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Board Meeting Minutes  
May 6, 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
Chuck Failing, IT Manager	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 2:01 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 loans #1, #4 and #7 are borrowing for capital projects. Loans #2, #3 and #5 are for roadwork. The remaining three loans are for purchasing trucks.

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

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$3,293,393.00** in State Trust Fund Loans to support **9** community projects in Wisconsin.

1. City of Fox Lake / Dodge County / Finance 2025 capital projects / \$150,000.00
2. Town of Sugar Camp / Oneida County / Finance roadwork / \$1,100,000.00
3. Town of Delafield / Waukesha County / Finance roadwork / \$250,000.00
4. Town of La Pointe / Ashland County / Finance capital projects / \$500,000.00
5. Town of Lincoln / Vilas County / Finance roadwork / \$500,000.00
6. Town of Charlestown / Calumet County / Finance purchase of snowplow truck / \$276,693.00
7. Village of Webster / Burnett County / Finance capital equipment and vehicles / \$141,700.00
8. Town of Lessor / Shawano County / Finance firetruck chassis / \$100,000.00
9. Town of Gordon / Douglas County / Finance purchase of plow/dump truck / \$275,000.00

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

None

#### **ITEM 5. NEW BUSINESS – Commendation for Micah Zeitler**

Executive Secretary German explained that BCPL's real estate specialist, Micah Zeitler has decided to leave BCPL. However, Secretary German would like to celebrate what Micah has accomplished. When Executive Secretary German first came to BCPL there were some lingering real estate problems issues that had been left unresolved for a very long time. He was impressed with Micah's ability to take a complex problem, break it into smaller pieces and ultimately remedy the issue. For example, resolving the issues with the Lac du Flambeau and La Courte Oreilles tribes that had existed for over a century. We had lands that had been flooded for a long time by the Wisconsin Valley Improvement Company and Micah found a way to work out a transaction with them to acquire those lands. He made it possible for BCPL to sell those unproductive lands and buy productive lands. Executive Secretary German commends Micah's work and asks the board to officially commend him for his services. His last day was Friday, May 2<sup>nd</sup>.

Board Chair Godlewski shared that she had the opportunity to walk BCPL lands with Micah and she was grateful for the work he has done over the last 10 plus years. He has helped BCPL recreate its land portfolio and drive the agency's vision at the Lake Tomahawk office. She thanked Micah and shared her appreciation and congratulations.

The commissioners unanimously consent to an official commendation and will add their signatures to it.

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

Mr. Sneider reported that it was a fairly quiet first quarter. However, it was very busy for our Controller, Denise Nechvatal, as annual State Trust Fund Loan payments were due on March 15th. BCPL received over \$54 million in principal payments, including regular scheduled payments and many prepayments. With these annual payments and prepayments, interest income of over \$13 million was received from borrowers.

Looking at the portfolio report on page 8 of the packet, in the bottom right-hand corner, projected income for the next 12 months is now above \$73 million. That number is about \$3,000,000 higher than the projection at year end.

Since the beginning of the year, there has been concerns over the impact of tariffs on U.S. markets. There has been some market turmoil, but the income from BCPL's managed trust funds are well protected from short-term fluctuations because we have a diversified portfolio with a long-term investment horizon. Seeking answers to the impact of these tariffs, he asked ChatGPT.

According to ChatGPT the first impact of the tariffs is market volatility. However, BCPL is balanced between U.S. and global equities and should be well positioned to withstand that volatility. The second major impact, according to ChatGPT, is sector shifts. Because BCPL invests in public equities through a broad-based index fund, we should be insulated from individual sector risks. The third major impact, according to ChatGPT, is regarding inflation and interest rates. We have already experienced a significant decline in value in our fixed income portfolio over the past several years. Note on page 8 that unrealized losses in the Common School Fund portfolio are concentrated in fixed income along with preferred stock and real estate, these are two other sectors impacted by higher interest rates. However, these declines have not had an impact on our earnings distributions. As required in the Wisconsin Constitution, BCPL distributions are not set as a fixed percentage of the total value at year end. Instead, we add earned interest, dividends and short-term capital gains together for distributable income. The fourth and last main impact of tariffs, according to ChatGPT, includes alternative investments. BCPL may be ahead of the curve with significant allocations to private debt and real estate.

The Investment Committee recently approved slightly higher allocations to private debt, private equity and infrastructure. We will be recommending implementation of these allocation changes to the Board at an upcoming

meeting. BCPL is well diversified, which shields us from the daily volatility we see in the public market. Our long-term investment horizon and focus on distributions rather than investment values are critical elements in our strategy which has produced record distributions several years running. With the recent distribution of \$70 million and a forecast of over \$73 million in investment income over the next 12 months, it looks like we are well positioned to continue growing distributions into the foreseeable future.

In the past, we've talked about how market conditions over the past few years have delayed potential exits in the venture capital market. One of our funds recently increased our share of one investment by more than 1.5 times our cost in the entire fund. We have a cost of about \$10 million in this fund and our share of this one company was marked up by about \$15,000,000. This company is in the healthcare services industry and developed a payment application that acts as an interface between patients and their healthcare systems. Payment amounts and timing using this application have improved dramatically and both patients and healthcare providers are giving the system great reviews. We hope that the system continues to get usage and the valuation continues to improve prior to a potential exit. Note that on page 8 the unrealized gain shown in the middle columns for our private equity venture capital allocation has improved significantly over prior quarters.

Future increases in distributions will likely come from increasing the value of total managed assets rather than an increase in the average yield produced by those assets. If we are not able to increase deposits from unclaimed property and fines and forfeitures, which we do not control, the only way to increase the fund balance would be to improve our total expected rate of return and develop long term capital gains to be added to fund principal.

Board Chair Godlewski reiterated that BCPL's portfolio is well diversified, which is the best kind of protection against the unknown.

Mr. Sneider shared that a new commitment to a fund that is managed by Prudential was made in the private debt market. We have been very happy with our commitment to the Prudential Senior Loan Opportunities Fund I, so the investment committee decided that it was a good idea to make a commitment to Fund II. As Fund I starts to pay down, we'll have another commitment to that same strategy with the same with the same people.

Board Chair Godlewski commented that when those investment decisions are made, there's a lot of due diligence and conversation that goes behind that decision making. The commitment was \$25,000,000.

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

Executive Secretary German reported that the Joint Finance Committee is scheduled to meet on Thursday with a plan to take the governor's budget back to base, and the accounting position we requested is part of those changes. It's still unclear whether this position is completely out or just out until our agency budget is considered. We are talking with JFC members about the importance of keeping this position in the budget. It appears that some of the proposed changes in the budget listed in the meeting notice for Thursday were a bit of a surprise to some members of Joint Finance, so he will continue to work at it.

We are likely to have a submerged land lease up for board consideration at an upcoming board meeting. The lease is for submerged land in the Superior, WI area. The lease is a bit out of the ordinary, so you may want to give yourself some extra time to read the board materials for that meeting.

Recently, someone applied for a submerged logging permit which is unusual. Executive Secretary German has only seen two requests for a submerged logging permit since he's been with the agency. One of them was withdrawn long ago. When this responsibility was given to BCPL decades ago, there was a belief that on the bottom of Chequamegon Bay, and other waters of the state, there were many sunken logs worth a lot of money. Long ago, there was a stampede to get these submerged logging permits. The process of getting these permits also involves getting approval from the DNR, the Army Corps of Engineers, and the Historical Society. Getting all those approvals is rather arduous. There were very few people able to do that. Out of the few people that successfully got the logging permits and brought up submerged logs, only two logs were pulled up that had any value. This is because years ago, only logs that were able to

float were moved by water. Therefore, there were not many logs of value that sank during that moving process. We are currently at the beginning stage of the application review process. Since this such a rare thing, BCPL staff is getting refamiliarized with the process for this.

We recently received an open records request for contact information for our staff and the commissioners. This was a mixed request for records and information and this request appears to have been sent to many state agencies and municipalities. We provided a link to our staff contact page and only links to the commissioners' agency websites. The requester provides no contact phone number or physical address. However, our initial attempt to provide the requested information and links to the websites for the commissioners' offices bounced back as undeliverable. We resent the requested information with delivery and read requests but it bounced back undeliverable again. On our third try, we received a notice that our reply was successfully delivered but no read response was delivered to us. The requester has posted some of the responses he received from other entities.

Commissioner Leiber shared that he received the same request and has replied three times via email to the requester and all emails have bounced back undeliverable.

Executive Secretary German commented that it is shocking the ancillary responsibilities of our small agency. BCPL holds the over 100-year-old original land records for the state. Twenty plus years ago we had those records scanned and indexed and made available online. However, those files were not on the BCPL website but rather a part of the UW Digital Collections' website. It just appeared as if they were a part of BCPL's website. Staff has recently worked with UW Digital Collections to rescan those records for better quality images. The UW has finished rescanning the records and is currently working at indexing them and making them available to the public. We hope the newly scanned records will be available by the end of this fiscal year.

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

None

#### **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 2:29 p.m.

A handwritten signature in black ink, appearing to read "Thomas P. German", is 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/2025/2025-05-06 BoardMtgRecording.mp3](https://bcpl.wisconsin.gov/bcpl.wisconsin.gov%20Shared%20Documents/Board%20Meeting%20Docs/2025/2025-05-06%20BoardMtgRecording.mp3)