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Thomas P. German, *Executive Secretary*

AGENDA

November 7, 2023

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 – October 17, 2023 (Attachment)
3. Approve Loans

Old Business:

4. None

New Business:

5. None

Routine Business:

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

AUDIO ACCESS INFORMATION

Conference Line Number: 608-571-2209
Conference ID Code: 207 822 241#

Board Meeting Minutes
October 17, 2023

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, Controllor | Board of Commissioners of Public Lands |
| Chuck Failing, IT Manager | Board of Commissioners of Public Lands |
| Mike Krueger, IT Specialist | Board of Commissioners of Public Lands |
| Hannah Menchhoff, Communications Director | Secretary of State |
| Thuy Nguyen, Office Manager | Board of Commissioners or 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 Leiber moved to approve the minutes; Commissioner Kaul 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 since 2018 the Town of Lawrence has taken out over 18 loans totaling over \$25 million. The town, which is in Brown County between Appleton and Green Bay, has seen extraordinary growth over the last several years and has used the State Trust Fund Loan Program to finance many infrastructure improvements.

VOTE: The motion passed 3-0.

The Board of Commissioners of Public Lands (BCPL) unanimously approved **\$6,649,710.00** in State Trust Fund Loans to support 7 community projects in Wisconsin.

1. Weyauwega – Fremont School District / Waupaca, Waushara and Winnebago Counties / Finance Middle School roof and sidewall replacement / \$771,710.00
2. Town of Lawrence / Brown County / Finance public works vehicles / \$440,000.00
3. Town of Lawrence / Brown County / Finance storm water pond projects / \$453,000.00
4. Town of Lawrence / Brown County / Finance water/sewer extensions / \$3,635,000.00
5. Town of Plymouth / Sheboygan County / Finance roadwork / \$400,000.00
6. Town of West Bend / Washington County / Finance roadwork / \$150,000.00
7. Town of Baraboo / Sauk County / Finance roadwork / \$800,000.00

ITEM 4. OLD BUSINESS

None

ITEM 5. NEW BUSINESS

None

ITEM 6. CHIEF INVESTMENT OFFICER’S REPORT

None

ITEM 7. EXECUTIVE SECRETARY’S REPORT

Executive Secretary German reported that he and Mr. Sneider will be heading to Green Bay for the League of Wisconsin Municipalities Annual Conference later this week. One Sunday, the Wisconsin Towns Association convention is being held in the Wisconsin Dells and on Monday he, Mr. Sneider and Denise will travel to Philadelphia for the annual Schwab IMPACT Conference. The Schwab conference is a great opportunity to hear financial experts speak on a wide variety of topics. It also gives staff an opportunity to check out some potential new technology options, especially for platforms that BCPL could use for asset reporting.

ITEM 8. BOARD CHAIR’S REPORT

None

ITEM 11. FUTURE AGENDA ITEMS

None.

ITEM 12. ADJOURN

Commissioner Kaul moved to adjourn the meeting; Board Chair Godlewski seconded the motion. The motion passed 3-0; the meeting adjourned at 2:06 p.m.



Thomas P. German, Executive Secretary

Link to audio recording:

<https://bcpl.wisconsin.gov/bcpl.wisconsin.gov Shared Documents/Board Meeting Docs/2023/2023-10-17 BoardMtgRecording audio.mp3>

**BOARD MEETING
NOVEMBER 7, 2023**

**AGENDA ITEM 3
APPROVE LOANS**

| Municipality | Municipal Type | Loan Type | Loan Amount |
|---|--|--------------------|-----------------------|
| 1. Tomah Monroe County Application #: 02024061 Purpose: Finance purchase of plow truck | Town Rate: 5.75% Term: 4 years | General Obligation | \$140,000.00 |
| 2. Suring Oconto County Application #: 02024062 Purpose: Finance roadwork | Village Rate: 5.75% Term: 20 years | General Obligation | \$500,000.00 |
| 3. Draper Sawyer County Application #: 02024063 Purpose: Finance purchase of dump truck | Town Rate: 5.75% Term: 5 years | General Obligation | \$500,000.00 |
| 4. Cedarburg Ozaukee County Application #: 02024064 Purpose: Finance roadwork, bridge work and capital equipment | Town Rate: 6.25% Term: 2 years | General Obligation | \$650,000.00 |
| 5. Neenah Winnebago County Application #: 02024065 Purpose: Finance purchase of fire truck | Town Rate: 5.75% Term: 10 years | General Obligation | \$804,696.04 |
| 6. Wauwatosa Milwaukee County Application #: 02024066 Purpose: Finance roadwork | City Rate: 5.75% Term: 2 years | General Obligation | \$935,000.00 |
| 7. Bristol Dane County Application #: 02024067 Purpose: Finance operations | Town Rate: 6.25% Term: 2 years | General Obligation | \$80,000.00 |
| 8. Lebanon Dodge County Application #: 02024068 Purpose: Finance purchase of wheel loader | Town Rate: 5.75% Term: 13 years | General Obligation | \$176,500.00 |
| TOTAL | | | \$3,786,196.04 |

Common School Fund
Portfolio Report
September 30, 2023

| Asset Class | Current Market Value | Cost | Unrealized Gain/Loss | % Gain/Loss | Yield at Cost | Projected Annual Income |
|--|-------------------------|----------------------|-------------------------|----------------|------------------|----------------------------|
| Fixed Income | | | | | | |
| Public Debt | | | | | | |
| State/State Agency/Municipal Bonds | 72,060,037 | 80,808,631 | (8,748,594) | -10.8% | 4.1% | 3,282,020 |
| U.S. Treasury/Agency Bonds | 85,427,660 | 94,896,000 | (9,468,340) | -10.0% | 4.8% | 4,530,000 |
| U.S. Treasury Inflation Protected Securities | - | - | - | | | - |
| Corporate Bonds | 106,535,043 | 127,761,954 | (21,226,911) | -16.6% | 5.5% | 6,969,181 |
| Private Debt | | | | | | |
| BCPL State Trust Fund Loans ¹ | \$288,988,941 | 288,988,941 | n/a | n/a | 3.7% | 11,307,323 |
| Other Private Debt ² | 133,713,799 | 136,773,250 | (3,059,451) | -2.2% | 9.5% | 13,007,457 |
| Total Fixed Income | 686,725,480 | 729,228,776 | (42,503,296) | -5.8% | 5.4% | 39,095,981 |
| Equities and Alternatives | | | | | | |
| Public Equities | | | | | | |
| Preferred Stocks | 76,208,567 | 98,363,707 | (22,155,140) | -22.5% | 5.4% | 5,276,404 |
| Domestic Equities | 135,950,761 | 119,415,359 | 16,535,402 | 13.8% | 5.3% | 6,273,748 |
| Global Equities | 97,770,079 | 101,209,888 | (3,439,809) | -3.4% | 3.0% | 3,083,282 |
| Alternatives | | | | | | |
| Private Real Estate | 234,739,362 | 214,105,727 | 20,633,635 | 9.6% | 4.4% | 9,382,926 |
| Real Assets/Infrastructure | 4,816,451 | 5,010,054 | - | -3.9% | 6.5% | 325,654 |
| Private Equity/Venture Capital ² | 37,361,246 | 32,559,011 | 4,802,235 | 14.7% | 0.0% | - |
| Total Equities and Alternatives | 586,846,466 | 570,663,746 | 16,376,323 | 2.8% | 4.3% | 24,342,014 |
| Cash | | | | | | |
| State Investment Fund ³ | 95,639,348 | 95,639,348 | | | 5.4% | 5,117,293 |
| Total Cash | 95,639,348 | 95,639,348 | | | 5.4% | 5,117,293 |
| TOTAL CSF PORTFOLIO | 1,369,211,294 | 1,395,531,870 | (26,126,973) | -1.9% | 4.9% | 68,555,287 |

Notes:

¹ The total market value of STFL assets is likely greater than cost. However, these assets are held at cost because no independent appraisal has been conducted and STFL assets have always been held to maturity. Annual income is at STFL interest payments as of 9/30/23 that are due 3/15/24, and is subject to change.

² Private fund investments are valued at the sum of manager-provided market values (at the end of the prior quarter) and capital calls made during the current quarter. Market valuations are updated as information is received.

³ State Investment Fund yield is from September 2023 SIF Pool Earnings Workbook. Total cash is a preliminary number subject to change.

Common School Fund Asset Allocation Report September 30, 2023

| Asset Class | Current Portfolio | | Potential Portfolio | | | Target | |
|--|----------------------|--------------------|----------------------|----------------------------|----------------------|-------------------|--------------|
| | Current Market Value | Current Allocation | Expected Commitments | Market Value + Commitments | Potential Allocation | Target Allocation | Target Range |
| Fixed Income | | | | | | | |
| Public Debt | | | | | | | |
| State/State Agency/Municipal Bonds | 72,060,037 | 5.3% | | 72,060,037 | 5.3% | 5.0% | 0% to 20% |
| U.S. Treasury/Agency Bonds | 85,427,660 | 6.2% | | 85,427,660 | 6.2% | 0.0% | 0% to 20% |
| U.S. Treasury Inflation Protected Securities | - | 0.0% | | - | 0.0% | 0.0% | 0% to 10% |
| Corporate Bonds | 106,535,043 | 7.8% | | 106,535,043 | 7.8% | 5.0% | 0% to 20% |
| Private Debt | | | | | | | |
| BCPL State Trust Fund Loans | 288,988,941 | 21.1% | | 288,988,941 | 21.1% | 25.0% | 10% to 30% |
| Other Private Debt | 133,713,799 | 9.8% | 19,735,408 | 153,449,207 | 11.2% | 15.0% | 10% to 30% |
| Total Fixed Income | 686,725,480 | 50.2% | 19,735,408 | 706,460,888 | 51.6% | 50.0% | |
| Equities and Alternatives | | | | | | | |
| Public Equities | | | | | | | |
| Preferred Stocks | 76,208,567 | 5.6% | | 76,208,567 | 5.6% | 5.0% | 0% to 10% |
| Domestic Equities | 135,950,761 | 9.9% | | 135,950,761 | 9.9% | 7.5% | 5% to 20% |
| Global Equities | 97,770,079 | 7.1% | | 97,770,079 | 7.1% | 7.5% | 5% to 20% |
| Alternatives | | | | | | | |
| Private Real Estate | 234,739,362 | 17.1% | 2,951,899 | 237,691,261 | 17.4% | 20.0% | 10% to 30% |
| Infrastructure | 4,816,451 | 0.4% | 39,989,946 | 44,806,397 | 3.3% | 4.0% | 0% to 10% |
| Private Equity/Venture Capital | 37,361,246 | 2.7% | 38,208,452 | 75,569,698 | 5.5% | 4.0% | 0% to 10% |
| Total Equities and Alternatives | 586,846,466 | 42.9% | 81,150,296 | 667,996,762 | 48.8% | 48.0% | |
| Cash | | | | | | | |
| State Investment Fund | 95,639,348 | 7.0% | | | | | |
| Total Cash | 95,639,348 | 7.0% | | | | 2.0% | 0% to 10% |
| TOTAL CSF PORTFOLIO | 1,369,211,294 | 100.0% | | 100,885,705 | | | |

| | | Unfunded Commitments as of 9/30/2023 | | |
|----------------------------|--|--------------------------------------|--------------|-----------------------|
| | | Total | Unfunded | Expected ¹ |
| PRIVATE DEBT | Brookfield Infrastructure Debt Fund II | \$ 30,000,000 | \$ 1,735,408 | \$ 1,735,408 |
| | PGIM Senior Loan Opportunities Fund I | 50,000,000 | 18,000,000 | 18,000,000 |
| PRIVATE REAL ESTATE | Nuveen US Cities Workforce | 15,000,000 | 2,951,899 | 2,951,899 |
| INFRASTRUCTURE | BlackRock Global Infrastructure Fund IV | 25,000,000 | 19,989,946 | 19,989,946 |
| | KKR Diversified Core Infrastructure Fund | 20,000,000 | 20,000,000 | 20,000,000 |
| VENTURE CAPITAL | <i>4490 Venture II</i> | 15,000,000 | 1,650,000 | 150,000 |
| | <i>Venture Investors Health Fund VI</i> | 15,000,000 | 4,320,000 | 2,820,000 |
| | <i>Baird Venture Partners V</i> | 7,500,000 | 1,398,294 | 648,294 |
| | NVNG Fund I | 10,000,000 | 7,718,133 | 5,718,133 |
| | Idea Fund of LaCrosse II | 5,000,000 | 4,418,500 | 2,872,025 |
| | Baird Venture Partners VI | 20,000,000 | 20,000,000 | 13,000,000 |
| | Venture Investors Health Fund 7 | 20,000,000 | 20,000,000 | 13,000,000 |

See Notes provided on the attached Portfolio Report for additional information

Expected call percentages for prior vintage Venture Capital funds (*shown in italics*) has been increased to 90% due to current market conditions.

