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John Leiber, *State Treasurer*  
Joshua L. Kaul, *Attorney General*

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Thomas P. German, *Executive Secretary*

## AGENDA

February 18, 2025

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 – February 4, 2025 (Attachment)
3. Approve Loans

### Old Business:

4. None

### New Business:

5. None

### Routine Business:

6. Chief Investment Officer's Report
7. Executive Secretary's Report
8. Board Chair's Report
9. Future Agenda Items
10. Adjourn

### AUDIO ACCESS INFORMATION

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Conference Line Number: 608-571-2209  
1st Tues of the month Conf ID Code: 207 822 241#  
3rd Tues of the month Conf ID Code: 335 125 302#

Board Meeting Minutes  
February 4, 2025

Present were:

Sarah Godlewski, Board Chair	Secretary of State
John Leiber, Commissioner	State Treasurer
Josh Kaul, Commissioner	Attorney General
Nicole Pegram, Deputy Chief of Staff	Secretary of State
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

### ITEM 1. CALL TO ORDER

Board Chair Godlewski called the meeting to order at 2:01 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:** Board Chair Godlewski moved to approve the loans; Commissioner Kaul seconded the motion.

**DISCUSSION:** Mr. Sneider shared that loan #1 is to the Lauderdale Lake Management District in Walworth County. They are building a new clubhouse and for a lake district, this is a fairly large loan. However, this district has a very high equalized value and this loan is using only 2% of their available debt limit of \$56 million. The second loan is to the Town of Blaine. This one's a little bit unusual. Many loans are made to towns that need to come up with the entire project cost and before getting reimbursement from the state, usually for a road project. This project's cost is going to be reimbursed by FEMA rather than the state. It is for a recurring high-water problem that has damaged a bridge and requires new large box culverts and a spillway. We expect this loan to be paid off within the next year or two.

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

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$1,684,767.28** in State Trust Fund Loans to support **2** community projects in Wisconsin.

1. Lauderdale Lake Mgmt. Dist. / Walworth County / Finance clubhouse construction project / \$1,200,000.00
2. Town of Blaine / Burnett County / Finance FEMA Project PW00129 / \$484,764.28

#### **ITEM 4. OLD BUSINESS**

None

#### **ITEM 5. NEW BUSINESS**

None

#### **ITEM 6. CHIEF INVESTMENT OFFICER'S REPORT**

Mr. Sneider reported that 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. We have done a pretty good job fulfilling our mission.

The first listed criteria for distributions is significant. The 2025 distribution is to be made in a few months and is at a new record amount of \$70 million. These distributions are really making a difference for Wisconsin public schools. This \$70 million distribution for 2025 is 118% higher than the distribution made in 2017, the year our first investment policy was being put into place. Since then, we have generated a 10.25% compound annual growth rate in distributions.

The second mission criteria for our distributions is stable. Stable is a little more difficult to claim success. How can your distribution be called stable when it has risen from \$40.6 million to \$70 million over the past three years? The increase in distributions over the last few years was created by two major factors, the implementation of our investment policy and the increase in market interest rates. Future increases will be less dramatic because future changes in investment policies will be made in small increments. Stability will be an easier claim to make over the next decade.

The third BCPL mission criteria for our distributions is sustainable. This final criterion is easy. Our investment policy prudently requires BCPL to maintain a minimum smoothing fund at 50% of the next targeted distribution. This smoothing fund is to be used to supplement annual distributions should market conditions cause a significant drop in earnings. We have also saved a little extra for that potential rainy day. The Common School Fund Smoothing Fund now holds \$14 million over and above this minimum required, and it was a conscious decision by the Investment committee to hold back these additional funds. The targeted distribution is defined as the moving average of the past five years of earnings. Both the targeted distribution and the minimum smoothing fund are lagging calculations using the past five years of data. We knew that income growth would naturally slow down over time and we did not want to be caught shorthanded when the moving average started to catch up with current earnings. The bottom line is that we take very seriously the first word in the industry standard Investment authority provided to the BCPL by legislature in late 2016 - Prudent.

Mr. Sneider concluded his report by noting that the Board has been leading a successful mission. He thanked the Board members of the investment committee and all BCPL staff for helping to create significant stable and sustainable distributions for our beneficiaries.

Board Chair Godlewski asked if Mr. Sneider could share how much the fund has grown over the last eight years and how much BCPL has invested or reinvested within those eight years.

Mr. Sneider responded that he did not have that number off the top of his head, but it is going to be the majority of all our assets that have been reinvested. Easily over a billion dollars.

Quarterly Investment Report:

Mr. Sneider reported that when you are diversified, you are well protected from outside noise that might influence parts of the market. He focuses on the bottom right-hand corner of the Portfolio Report, the projected income over the next 12 months. This number has been stable for the last 12 months.

He commented on the allocation report. The investment committee has made recent commitments to both the real estate and private debt asset classes. He noted the Nuveen retail fund at previous meetings and stated that this commitment has now been fully funded. Not shown on this report is a commitment the investment committee made at our last meeting. We voted to make a commitment of \$25 million to a private debt fund called the Prudential Senior Loan Opportunities Fund II. Prudential has a 23-year track record of making secured loans to privately held companies and this new fund is the second in a series now offered to outside investors. Our commitment to fund One in this series is nearing the end of its investment phase and was made a few years ago and the fund has performed extremely well with annual income exceeding 11%. We are highly confident in the Prudential underwriting and origination teams. Their strategies and focus on limiting losses incurred within the portfolio are second to none.

On a final note, the Investment Committee has a special meeting coming up to discuss some small, recommended changes to our investment target allocations. We take a look at these allocations on a regular basis, and he will keep the board informed regarding progress made by the committee. Any changes approved by the Investment Committee will be brought before the Board for a final vote at a future meeting.

## **ITEM 7. EXECUTIVE SECRETARY'S REPORT**

Executive Secretary German reported that last week he traveled to Rhinelander to meet with staff and talked about our trust lands. He then attended the morning session of the Wisconsin Towns Association meeting where he met with Mike Koles, the head of the Towns Association. He also spoke with Rob Swearingen, the state representative from that area.

He then drove to Chili, Wisconsin for the ribbon cutting event for their new community center and fire station. This was a public project that BCPL helped finance with a trust fund loan. As a result of that, they had invited us to attend the ribbon cutting. The event was out of his way, but it was an important event because they wanted someone from BCPL to help them celebrate. The whole community turned out. It was pretty amazing. The emcee told the crowd that there were dignitaries in attendance, including Executive Secretary German. First the local folks spoke, and the state senator, then the state representative, and then he spoke. He thanked everyone on behalf of all the commissioners and noted that as a Madison bureaucrat and a recovering attorney, he did not think that he fit the definition of "dignitary" to most of the people in the audience. People loved that. It was great to see the end project that resulted from one of our loans and it's great to see the community celebrate that.

We recently sold a couple parcels of trust lands in northern Wisconsin. One was from a sealed bid just a few months ago. The other was approved by the board several years ago, but no one bid at that time. Unless the board expressly withdraws a property from sale after an event like that, it remains available for anyone to purchase that property at the appraised value and that's what happened in this case. We will be circulating land patents for signature in the near future and it looks like we may have another land sale that Micah is queuing up for consideration soon.

Finally, the Wisconsin Educational Media and Technology Association (WEMTA) sent out invitations to their annual convention. This year it's going to be held on March 10th in Brookfield. As usual, they are inviting BCPL and the commissioners to attend. He encouraged the commissioners to check their calendars to see if they are able to go. It is nice to be in a room full of people that really appreciate what we do.

Board Chair Godlewski asked Executive Secretary German if there anything of value that like the Towns Association shared.

Executive Secretary German replied that he did not stay for the whole meeting because he had to get to Chili. He only stayed for the morning session. Most of what they were looking at were actually things they were seeking legislatively, either to change the law or to hold the law in place and not make changes. He likes to make sure that he's keeping in touch with Mr. Koles. The one thing that does have a potential impact on BCPL is the ARIP program, the Agricultural Road Improvement Program that was tucked into the budget in the last go round. \$150 million to improve roads in rural areas where the state would pick up 90% of the cost. The communities would pay for the road, complete the project and then seek reimbursement through the program. Eligible Projects are roads that previously had a weight limit, and after the improvements, the local government would have to take the weight limit off of the road for the next 10 years. The

program was wildly attractive. But it was also significantly delayed. He was concerned because he wasn't sure how big of a demand this would generate for the trust fund loan program. Most of the communities that are looking at the ARIP program are not the type of communities that have enough money in the bank to pay for the whole cost of the project and then seek reimbursement. Even though they announced the first round of successful grant applicants back in the summer, DOT didn't really get around to actually signing the agreements with most of those communities until late December. Now those communities are just starting to look at getting their financing in place to move forward with their projects. The second round of grants, which was \$100 million, is not expected to take as long as the first round.

Board Chair Godlewski asked if Representatives Karen Hurd and Jesse James attended the event in Chili, WI.

Executive Secretary German replied, yes. Let the record reflect that Senator Jesse James leaned over after my remarks and said, "You know, I've known a lot of bureaucrats... You're a good one." He also had a nice conversation with Rep. Karen Hurd.

### **ITEM 8. BOARD CHAIR'S REPORT**

Board Chair Godlewski reported that regarding the WEMTA conference, what we are doing right now is trying to coordinate when and how to make sure it's another great big check reveal. We will keep everybody posted as that is moving along.

### **ITEM 9. FUTURE AGENDA ITEMS**

None

### **ITEM 10. ADJOURN**

Board Chair Godlewski moved to adjourn the meeting; Commissioner Kaul seconded the motion. The motion passed 3-0; the meeting adjourned at 2:21 p.m.



Thomas P. German, Executive Secretary

Link to audio recording:

[https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared Documents/Board Meeting Docs/2025/2025-02-04/BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov/Shared%20Documents/Board%20Meeting%20Docs/2025/2025-02-04/BoardMtgRecording.mp3)

**BOARD MEETING  
FEBRUARY 18, 2025**

**AGENDA ITEM 3  
APPROVE LOANS**

Municipality	Municipal Type	Loan Type	Loan Amount
1. Colfax Dunn County Application #: 02025085 Purpose: Finance TID #5 street projects	Village Rate: 6.00% Term: 18 years	General Obligation	\$500,648.00
2. Colfax Dunn County Application #: 02025086 Purpose: Finance TID #3 Street Projects	Village Rate: 5.50% Term: 5 years	General Obligation	\$255,000.00
3. Green Lake Sanitary District Green Lake County Application #: 02025087 Purpose: Finance McAfee Road Sewer Extension Project	Sanitary District Rate: 5.75% Term: 10 years	General Obligation	\$100,000.00
4. Norway Racine County Application #: 02025088 Purpose: Finance purchase of DPW Excavator	Town Rate: 5.50% Term: 5 years	General Obligation	\$329,227.00
	<b>TOTAL</b>		<hr/> <b>\$1,184,875.00</b>