

POLICY PROPOSAL
TITLE 4, CHAPTER 10, SECTION 6
General Business Management

Additions appear in *boldface italics*; deletions are [~~stricken~~ and bracketed]

as amended at the December 1, 2020 Investment Committee meeting

Section 6. Statement of Investment Objectives and Policies for the Operating Funds

...

F. Distribution Policy

1. It is the policy of the Board of Regents to pool all NSHE cash assets for investment in accordance with guidelines stated in Section 6 of this Chapter.
2. Except as provided herein, effective July 1, 1996, the NSHE Banking and Investment Office will, on a monthly basis, make a distribution to all NSHE institutions an amount equal to a set percentage of the institutions' average daily cash balance.
 - a. The allocation by the Board of Regents to the institutions is established with the understanding that each institution will assume responsibility for the cash basis payment of all expenses not provided for by the state appropriated budgets including, but not limited to, employment perquisites, interview and recruiting expenses and litigation expenses.
3. Distributions from the Fund will be made monthly at an appropriate rate as determined by the Committee. ***If the reserve balance in the operating pool is negative on the last day of the month, the NSHE Banking and Investment Office will not make a distribution for that month. If the reserve balance in the operating pool falls below [is less than] 3% of the total operating pool on the last day of the month for three consecutive months, the NSHE Banking and Investment Office will withhold distributions until the reserve balance returns to a 3% balance [not make a distribution for that month]. If the reserve balance in the operating pool is greater than 8% of the total operating pool on the last day of the month for three consecutive months, the NSHE Banking and Investment Office will distribute the amount of the reserve balance above 8% after making the monthly distribution.*** In order to minimize the potential for a shortfall relative to expectations, the Committee will establish a spending rate on a biannual basis to allow the institutions to develop their biannual budgets with greater certainty. Each quarterly period, the Committee Chair will review the rate relative to the investment outlook and current surplus or deficit to consider its continued appropriateness.
4. The distribution policy is administered by the Banking and 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 NRS 396.420 to control and invest the System's funds.
5. A market fluctuation account may be established within the Fund. The account may be utilized to finance monthly distributions to NSHE institutions when the operating pool is unable to generate sufficient investment income on a temporary basis due to market downturns or other equivalent events. Funds may be deposited into the account through

a transfer from the reserve balance in the operating pool or through a portion of the monthly distribution allocated to the institutions from the operating pool. The account shall not exceed an amount equal to 10 percent of the balance of the operating pool. All

funds deposited into or transferred out of the account require the approval of the Board of Regents upon recommendation of the Chancellor and the Investment Committee.
(B/R 6/19)