

Minutes approved by the Board of Regents at the June 6-7, 2024, meeting.

**BOARD OF REGENTS and its
INVESTMENT COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**
System Administration, Las Vegas
4300 South Maryland Parkway, Board Room
Friday, September 29, 2023

Video Conference Connection from the Meeting Site to:
System Administration, Reno
2601 Enterprise Road, Conference Room
and
Great Basin College, Elko
1500 College Parkway, Berg Hall Conference Room

Members Present: Regents' Committee
Mrs. Amy J. Carvalho, Chair
Ms. Laura E. Perkins, Vice Chair
Mrs. Susan Brager
Dr. Lois Tarkanian

Members Absent: Dr. Michele Cruz-Crawford

Other Regents Present: Mr. Patrick J. Boylan
Mrs. Carol Del Carlo

Members Present: Advisory Members
Mr. Mark Denzler, UNR Foundation

Members Absent: Advisory Members
Mr. Randy Garcia, UNLV Foundation

Others Present: Ms. Patricia Charlton, Interim Chancellor
Ms. Keri D. Nikolajewski, Chief of Staff to the Board of Regents
Ms. Lindsay Sessions, Acting Chief Financial Officer
Ms. Lynda King, Associate General Counsel
Mr. Alejandro Rodriguez, Director of Government Relations
Mr. Michael B. Wixom, Special Counsel to the Board of Regents
Dr. Keith E. Whitfield, UNLV President

Faculty senate chairs in attendance were: Mr. Patrick Villa, CSN; and Dr. Bill Robinson, UNLV. NSHE Classified Council member Louellen Monte was also in attendance.

Chair Amy J. Carvalho called the meeting to order at 9:00 a.m. with all Regent Committee members present except for Regent Cruz-Crawford. Chair Carvalho led the Pledge of Allegiance and provided the Land Acknowledgement.

1. Information Only-Public Comment – None.

2. Approved-Minutes – The Committee recommended approval of the minutes from the March 31, 2023, meeting. *(Ref. INV-2 on file in the Board office)*

Regent Brager moved approval of the minutes from the March 31, 2023, meeting. Vice Chair Perkins seconded. Motion carried. Regent Cruz-Crawford was absent.

3. Information Only-Chair's Report – Chair Amy J. Carvalho did not provide a report.

4. Approved-Operating Pool Performance Discussion and Recommendations – The Committee recommended approval of the following rebalancing actions: 1) Fully redeem the remaining balance in Allspring Short Duration (~\$6.4 million) and reallocate from the Intermediate-Term Pool to the Long-Term Pool; and 2) Redeploy the Allspring Short Duration proceeds as follows to bring the Long-Term Pool asset allocation closer to targets: \$2.5 million addition to Vanguard Institutional Index and balance (~\$3.9 million) addition to Vanguard Developed Markets Index. *(Ref. INV-4 on file in the Board office)*

Ms. Wendy Walker, Cambridge Associates, presented a report on asset allocation and investment returns for the Pooled Operating Fund as of June 30, 2023, with subsequent estimates through the end of August.

Regent Brager moved approval of the following rebalancing actions: 1) Fully redeem the remaining balance in Allspring Short Duration (~\$6.4 million) and reallocate from the Intermediate-Term Pool to the Long-Term Pool; and 2) Redeploy the Allspring Short Duration proceeds as follows to bring the Long-Term Pool asset allocation closer to targets: \$2.5 million addition to Vanguard Institutional Index and balance (~\$3.9 million) addition to Vanguard Developed Markets Index. Regent Tarkanian seconded.

Vice Chair Perkins and Ms. Walker discussed that although the proposed rebalancing actions are a modest shift with minimal effect on the overall projection of returns, it will serve to move the portfolio toward the long-term policy targets.

Motion carried. Regent Cruz-Crawford was absent.

5. Information Only-Endowment Pool Performance, Cambridge Associates – Ms. Wendy Walker from Cambridge Associates presented a report on asset allocation and investment returns for the Pooled Endowment Fund as of June 30, 2023, with subsequent estimates through the end of August. (Ref. INV-5 on file in the Board office)

Chair Carvalho, Regent Boylan and Ms. Walker discussed and addressed the following topics: The difference between equity investments (in general) and treasury bills, and how treasury bills are less risky and typically a return is received over the long-term; for the calendar-year-to-date, NSHE had an 8.2 percent return which translates to \$24 million in gains in the Endowment Pool; about 90 percent of the funds from the Endowment Pool being utilized for scholarship dollars and other specific uses at the universities, while 10 percent of the funds is made for specific perpetual purposes to the campuses; and how the annual 4.5 percent payout from the Endowment Pool is earmarked for specific purposes and cannot be repurposed for other uses.

Regent Boylan requested a list of endowment fund distributions and how the campuses use those. Chair Carvalho clarified the Endowment Pool is for the long-term and there is policy that states a certain amount of those investments go back to the institutions and how those funds must be utilized.

6. Approved-Endowment Pool Distribution Rate and Policy – The Committee discussed current NSHE distributions from the Endowment Fund and the current rate which is set at a net 4.5 percent spending/management fee in relation to current investment allocation, projected returns and Board Policy (*Title 4, Chapter 10, Section 5*). The Committee recommended approval of maintaining the current distribution rate at 4.5 percent.

Vice Chair Perkins, Acting Chief Financial Officer Lindsay Sessions, Mr. Mark Denzler, UNR Foundation, and Ms. Walker discussed how the 4.5 percent distribution rate was set and how the Committee evaluates the spend rate in conjunction with Cambridge Associates by evaluating the earnings on the pool and recommending a rate to preserve the integrity of the pool while distributing funds for the uses it is intended for. Ms. Walker added the previous spending rate was a bit higher and how it is always balancing the tradeoff between the needs of the institutions and the long-term sustainability of a payout rate.

Regent Brager moved approval of maintaining the current distribution rate at 4.5 percent. Vice Chair Perkins seconded. Motion carried. Regent Cruz-Crawford was absent.

7. Information Only-Endowment Pool Performance Comparison, NSHE/UNLV/UNR – Ms. Wendy Walker, Cambridge Associates presented a comparison report of the endowment pool performance for the Nevada System of Higher Education, University of Nevada, Las Vegas and University of Nevada, Reno as of March 31, 2023. (Ref. INV-7 on file in the Board office)

7. Information Only-Endowment Pool Performance Comparison, NSHE/UNLV/UNR – *(continued)*

Chair Carvalho and Ms. Walker discussed annualized standard deviation/volatility and how the NSHE's has been at 12.8 percent for the past three years which confirms how much the quarterly returns varied.

8. Information Only-New Business – Regent Boylan requested a report on the endowments detailing the balances, amount of funds dispersed and how the funds were expended, including the profits from real estate sales.

Vice Chair Perkins requested a report on how the NSHE is divesting from fossil fuels.

9. Information Only-Public Comment – None.

The meeting adjourned at 9:50 a.m.

Prepared by: Winter M.N. Lipson
Special Assistant and Coordinator to the Board of Regents

Submitted for approval by: Keri D. Nikolajewski
Chief of Staff to the Board of Regents