

Board Meeting Minutes
August 6, 2024

Present were:

Sarah Godlewski, Board Chair	Secretary of State
Josh Kaul, Commissioner	Attorney General
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
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

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

DISCUSSION: None.

VOTE: The motion passed 3-0.

ITEM 3. APPROVE LOANS

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

DISCUSSION: Mr. Sneider shared that there are three loans for approval today. The projects include roadwork, equipment purchase, and bridge work. Also, the Village of Embarrass is doing some initial engineering and design work for a future project and will likely borrow again from the State Trust Fund Loan Program for the construction phase.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$1,046,500.00** in State Trust Fund Loans to support **3** community projects in Wisconsin.

1. Town of Milford / Jefferson County / Finance roadwork and fire truck / \$270,000.00
2. Village of Whiting / Portage County / Finance roadwork and bridge rehabilitation / \$626,500.00
3. Village of Embarrass / Waupaca Counties / Finance engineering and design work / \$150,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. NEW BUSINESS

None

ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT

Mr. Sneider reported that at the last meeting 18 loans were approved. That is likely a record number over the last few years.

He also shared that June 30th is the end of Q2 and also the end of the fiscal year for the State of Wisconsin. There is some additional reconciliation required between BCPL and the State Controllers Office at year-end, so he hopes to present the quarterly investment report at the next meeting.

Mr. Sneider also shared some exciting news. Last week, BCPL staff completed the largest transaction in BCPL history. Over the past 18 months, BCPL has been working with Invesco to create a custom private index fund to manage our public equities. This fund will improve our management efficiency and allow for lower costs and greater flexibility than the prior holdings of publicly-traded ETFs. The index was designed to provide the same 50/50 domestic and global exposures but with a screen for earnings quality and tilt toward dividends equaling 120% of the worldwide equity dividend yield. Rebalancing is scheduled to occur every six months with liquidity screens applied quarterly.

The transactions that took place last week included the sale of all of our public equity ETFs held by the Common School Fund and the Normal School Fund. Total sales were \$235 million for the Common School Fund and \$3.7 million for the Normal School Fund. The sales had the effect of recognizing significant long term capital gains that will add over \$44,000,000 to the Common School Fund and \$800,000 to the Normal School Fund. We then reinvested \$200 million of the Common School Fund sale proceeds into the new fund, which is named the Invesco BCPL Badger Fund. This reinvestment brought the public equity allocation down to slightly below our 15% target allocation. The new portfolio includes 1,322 securities, several with Wisconsin ties including AO Smith, U.S. Bank Corp, Molson Coors, MGIC Investment Corporation, Kohl's and Snap on Tools.

ITEM 7. EXECUTIVE SECRETARY'S REPORT

Executive Secretary German reported that we are actively working on our budget request for the next biennium so that by the time we hit September, we will have the pieces put together already. We will be looking to have the board endorse our budget request at a later meeting.

Board Chair asked if we are looking at transitioning to Program Revenue (PR) from General Purposes Revenue (GPR).

Executive Secretary German replied yes. He shared that he has talked with some members of the Joint Finance Committee (JFC) who will likely be on JFC again and he's had a decent reception from them regarding this change.

ITEM 8. BOARD CHAIR'S REPORT

None

ITEM 9. FUTURE AGENDA ITEMS

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 2:10 p.m.

A handwritten signature in black ink, appearing to read "Thomas P. German", 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/2024/2024-08-06 BoardMtgRecording.mp3>