

**BOARD OF REGENTS and its
INVESTMENT COMMITTEE
NEVADA SYSTEM OF HIGHER EDUCATION**
System Administration, Las Vegas
4300 South Maryland Parkway, Board Room
Friday, March 25, 2022

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. Mark W. Doubrava, Chair
 Dr. Jason Geddes, Vice Chair
 Mr. Joseph C. Arrascada
 Ms. Laura E. Perkins
 Dr. Lois Tarkanian

Other Regents Present: Mrs. Cathy McAdoo, Board Chair
 Dr. Patrick R. Carter, Board Vice Chair
 Mr. Patrick J. Boylan
 Mrs. Carol Del Carlo
 Mr. Donald Sylvantee McMichael Sr.

Members Present: Advisory Members
 Mr. Randy Garcia, UNLV Foundation
 Mr. Mark Denzler, UNR Foundation

Others Present: Mr. Andrew Clinger, Chief Financial Officer
 Ms. Keri D. Nikolajewski, Interim Chief of Staff to the Board
 Ms. Yvonne Nevarez-Goodson, Deputy General Counsel
 Mr. Rhett Vertrees, Assistant Chief Financial Officer
 Mr. Tillery Williams, Senior Fiscal and Policy Analyst
 Dr. Karin M. Hilgersom, TMCC President
 Dr. J. Kyle Dalpe, WNC Interim President

Chair Mark W. Doubrava called the meeting to order at 10:00 a.m. with all Regents' Committee members present.

1. Information Only-Public Comment – None.

2. Approved-Minutes – The Committee recommended approval of the minutes from the September 30, 2021, meeting (*Ref. INV-2 on file in the Board office*).

Regent Arrascada moved approval of the minutes from the September 30, 2021, meeting. Regent Perkins seconded. Motion carried.

3. Information Only-Chair's Report – Chair Mark W. Doubrava discussed the importance of the Investment Committee, especially due to the current global conflicts.

4. Approved-Operating Pool Performance Discussion and Recommendations – Staff from Cambridge Associates and System Administration presented a report on asset allocation and investment returns for the Pooled Operating Fund as of January 31, 2022. The Committee recommended approval of the following Pooled Operating Fund recommendations presented by Cambridge Associates: 1) Rebalancing Global ex U.S. Equity closer to policy target: \$10 million addition to Vanguard Developed Markets Index; 2) Trim U.S. Equity to rebalance toward policy targets: \$5 million trim from Vanguard Institutional Index; and 3) Trim Long-Term Bonds to support rebalancing of Global ex U.S. Equity: \$2.5 million trim from PIMCO Total Return and \$2.5 million trim from Wells Capital Montgomery (*Ref. INV-4 on file in the Board office*).

Mr. Andrew Clinger, Chief Financial Officer, provided remarks on the Operating Pool Performance recommendations and introduced Ms. Wendy Walker, Cambridge Associates.

Regent Perkins asked when the benchmarks were examined last and when should they be adjusted next, specifically in relation to the current market. Ms. Walker answered with regard to the Operating Pool, the benchmarks have been static for a long time and 2011 is the last time the benchmarks were changed; however, it is presented to the Committee at every meeting and since the strategy of the Operating Pool has been consistent since 2011, no recommendations have been made to change the policy targets and benchmarks. For the Endowment Pool, the long-term strategic policy was re-examined in 2016 and there have been two modest changes to the policy targets and benchmarks in 2019 and 2020. The last time the Statement of Investment Policies was reviewed by the Committee and voted on was in fall 2021 and the benchmarks did not change at that time since there was no shift in the policy.

Ms. Walker provided a report which included: market and geopolitical update – Russian invasion of Ukraine takes toll on markets in February 2022; Operating Fund Performance and Asset Allocation; Operating Fund return projections; and the NSHE Operating Fund rebalancing recommendations.

4. Approved-Operating Pool Performance Discussion and Recommendations –
(continued)

In response to a question from Chair Doubrava, Chief Financial Officer Clinger stated that the staff approves of the recommendations as presented by Cambridge Associates.

Regent Perkins moved approval of the Pooled Operating Fund recommendations as presented by Cambridge Associates. Vice Chair Geddes seconded. Motion carried.

5. Information Only-Endowment Pool Performance, Cambridge Associates – Staff from Cambridge Associates presented a report on asset allocation and investment returns for the Pooled Endowment Fund as of January 31, 2022 (*Ref. INV-5 on file in the Board Office*).

Mr. Ijeh Ogbechie, Cambridge Associates, provided an update on the Endowment OCIO which included: performance, asset allocation and guideline compliance; risk/return characteristics; diversifiers and private investments; and Legacy assets.

Regent Arrascada, Regent Perkins, Chief Financial Officer Clinger, UNLV Foundation Member Randy Garcia, UNR Foundation Member Mark Denzler, Ms. Walker and Mr. Ogbechie addressed and discussed the following topics: the total Cambridge Associates managed assets net of fees in regard to Legacy Private Growth and Legacy Private Natural Resources; comparison of the NSHE universities' endowments performances from fall 2021 to the present (Chief Financial Officer Clinger will collect the information from both universities and send it to the Committee ahead of the next meeting); and having future reports presented to the Committee in a PowerPoint format.

Ms. Walker provided an overview of the asset allocation for the Endowment which included: the total Endowment asset allocation is well within policy ranges; asset allocation over time; and the Endowment liquidity is well within guidelines.

Vice Chair Geddes inquired about any existing NSHE investments in Russia and Belarus and if the Board should consider divestment of those if applicable. Ms. Walker answered that there is a 0.3 percent exposure to Russian equities since the major index provider removed Russia from the indexes and trading has effectively stopped, most managers have written those positions down to zero. Also, many managers have announced plans to exit Russian equities as soon as liquidity permits. For the NSHE Endowment Fund there is very small exposure to Russian equities and zero exposure in the Operating Fund.

6. Approved-Annual Review of Investment Pools – NSHE staff provided an update on the status of the investment pools and the Committee recommended approval of reallocating up to \$150 million from the short-term pool into the long-term pool (*Ref. INV-6 on file in the Board office*).

Chief Financial Officer Clinger provided an overview of the investment pools which included: short-term cash as of March 10, 2022; intermediate term as of January 31, 2022; long-term equities as of January 31, 2022; long-term TIPS as of January 31, 2022; and long-term bonds as of January 31, 2022.

Vice Chair Geddes, Regent Perkins and Chief Financial Officer Clinger addressed and discussed the following topics: the intermediate and short-term pools being viewed in fixed dollar amounts which is based on projections of the cash flow needs of the System; allocations in the long-term pool based on percentages; and the financial advantages in allocating funds to the long-term pool.

Board Vice Chair Cater expressed his appreciation for the report.

Regent Perkins moved approval of reallocating up to \$150 million from the short-term pool into the long-term pool. Vice Chair Geddes seconded. Motion carried.

7. Information Only-Management of Investment Portfolios – Chief Financial Officer Andrew Clinger presented an update on the management of the NSHE investment portfolios (*Ref. INV-7 on file in the Board office*).

Chief Financial Officer Clinger provided information and a timeline of the actions that ultimately guided the Committee's decision to implement Cambridge Associates as the sole provider of the OCIO services, and the actions taken by Chief Financial Officer Clinger and supporting staff since the September 30, 2021, meeting.

Chair Doubrava thanked staff and Board Vice Chair Carter for their work on this.

8. Approved-Handbook Revision, Statement of Investment Objectives and Policies for the Operating Funds – The Committee recommended approval of proposed changes to the Statement of Investment Objectives and Policies for the Operating Funds (*Title 4, Chapter 10, Section 6*) (*Ref. INV-8 on file in the Board office*).

Chief Financial Officer Clinger provided a brief overview of the proposal which included certain responsibilities moving from the Committee to System staff, as well as timing of certain action items.

Vice Chair Geddes moved approval of the proposed changes to the Statement of Investment Objectives and Policies for the

8. Approved-Handbook Revision, Statement of Investment Objectives and Policies for the Operating Funds – *(continued)*

Operating Funds. Regent Arrascada seconded. Motion carried.

9. Approved-Handbook Revision, Statement of Investment Objectives and Policies for the Endowment Fund – The Committee recommended approval of proposed changes to the Statement of Investment Objectives and Policies for the Endowment Fund (*Title 4, Chapter 10, Section 5*) (*Ref. INV-9 on file in the Board office*).

Chief Financial Officer Clinger provided a brief overview of the proposal which included the removal of references to a second OCIO (Russell Investments).

Regent Perkins moved approval of the proposed changes to the Statement of Investment Objectives and Policies for the Endowment Fund. Regent Tarkanian seconded. Motion carried.

10. Information Only-New Business – Vice Chair Geddes requested an update on any Russian investments pertaining to the NSHE Endowment and Operating Funds.

Regent Perkins requested a re-examination of benchmarks to see if adjustments are necessary.

11. Information Only-Public Comment – Mr. Garcia requested more information on the System cash needs and drawdowns. Chief Financial Officer Clinger said he will send that information and have a discussion with Mr. Garcia offline.

The meeting adjourned at 10:57 a.m.

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

Submitted for approval by: Robert G. Kilroy
Chief of Staff & Special Counsel to the Board of Regents

Approved by the Board of Regents at its November 30-December 2, 2022, meeting.