

Revision to Title 4, Chapter 10 – OPTION 1

The following proposed handbook revision is to update the Investment Objectives and Policies for the Endowment Fund. Material to be deleted appears in brackets {deletions}. New material is underlined.

Title 4 - Codification of Board Policy Statements

Chapter 10

GENERAL BUSINESS

Section 4. Statement of Investment Objectives and Policies for the Endowment Fund

3. Endowment Distribution Policy

a. Distributions from the Fund in each fiscal year will be 4.5% of the average market value for the 20 quarters ending the December 31 immediately preceding such fiscal year. (For example, distributions for fiscal year 1996-97 will be based on the Fund's average ending quarterly market values for the twenty consecutive quarters ended December 31, 1995.

b. No withdrawals from the Endowment Fund other than to fund the spending amount, ~~the estate tax liability, and capital calls~~ are permitted without the prior approval of the Regents. When there are withdrawals, the Director of Banking & Investments will determine where the withdrawal will come from. This withdrawal will be used to rebalance the portfolio to be more in-line with the strategic allocation. This withdrawal will be approved by the Assistant Vice Chancellor for Budget, Finance and Banking and Investments, the Vice Chancellor for Finance and Administration, or the Chancellor.

~~{b}~~c. The spending policy shall be administered by the Banking & Investment Office in accordance with the Uniform Management of Institutional Funds Act, adopted by the Regents on August 30, 1984 in accordance with the authority granted to them by NRS 396.380 and 396.420 to control and invest the System's funds. (B/R 10/98)

~~{c}~~d. A .125% management fee will be imposed on the endowment pool for Board and System Administration expenses beginning July 1, 2001. (B/R 6/01)