

SPECIAL MEETING
BOARD OF REGENTS
NEVADA SYSTEM OF HIGHER EDUCATION
System Administration, Las Vegas
4300 South Maryland Parkway, Board Room

Friday, October 18, 2019

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:

Dr. Jason Geddes, Chairman
Dr. Mark W. Doubrava, Vice Chairman
Dr. Patrick R. Carter
Ms. Amy J. Carvalho
Mrs. Carol Del Carlo
Mr. Trevor Hayes
Mr. Sam Lieberman
Mrs. Cathy McAdoo
Mr. Donald Sylvantee McMichael Sr.
Mr. John T. Moran
Mr. Kevin J. Page
Ms. Laura E. Perkins
Mr. Rick Trachok

Others Present:

Dr. Thom Reilly, Chancellor
Mr. Andrew Clinger, Chief Financial Officer
Mr. Dean J. Gould, Chief of Staff and Special Counsel to the Board
Mr. Nate Mackinnon, Vice Chancellor, Community Colleges
Mr. Joe Reynolds, Chief General Counsel
Mr. Joe Sunbury, Chief Internal Auditor
Dr. Kumud Acharya, President, DRI
Ms. Joyce M. Helens, President, GBC
Mr. Bart J. Patterson, President, NSC
Dr. Marta Meana, President, UNLV
Dr. Marc A. Johnson, President, UNR
Dr. Vincent R. Solis, President, WNC

Faculty senate chairs in attendance were: Dr. Amanda Keen-Zebert, DRI; Mr. George Kleeb, GBC; Dr. Serge Ballif, NSC; Ms. Brigitte Glynn, SA; Dr. Janis McKay, UNLV; and Dr. Brian Frost, UNR. Student body presidents in attendance were: Mr. Daniel Gutierrez, ASCSN President, CSN; Ms. Nicola Opfer, NSSA President, NSC; Mr. Anthony Martinez, ASUN President, UNR; and Ms. Tamara Guinn, GSA President, UNR.

Chairman Geddes called the meeting to order at 12:00 p.m. with all members present except Regent Moran. Regent Carter led the Pledge of Allegiance.

1. Information Only – Public Comment

Regent Page left the meeting.

The following individuals spoke regarding the CSN Collective Bargaining: Dr. Robert Manis, CSN Nevada Faculty Alliance (NFA); Ms. Staci Walters, CSN NFA; Dr. Jennifer Nelson, CSN NFA; Dr. Amin Km, CSN NFA; Mr. Ted Chodock, CSN NFA; Mr. Luis Ortega, CSN NFA; Ms. Emily King, CSN NFA; Mr. Adrian Havas, President, NFA; Mr. Steve Stoltz, CSN NFA; and Mr. Jason Elias, Western Regional Coordinator, American Association of University Professors, and Chief Negotiator, NFA.

Regent Moran entered the meeting.

2. Information Only – Board Chairman's Report – Chairman Geddes reported Mr. Scott G. Wasserman would advise and assist NSHE with redistricting that will occur in 2021 after the 2020 Census. Mr. Wasserman performed redistricting for the Nevada State Legislature in 1991 and 2001 without any legal challenges. In 2011 he completed redistricting for the Board of Regents.

3. Approved – Consent Item – The Board approved the minutes from the July 19, 2019, Board of Regents' special meeting. Item 3b (*Procedures and Guidelines Manual Revision, Appointments and Vacancies of System Officers*) was heard separately.

- 3a. Approved – Minutes – The Board approved the minutes from the July 19, 2019, Board of Regents' special meeting. (Ref. BOR-3a on file in the Board Office.)

Regent Perkins moved approval of the minutes from the July 19, 2019, Board of Regents' special meeting. Regent Carter seconded. Motion carried. Regent Page was absent.

(Consent item heard separately.)

- 3b. Approved – Procedures and Guidelines Manual Revision, Appointments and Vacancies of System Officers – The Board approved a revision to the *Procedures and Guidelines Manual* (Chapter 2, Section 1) to align the search process for filling a vacancy in the position of Chancellor with the provisions of NSHE Code previously approved by the Board. (Ref. BOR-3b on file in the Board Office.)

In response to a question from Regent Perkins, Regent Hayes stated Section 1a of the policy is related to the appointment of a Chancellor Search Committee, while 1b is related to the appointment of an acting or interim Chancellor. Chief of Staff and Special Counsel Dean J. Gould stated the policy revision is to put the section in line with the Code revision approved at a previous meeting.

Regent Perkins moved approval of a revision to the *Procedures and Guidelines Manual* (Chapter 2, Section 1) to align the search process for filling a vacancy in the position of Chancellor with the provisions of NSHE Code previously approved by the Board. Regent McAdoo seconded. Motion carried. Regent Page was absent.

4. Approved – NSHE Task Force on Performance Pay Administration and Support – The Board approved changing the membership of the Task Force to include the following groups: four regents, three student body members representing each institutional sector (universities, state college and community colleges), three faculty senate chairs representing each institutional sector (universities, state college and community colleges), one administrative faculty representative, one community college business officer representative, one 4-year institution business officer representative, the NSHE Chief Financial Officer and the Vice Chancellor of Academic and Student Affairs.

Chancellor Reilly stated when the ad hoc Task Force on Performance Pay Administration and Support was initially approved, it was envisioned legislators would be a part of the Task Force. When NSHE reached out, they had received an opinion from the Legislative Counsel Bureau that they could not serve on committees that may end up making recommendations to themselves. The legislators are willing to engage in the discussion.

Regent Hayes moved approval to change the membership of the Task Force to include the following groups: four regents, three student body members representing each institutional sector (universities, state college and community colleges), three faculty senate chairs representing each institutional sector (universities, state college and community colleges), one administrative

4. Approved – NSHE Task Force on Performance Pay Administration and Support – (Continued)

faculty representative, one community college business officer representative, one 4-year institution business officer representative, the NSHE Chief Financial Officer and the Vice Chancellor of Academic and Student Affairs. Vice Chairman Doubrava seconded. Motion carried. Regent Page was absent.

5. Approved – Handbook Revision, Compliance Department Charter – The Board approved revisions to various sections of the Compliance Department Charter (Title 4, Chapter 9E) to change the title of “Director of Compliance” to “Compliance Coordinator” and to modify the reporting structure of the position. (*Ref. BOR-5 on file in the Board Office.*)

Chief General Counsel Joe Reynolds and Chief Internal Auditor Joe Sunbury presented revisions to various sections of the Compliance Department Charter (Title 4, Chapter 9E) to change the title of “Director of Compliance” to “Compliance Coordinator” and to modify the reporting structure of the position.

Regent Hayes was concerned that the Board of Regents is a governing and policy-making Board, not a management Board, and codifying which positions are in the Compliance Department seemed managerial and should be left to the Chancellor. Chairman Geddes stated the reason this is there is because the Internal Audit Department is a separate function that does not go through the Chancellor reporting line. Regent Hayes did not think it allowed the flexibility needed.

Chief Internal Auditor Sunbury stated he would look at ways to combine the Charters for efficiency purposes. Regent Carter said the Audit, Compliance and Title IX Committee would review.

Regent Carter moved approval of revisions to various sections of the Compliance Department Charter (Title 4, Chapter 9E) to change the title of “Director of Compliance” to “Compliance Coordinator” and to modify the reporting structure of the position. Regent Hayes seconded.

Regent McAdoo thanked the previous Director of Compliance for her hard work.

Motion carried. Regent Page was absent.

6. Approved – Handbook Revision, Associated Practice Plans – The Board approved a revision to Board policy (Title 4, Chapter 10, new Section 35) to define and establish policies and procedures for nonprofit health care practice plans associated with NSHE institutions. (*Ref. BOR-6 on file in the Board Office.*)

6. Approved – Handbook Revision, Associated Practice Plans – (Continued)

Chief General Counsel Reynolds presented a revision to Board policy (Title 4, Chapter 10, new Section 35) to define and establish policies and procedures for nonprofit health care practice plans associated with NSHE institutions.

Regent Carter moved approval of a revision to Board policy (Title 4, Chapter 10, new Section 35) to define and establish policies and procedures for nonprofit health care practice plans associated with NSHE institutions. Regent Trachok seconded.

UNR School of Medicine (UNR Med) Senior Associate Dean of Legal Affairs Matt Milone reported now that there are two practice plans, UNR Med wanted to clarify the rules and relationships between the Board of Regents and the practice plans. This will reflect the relationship that exists and gives clarity to those in the System and the public at large.

Motion carried. Regent Page was absent.

7. Approved – Memorandum of Understanding, Operating Hope – The Board approved a Memorandum of Understanding between the Board of Regents and Operation HOPE to memorialize a new partnership and create opportunities for NSHE institutions to provide no-cost education and counseling services to increase financial literacy for students and faculty across NSHE campuses. (*Ref. BOR-7 on file in the Board Office.*)

Chancellor Thom Reilly presented a Memorandum of Understanding between the Board of Regents and Operation HOPE to memorialize a new partnership and create opportunities for NSHE institutions to provide no-cost education and counseling services to increase financial literacy for students and faculty across NSHE campuses.

Regent Page entered the meeting.

Dr. Anita Ward, President of Operation HOPE, stated Operation HOPE provides financial dignity, and over its 27 years has helped approximately 4 million people find a new path to financial confidence and empowerment. Because all situations are different, students and faculty will have an opportunity first to attend workshops and then sign up on a voluntary basis for coaching sessions. Each coaching session will have separate interventions on different topics.

In response to a question from Regent Perkins, Chancellor Reilly stated a priority is to encourage these services for those students who are receiving loans. The Presidents will be in charge of how this is designated at their respective institutions because it could factor into how the students interface with the campus financial counselors.

7. Approved – Memorandum of Understanding, Operating Hope – (Continued)

Regent Perkins moved approval of a Memorandum of Understanding between the Board of Regents and Operation HOPE to memorialize a new partnership and create opportunities for NSHE institutions to provide no-cost education and counseling services to increase financial literacy for students and faculty across NSHE campuses. Regent Trachok seconded.

Regent McAdoo stated she is supportive of this initiative but found it concerning that the Memorandum of Understanding was made public before she as a Regent had seen it.

NSC President Bart J. Patterson stated NSC requires financial aid counseling around loans. NSC will coordinate with Operation HOPE.

Vice Chancellor of Community Colleges Nate Mackinnon stated any student receiving federal loans is required to do exit interviews.

Motion carried.

8. Approved – Office of the Chancellor – The Board approved the commencement of a national search for the next NSHE Chancellor to assume the role in August 2020 and to hire a search consultant. (*Refs. BOR-8a and BOR-8b on file in the Board Office.*)

Chairman Geddes indicated that he, along with Vice Chairman Doubrava and Chancellor Reilly, visited the campuses and solicited feedback. The consensus was to perform a national search. Chairman Geddes asked for authorization to commence a national search and authority to solicit a search firm to run the process. Chairman Geddes noted that Chief of Staff and Special Counsel Gould and Vice Chancellor for Academic and Student Affairs Crystal Abba have been interviewing and gathering input from current and former Cabinet members, staff, and former Chancellors and Presidents, as to the role of the Chancellor.

Regent Hayes asked if there were any concerns heard as it relates to the timing of the search in relation to Assembly Joint Resolution (AJR) 5. He thought the Board might consider finding an interim for a year and then starting the search after the Board knows the results of AJR 5. Chairman Geddes stated it did come up in a couple of forums, but the discussion focused on how long it would take for AJR 5 to be implemented.

Regent McAdoo shared Regent Hayes' concerns. She noted she is in favor of a national search but felt the timing is wrong to commence a national search prior to the general election in 2020 when a decision on AJR 5 will be known. Regent McAdoo thought it was in the best economic and leadership interests of Nevadans and higher education in Nevada to hire an acting Chancellor to take up that role after the close of Chancellor Reilly's contract. She recommended that an acting Chancellor, from within the System, be hired to lead through the 2020 election and 2021 legislative session.

8. Approved – Office of the Chancellor – (Continued)

Regent McAdoo further suggested that depending on the ballot question outcome, a recommendation regarding holding a national search for the next Chancellor can be brought to the Board of Regents at the December 2020 Board meeting or at a special Board meeting in early 2021.

Regent Trachok shared the concerns raised. The System would be better served to choose someone from within the System to guide through the 2021 legislative period.

Chairman Geddes respectfully disagreed with his colleagues.

Regent Page also agreed that the search should be postponed and that an acting Chancellor should be hired.

Regent Moran believed the System should move forward with a national search for the next Chancellor.

UNLV Faculty Senate Chair Dr. Janis McKay expressed that the overwhelming opinion of faculty not only at UNLV but all the institutions, is to begin the national search.

In response to a question from Regent Hayes, Chairman Geddes stated May 2020 would be preferable to have chosen a new Chancellor, but by July 1, 2020, would allow him/her to work with Chancellor Reilly for a period of time.

Regent Hayes stated that even with his concerns about how AJR 5 is going to affect the candidate pool, he would vote in favor of commencing a national search.

Regent Del Carlo stated she also has concerns related to how AJR 5 will affect the search, however, just having AJR 5 on the ballot is also an unknown.

In response to a question from Regent Carter, Chief General Counsel Reynolds stated the Board negotiates the new Chancellor's contract, and provisions are mutually agreed upon by both parties. He would not advise a contract contingent upon the passage of a constitutional amendment.

Regent Carter asked how AJR 5 will be addressed in the advertisement. Chairman Geddes stated it would not necessarily be in the advertisement, but it would be discussed with the search consultant, so when they are identifying candidates, each is well aware.

Regent Lieberman moved approval to commence a national search for the next NSHE Chancellor to assume the role in August 2020 and to hire a search consultant. Regent Perkins seconded.

Regent Moran stated AJR 5 is the consequence of many decisions that were made many years ago. Chief of Staff and Special Counsel Gould noted this was a topic for new business because it is beyond the question of whether to do a national search.

8. Approved – Office of the Chancellor – (Continued)

UNR Faculty Senate Chair Dr. Brian Frost reiterated that the faculty strongly support a national search.

Motion carried via a roll call vote. Chairman Geddes, Vice Chairman Doubrava and Regents Carter, Carvalho, Del Carlo, Hayes, Lieberman, McMichael, Moran, Page, and Perkins voted yes. Regents McAdoo and Trachok voted no.

Regent Trachok clarified whether the Chancellor's role would be discussed, as was noted in the agenda item language.

Vice Chairman Doubrava believed the Board should discuss the duties of the Chancellor related to the discipline and termination of presidents.

Regent Trachok believed this might not be the right time to discuss even though agendized but the Board must make its expectations clear of the Chancellor before it proceeds with a search. There needs to be a consensus to define what this person's role should be.

In response to a question from Regent Lieberman, Chairman Geddes believed it was best for the search consultant to meet with the various groups to prepare recommendations to the Chancellor's duties to bring to the Board for consideration.

Chief General Counsel Reynolds stated the Board sets policy and defines the role of the Chancellor. The search consultant can provide the information and feedback, and the Board would take that into consideration when reviewing potential policy changes.

Chairman Geddes stated he would like to hire the search consultant, have them talk to the various groups, work on changes and then send the changes through the Search Committee or bring directly back to the Board of Regents.

Regent Trachok did not think the Chancellor's job description should be defined by or delegated to the search consultant.

Chief of Staff and Special Counsel Gould stated that any recommendations for changes to the Code would require two readings.

9. Approved – Investment Committee – The Board accepted the Investment Committee report and approved the Committee recommendations. (*Committee report on file in the Board Office.*)

The Investment Committee met on September 27, 2019, and heard the following:

9. Approved – Investment Committee – (Continued)

Information items

- Committee Chair Trachok provided an overview of the NSHE endowment pool for the System. Chief Financial Officer Andrew Clinger provided an overview of the operating pool for the System. Chief Financial Officer Clinger also provided a summary of responses submitted by Cambridge Associates and Russell Investments to questions asked on behalf of the Committee. These responses were included in reference materials for agenda items three and four.
- Endowment Pool Performance – Russell Investments – Mr. Matt Beardsley with Russell Investments presented a report on asset allocations and investment returns for the Pooled Endowment Fund as of August 31, 2019. (*Refs. INV-3a and INV-3b on file in the Board Office.*)
- Endowment Pool Performances – Cambridge Associates – Ms. Wendy Walker with Cambridge Associates presented a report on asset allocations and investment returns for the Pooled Endowment Fund as of August 31, 2019. (*Ref. INV-4 and Supplemental Material on file in the Board Office.*)
- Operating Pool Performance Discussion and Recommendations – The Committee took no action on the recommendations provided by Cambridge Associates. (*Ref. INV-6 and Supplemental Material on file in the Board Office.*)
- *Handbook Revision, Statement of Investment Objectives and Policies for Endowment Fund* – Chief Financial Officer Clinger provided an overview of the proposed revisions within the Statement of Investment Objectives and Policies for the Endowment Fund (Title 4, Chapter 10, Section 5). The Committee took no action and requested the item return to the full Board in December 2019. (*Ref. INV-7 on file in the Board Office.*)
- Dr. John Sagebiel, UNR, spoke about global climate change and the divestment of fossil fuels.
- Ms. Sierra Jickling, UNR, thanked the Committee for listening to the students who have spoken to the Committee in the past regarding the divestment of fossil fuels.

New business items

- None.

Action items

The Board approved the following recommendations of the Investment Committee:

- The minutes from the March 29, 2019, meeting of the Investment Committee. (*Ref. INV-2 on file in the Board Office.*)
- Environmental, Social and Governance Investing – Cambridge Associates – The Committee recommended NSHE staff work with Cambridge Associates and Russell Investments to draft a letter of instruction for investment managers to take into consideration climate-related risks and opportunities when investing NSHE assets. Also, the Committee requested to receive annual reports on these efforts. The Committee instructed NSHE staff to present the draft letter to the full Board at the October 18, 2019, Board of Regents special meeting. The Committee also

9. Approved – Investment Committee – (Continued)

recommended Cambridge Associates and Russell Investments work with NSHE staff to conduct a survey of all the NSHE institutions through campus officers on climate-related policies and priorities on each campus. (*Ref. INV-4 on file in the Board Office.*)

- Bylaw Revision, Standing Committees and Their Duties – Investment Committee – Chief Financial Officer Clinger provided an overview of the proposed revisions with the Investment Committee charge (Title 1, Article VI, Section 3e). The Committee recommended approval of the Bylaw revisions. (*Ref. INV-8 on file in the Board Office.*)
- Annual Review of Investment Pools – Assistant Chief Financial Officer Rhett Vertrees provided an update on the status of the investment pools and requested approval to reallocate up to \$75 million from the short-term and intermediate-term pools into the long-term pool. The Committee recommended approval for the NSHE staff to reallocate up to \$75 million from the short and intermediate-term pools into the long-term pool. (*Ref. INV-9 on file in the Board Office.*)
- Extension of Banking Services Contracts – Chief Financial Officer Clinger and Assistant Chief Financial Officer Vertrees provided an update on the status of current banking services contracts and also requested one-year extensions on existing contracts. The Committee recommended one-year extensions on all banking services contracts. (*Ref. INV-10 on file in the Board Office.*)

Regent Trachok moved acceptance of the report and approval of the Investment Committee recommendations. Regent Carvalho seconded. Motion carried. Regent Page abstained.

10. Approved – NSHE Letter to Outsourced Chief Investment Officers on Climate-Related Risks and Opportunities – The Board approved a letter to Cambridge Associates and Russell Investments, NSHE's two Outsourced Chief Investment Officers (OCIOs) directing them to engage with underlying managers in the NSHE investment pools to assess whether climate-related risks are integrated into the investment process for any actively managed strategies. (*Ref. BOR-10 and Supplemental Material on file in the Board Office.*)

Chief Financial Officer Clinger reported the Investment Committee directed him to work with NSHE's two OCIOs to draft a letter directing them to work with underlying managers in the NSHE investment pools to assess whether climate-related risks are integrated into the investment process for any actively managed strategies. He asked that the letter provided as Supplemental Material be considered for approval.

Regent Trachok moved approval of a letter to Cambridge Associates and Russell Investments, NSHE's two Outsourced Chief Investment Officers (OCIOs) directing them to engage with underlying managers in the NSHE investment pools to assess

10. Approved – NSHE Letter to Outsourced Chief Investment Officers on Climate-Related Risks and Opportunities – (Continued)

whether climate-related risks are integrated into the investment process for any actively managed strategies. Regent McAdoo seconded. Motion carried. Regent Page abstained.

11. Information Only – New Business – Chairman Geddes summarized that a discussion on the Board's position related to AJR 5 and its ramifications be held per Regent Moran's request.
12. Information Only – Public Comment – None.

The meeting adjourned at 1:29 p.m.

Prepared by:

Angela R. Palmer
Special Assistant and Coordinator
to the Board of Regents

Submitted for approval by:

Dean J. Gould
Chief of Staff and Special Counsel
to the Board of Regents

Approved by the Board of Regents at its January 30, 2020, meeting.