

PROPOSED REGULATION OF THE OFFICE OF THE STATE TREASURER

LCB File No. R117-16

AUTHORITY: Chapter 355 of NRS is hereby amended by amending NAC 355.320 to allow for other fixed income investments which at the time of purchase have a remaining term to maturity of not more than 5 years.

The NCIC Board of Directors has fiduciary authority for the \$50 million of assets held in the Permanent School Fund which are ear-marked for the private equity allocation. Due to this, the current regulations (Nevada Administrative Code 355.320) allow the Board to invest in certain types of fixed income investments on monies not currently being invested in private equity investments. The fixed income investments will help defray any administrative or management fees charged by the Fund of Funds manager.

The NCIC Board of Directors voted at its June 9, 2016 meeting to amend NAC 355.320 is to include a third fixed income category for capital which has not yet been drawn down by the Fund of Funds manager and on any principal which is returned to the Permanent School Fund. The primary reasons for seeking this change to the regulations are:

- To ensure the Fund is maximizing its return on idle fixed-income capital, particularly in anticipation of a more normalized interest-rate environment.
- To increase the potential returns on the principal that has been returned to the fund, and
- To help diversity the investment options used for the idle capital and principal returned to the Fund.

Chapter 355 of NAC is hereby amended as follows:

NAC 355.320 Use of earnings of certain funds to defray fees of Fund of Funds Manager. ([NRS 355.285](#)) To defray any administrative or management fees charged by the Fund of Funds Manager pursuant to the contract between the Corporation and the Fund of Funds Manager, the Corporation may place money in a fixed income mutual fund, common trust fund *or other fixed income investments which at the time of purchase has a remaining term to maturity of not more than 5 years* approved by the Board. Upon Board approval, the Corporation may use the earnings of the mutual fund, common trust fund *or other fixed income investments which at the time of purchase have a remaining term to maturity of not more than 5 years* to pay the administrative or management fees of the Fund of Funds Manager. (Added to NAC by St. Treasurer by R128-11, eff. 2-20-2013)