



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

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Jonathan Barry, *Executive Secretary*

AGENDA

March 6, 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 – February 20, 2018 (Attachment)
- 3) Approve Loans (Attachment)

Old Business: None

New Business: None

Routine Business:

- 4) Future Agenda Items
- 5) Executive Secretary's Report (Attachments)
 - Investment Transaction Report – March 2, 2018
 - Monthly Portfolio Report – Fixed Income
 - Monthly Portfolio Report – Public Equity
 - Update: Three Lakes School District Land Purchase Request
- 6) Adjourn

AUDIO ACCESS INFORMATION

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

**BOARD MEETING
MARCH 6, 2018**

**AGENDA ITEM 2
APPROVE MINUTES**

Attached for approval are the minutes from the February 20, 2018, board meeting.

Board Meeting Minutes
February 20, 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, Loan Analyst and
Chief Investment Officer | Board of Commissioners of Public Lands |

ITEM 1. CALL TO ORDER

Board Chair Schimel called the meeting to order at 2:00 p.m.

ITEM 2. APPROVE MINUTES – FEBRUARY 6, 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. Beloit Rock County Application #: 02018108 Purpose: Finance 2018 asset purchases	Town Rate: 3.50% Term: 10 years	General Obligation	\$1,608,561.00
2. Buchanan Outagamie County Application #: 02018107 Purpose: Finance buildings and infrastructure	Town Rate: 3.75% Term: 10 years	General Obligation	\$565,000.00
3. Cedarburg Ozaukee County Application #: 02018105 Purpose: Construct monopole cell tower	City Rate: 3.50% Term: 10 years	General Obligation	\$300,000.00
4. Juneau Juneau County Application #: 02018106 Purpose: Purchase equipment and furnishings	County Rate: 3.00% Term: 5 years	General Obligation	\$1,000,000.00

5.	Mount Pleasant Racine County Application #: 02018104 Purpose: Finance TID#5 infrastructure and ancillary costs	Village Rate: 3.00% Term: 2 years	General Obligation	\$20,000,000.00
TOTAL				\$23,473,561.00

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

DISCUSSION: Commissioner La Follette inquired about the \$20 million loan to the village of Mount Pleasant. Executive Secretary Barry replied that the loan would provide ‘bridge’ or ‘gap’ financing for the expansion of the community’s infrastructure.

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

Board Chair Schimel said that the school district’s board approved a motion to purchase a 40-acre parcel of BCPL Trust Lands and sent a formal request to the BCPL. Executive Secretary Barry added that no action was required, and staff would contract to have an appraisal conducted on the parcel.

Commissioner La Follette asked if an easement would be negotiated in order for BCPL to retain access to the large block of Trust Lands that are adjacent to the parcels in question, should the sale proceed. Executive Secretary Barry responded that the Board could retain access by not selling that portion of the parcel.

ITEM 5. RATIFY ADJUSTMENTS TO LOAN PROGRAM INTEREST RATES

MOTION: Commissioner La Follette moved to ratify the recent adjustments to the State Trust Fund Loan Program interest rates; Commissioner Adamczyk seconded the motion.

DISCUSSION: Executive Secretary Barry said that short- and long-term interest rates have been rising so it is possible that further increases in the loan program interest rates may be needed in the near future.

VOTE: The motion passed 3-0.

NOW, THEREFORE BE IT RESOLVED, that the Board of Commissioners of Public Lands ratifies the changes in BCPL State Trust Fund Loan Program, with annual interest rates to be set at 3.50% for 2-year loans; 3.75% for 3-5 year loans; 4.00% for 6-10 year loans; and 4.25% for 11-20 year loans.

ITEM 6. DISCUSS AND VOTE ON STAFF ATTENDING FIXED INCOME CONFERENCE IN CHICAGO

Board Chair Schimel explained that there are no conference registration fees and travel, lodging, and meal expenses would be nominal.

MOTION: Commissioner La Follette moved to permit Richard Sneider and Tom German to attend the conference and fund the expenses associated with their attendance; Board Chair Schimel seconded the motion.

DISCUSSION: Deputy Secretary German said that attendance each year provides staff with valuable information because factors influencing the financial market fluctuate from year to year. Networking opportunities are also valuable.

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

ITEM 7. FUTURE AGENDA ITEMS

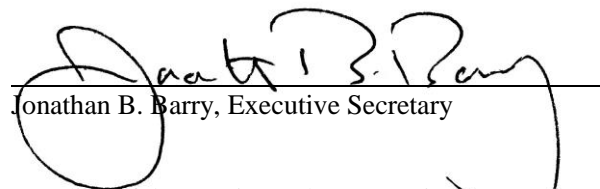
None.

ITEM 8. EXECUTIVE SECRETARY'S REPORT

Executive Secretary Barry reported that staff recently closed on a commitment to invest up to \$15 million with 4490 Ventures, a venture capital firm. Staff have expanded the investment transaction report to include equity ETF investment positions and venture capital investments.

ITEM 9. ADJOURN

The meeting adjourned at approximately 2:23 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/2018-02-20_BCPL-BoardMtgRecording.mp3

**BOARD MEETING
MARCH 6, 2018**

**AGENDA ITEM 3
APPROVE LOANS**

<u>Municipality</u>	<u>Municipal Type</u>	<u>Loan Type</u>	<u>Loan Amount</u>
1. Adell Sheboygan County Application #: 02018110 Purpose: Purchase equipment van	Village Rate: 3.75% Term: 10 years	General Obligation	\$54,000.00
2. Fond Du Lac Fond Du Lac County Application #: 02018111 Purpose: Finance 2018 capital projects	County Rate: 3.25% Term: 2 years	General Obligation	\$1,108,630.00
3. Platteville Grant County Application #: 02018109 Purpose: Finance TID redevelopment incentive	City Rate: 4.00% Term: 20 years	General Obligation	\$1,300,000.00
4. Pleasant Springs Dane County Application #: 02018112 Purpose: Finance roadwork	Town Rate: 3.25% Term: 2 years	General Obligation	\$300,000.00
TOTAL			\$2,762,630.00

**BOARD MEETING
MARCH 6, 2018**

**AGENDA ITEM 5
EXECUTIVE SECRETARY'S REPORT**

Attachments

- Investment Transaction Report - March 2, 2018
- Monthly Portfolio Report - Fixed Income – February 28, 2018
- Monthly Portfolio Report - Public Equity – February 28, 2018
- Update: Three Lakes School District Land Purchase Request – Request for Appraisal Bid and Map



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Investment Transaction Report March 2, 2018

Bond Purchases	Staff has not purchased bonds since the last Investment Transaction Report.
Bond Sales	Staff has not sold bonds since the last Investment Transaction Report.
Public Equity Purchases	Staff purchased an additional \$3 million in ETF shares since the last Investment Transaction Report. The most recent ETF purchases settle on March 5 and are not included in the attached February month-end portfolio report.



BCPL Fixed Income Portfolio

As of 02/28/2018

<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+	47.2%	3.31%	3.25%	11.48	274,698,713	267,672,842	(7,025,870)	8,847,856
Wisconsin and State Agency	Aa2	AA-	27.4%	4.10%	4.17%	10.29	152,134,491	155,101,708	2,967,217	6,563,641
Municipal/School District	Aa3	AA-	25.4%	3.83%	3.87%	9.20	143,981,889	143,983,076	1,187	5,695,230
	Aa1	AA	100.0%	3.66%	3.65%	10.57	570,815,093	566,757,627	(4,057,466)	21,106,728



BCPL Public Equity Portfolio

As of 02/28/2018

<u>Symbol</u>	<u>Description</u>	<u>Quantity</u>	<u>Avg Cost</u>	<u>Cost Basis</u>	<u>Current Price</u>	<u>Current Value</u>	<u>Weight</u>	<u>Unrealized Gain (Loss)</u>	<u>Percent Gain (Loss)</u>	<u>Current Yield</u>	<u>Projected Annual Dividends</u>
Public Equities											
Domestic											
VTI	Vanguard Total Stock Market ETF	8,961	139.17	1,247,111	139.000	1,245,579	25.2%	(1,532)	-0.1%	1.9%	23,155
VYM	Vanguard High Dividend Yield ETF	8,738	85.70	748,861	84.940	742,206	15.0%	(6,655)	-0.9%	3.1%	22,859
VIG	Vanguard Dividend Appreciation ETF	2,421	103.13	249,682	102.830	248,951	5.0%	(730)	-0.3%	2.1%	5,118
VNQ	Vanguard REIT ETF	3,314	75.38	249,815	73.350	243,082	4.9%	(6,733)	-2.7%	4.4%	10,668
Global											
VEU	Vanguard FTSE All World ex-US ETF	22,525	55.46	1,249,204	54.770	1,233,694	25.0%	(15,509)	-1.2%	3.0%	37,009
VYMI	Vanguard International High Dividend ETF	10,990	68.16	749,044	67.050	736,880	14.9%	(12,165)	-1.6%	4.1%	30,497
VIGI	Vanguard International Div Appreciation ET	3,790	65.91	249,817	64.660	245,061	5.0%	(4,756)	-1.9%	2.4%	5,848
VNOI	Vanguard Global ex-US Real Estate ETF	4,120	60.64	249,833	59.320	244,398	4.9%	(5,435)	-2.2%	3.5%	8,648
		<u>64,859</u>		<u>4,993,367</u>		<u>4,939,852</u>	<u>100.0%</u>	<u>(53,515)</u>	<u>-1.1%</u>	<u>2.9%</u>	<u>143,801</u>



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Jonathan Barry, *Executive Secretary*

Request for Appraisal Bid

March 1, 2018

Sent Via Email Only

Dear Appraiser:

The State of Wisconsin, Board of Commissioners of Public Lands (BCPL) seeks a bid for a full narrative appraisal report, conforming to USPAP standards, of the property described below. The purpose of the appraisal is to establish the fair market value for a proposed sale to the Three Lakes School District, which requested the property for the purpose of constructing and operating a gun shooting range. Please note that BCPL plans to retain ownership of approximately 2,500 acres of property contiguous to the subject parcel.

We request two hard copies and an electronic copy of each report. One of the hard copies shall be mailed to: Board of Commissioners of Public Lands, Attn: Tom German, PO Box 8943, Madison, WI 53708-8943 and the other to my attention at the above address.

Location: Township 38 North, Range 10 East, Town of Sugar Camp, Oneida County, Wisconsin
Section 17: NE/SE

Tax Parcel: SU 1138

Acres: 39.36 (per county GIS)

Zoning: Unzoned

Improvements: None

Water Features: None

Access: The parcel abuts County Highway A.

Ownership History: BCPL purchased the subject parcel from Wausau Timberland Company, LLC in a warranty deed dated September 15, 2008, recorded as Document No. 668409 on September 29, 2008.

Deed Reservations: Pursuant to state law BCPL will retain mineral rights on the parcel.

Potential Easement Reservation: BCPL is considering the retention of an access easement across the westernmost portion of the property to provide ingress and egress to lands located North of such area. Please provide an estimate of any diminution of value to this parcel that may result from such easement.

Please let me know your bid for this project and the completion date.

If you have any questions I can be reached at the phone number and address above or I can be reached via email at micah.zeitler@wisconsin.gov.

Respectfully yours,
Micah Zeitler - Real Estate Specialist

