked why the parcel was needed. Executive Secretary Barry replied that the school district wants to establish a trapshooting range. While there are a few other school districts with a trapshooting club, none of them own the range.

Executive Secretary Barry asked the Board for a motion authorizing staff to:

- Move forward with developing the paperwork for the Board’s approval and the Three Lakes School District’s approval; and
- Request a resolution from the School District meeting the statutory requirements that the property purchase is required for school use.

MOTION: Board Chair Schimel moved to authorize staff to develop the paperwork necessary to move forward with the proposed land sale to the Three Lakes School District; Commissioner Adamczyk seconded the motion.

VOTE: The motion passed 2-0. Board Chair Schimel and Commissioner Adamczyk voted yes; Commissioner La Follette abstained.

ITEM 5. DISCUSS AND VOTE ON STAFF ATTENDANCE AT WESTERN STATES LAND COMMISSIONERS ASSOCIATION 2018 SUMMER CONFERENCE IN DULUTH, MN, JULY 8-12

Board Chair Schimel recalled that the Commissioners previously discussed this topic because the BCPL would be co-hosting the conference. Executive Secretary Barry said that BCPL is co-hosting the conference with Minnesota. While BCPL will not be underwriting the cost of the conference, there is a cost for staff to attend as delegates and volunteers. He requested that the Board approve four staff to attend as delegates and two staff to attend as volunteers. The estimated registration and travel costs would be approximately \$5,000.

Board Chair Schimel stated that attendance at past conference has proven to be beneficial to staff.

MOTION: Board Chair Schimel moved to approve attendance at the conference not to exceed four delegate registrations, one of which would be Commissioner La Follette.

VOTE: The motion passed 2-1. Commissioner La Follette and Board Chair Schimel voted aye; Commissioner Adamczyk voted no.

ITEM 6. FUTURE AGENDA ITEMS

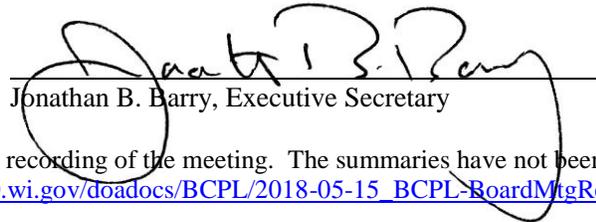
None.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Barry directed the Board's attention to the investment reports included in the board packet. Staff explained that the proposed investment in WHEDA mortgage loans includes a 5% guarantee of the original amount by WHEDA on any losses. The program has performed very well in the past; this is an additional security for BCPL.

ITEM 8. ADJOURN

The meeting adjourned at approximately 2:20 p.m.



Jonathan B. Barry, Executive Secretary

These minutes have been prepared from a recording of the meeting. The summaries have not been transcribed verbatim.
Link to audio recording: ftp://doafpt1380.wi.gov/doadocs/BCPL/2018-05-15_BCPL-BoardMtgRecording.mp3.

**BOARD MEETING
JUNE 5, 2018**

**AGENDA ITEM 3
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Albany Green County Application #: 02018150 Purpose: Purchase building and truck	Village Rate: 4.00% Term: 5 years	General Obligation	\$81,000.00
2. Buchanan Outagamie County Application #: 02018144 Purpose: Finance infrastructure projects	Town Rate: 4.25% Term: 10 years	General Obligation	\$500,000.00
3. Cumberland Barron County Application #: 02018147 Purpose: Finance road projects	City Rate: 4.25% Term: 10 years	General Obligation	\$665,411.00
4. Cumberland Barron County Application #: 02018148 Purpose: Finance lift station #11 reconstruction	City Rate: 4.25% Term: 10 years	General Obligation	\$140,000.00
5. Grantsburg Burnett County Application #: 02018151 Purpose: Purchase town hall building	Town Rate: 4.50% Term: 20 years	General Obligation	\$170,000.00
6. Random Lake Sheboygan County Application #: 02018145 Purpose: Finance road and utility projects	Village Rate: 4.25% Term: 10 years	General Obligation	\$525,000.00
7. River Falls Pierce County Application #: 02018146 Purpose: Purchase land	Town Rate: 4.00% Term: 5 years	General Obligation	\$100,000.00
8. Winchester Vilas County Application #: 02018149 Purpose: Construct town shop and renovate town hall	Town Rate: 4.50% Term: 20 years	General Obligation	\$1,300,000.00
TOTAL			\$3,481,411.00

**BOARD MEETING
JUNE 5, 2018**

**AGENDA ITEM 6
EXECUTIVE SECRETARY'S REPORT**

Attachments

- Investment Transaction Report – May 31, 2018
- Monthly Portfolio Report – Fixed Income – May 31, 2018
- Monthly Portfolio Report – Public Equity – May 31, 2018

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Investment Transaction Report May 31, 2018

Bond Purchases

Issuer	Credit Rating	Trade Date	Par Value	Price Paid	Coupon	Call Date	Yield to Call	Maturity Date	Yield to Maturity
FFCB	Aaa	05/15/18	\$5,000,000	\$5,000,000	4.22%	5/23/19	4.22%	05/23/33	4.22%
East Troy	A1	05/29/18	\$270,000	\$270,000	3.85%	5/01/28	3.85%	05/01/30	3.85%
East Troy	A1	05/29/18	\$345,000	\$343,903	4.15%	5/01/28	4.16%	05/01/36	4.15%
East Troy	A1	05/29/18	\$360,000	\$360,000	4.25%	5/01/28	4.25%	05/01/38	4.25%

Bond Sales

Staff sold approximately \$4 million in bonds as market volatility provided an opportunity to sell lower yielding investments for a small gain, with the proceeds to be reinvested at higher rates. The sale generated long-term capital gains of nearly \$68,000, which increased the average annual return during the holding period of these bonds from 3.37% to 3.63%. The profit on the sale of these bonds will be added to CSF principal in accordance with the Investment Policy Statement (IPS).

Proceeds of the bond sale were reinvested in the above bonds, which will increase the amounts available for future distributions to fund beneficiaries.

Public Equity Purchases

Staff purchased an additional \$1 million in ETF shares since the last Investment Transaction Report, and the CSF now holds approximately \$19 million in public equities.



BCPL Fixed Income Portfolio

As of 05/31/2018

<u>Description</u>	<u>Moody's Rating</u>	<u>S&P Rating</u>	<u>Weight</u>	<u>Expected Yield</u>	<u>Yield to Maturity at Cost</u>	<u>Modified Duration (years)</u>	<u>Cost Basis</u>	<u>Estimated Current Value</u>	<u>Estimated Unrealized Gain (Loss)</u>	<u>Annual Income</u>
Treasury and Agency Securities	Aaa	AA+	50.5%	3.55%	3.55%	11.81	283,716,113	275,822,858	(7,893,256)	9,977,606
Wisconsin and State Agency	Aa2	AA-	26.9%	4.15%	4.21%	10.41	143,950,418	146,724,130	2,773,712	6,204,307
Municipal/School District	Aa3	AA-	22.7%	3.88%	3.90%	8.97	123,317,113	123,734,287	417,174	4,922,397
	Aa1	AA	100.0%	3.78%	3.80%	10.79	550,983,644	546,281,275	(4,702,369)	21,104,309



BCPL Public Equity Portfolio

As of 05/31/2018

Symbol	Description	Quantity	Avg Cost	Cost Basis	Current Price	Current Value	Weight	Unrealized Gain (Loss)	Percent Gain (Loss)	Current Yield	Projected Annual Dividends
Domestic Equities											
VTI	Vanguard Total Stock Market ETF	34,597	137.20	4,746,753	140.040	4,844,964	25.5%	98,211	2.1%	1.9%	90,298
VYM	Vanguard High Dividend Yield ETF	34,070	83.60	2,848,348	83.920	2,859,154	15.0%	10,806	0.4%	3.1%	89,263
VNQ	Vanguard REIT ETF	12,630	75.20	949,716	78.890	996,381	5.2%	46,665	4.9%	3.8%	37,385
VIG	Vanguard Dividend Appreciation ETF	9,364	101.38	949,282	101.880	954,004	5.0%	4,722	0.5%	2.1%	20,320
Global Equities											
VEU	Vanguard FTSE All World ex-US ETF	87,219	54.44	4,748,390	53.590	4,674,066	24.6%	(74,323)	-1.6%	2.9%	136,934
VYMI	Vanguard International High Dividend ETF	42,806	66.54	2,848,129	64.390	2,756,278	14.5%	(91,850)	-3.2%	4.5%	124,565
VIGI	Vanguard International Div Appreciation ET	14,634	64.87	949,338	66.050	966,576	5.1%	17,238	1.8%	1.8%	17,268
VNOI	Vanguard Global ex-US Real Estate ETF	15,733	60.35	949,491	60.390	950,116	5.0%	625	0.1%	3.5%	33,039
		251,053		18,989,447		19,001,539	100.0%	12,093	0.1%	2.9%	549,073