

**MINUTES OF MEETING  
OF THE BOARD OF DIRECTORS OF  
THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") convened in an open meeting on **September 11, 2017**, in person at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Jeffery D. Hildebrand, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the Internet. Participating in the meeting were the following members of the Board:

Jeffery D. Hildebrand  
Phil Adams  
J. Kyle Bass  
Robert Gauntt  
Janet Handley  
R. Steven Hicks  
Ray Nixon  
Ray Rothrock  
Rad Weaver

thus constituting a majority and quorum of the Board. Employees of the Corporation attending the meeting were Britt Harris, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Sharon Toalson, Executive Assistant to the CEO and Chief Investment Officer; and other team members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Bob Jewell of Andrews Kurth Kenyon LLP; Roger Starkey, Terry Hull, and Karen Adler of UT System; David Rejino of The Texas A&M University System; and Greg Jensen of Bridgewater Associates, LP. Chairman Hildebrand called the meeting to order at 10:02 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Chairman Hildebrand began the meeting by recognizing and welcoming UTIMCO's three newest directors, Janet Handley, Rad Weaver, and Robert Gauntt. He also welcomed Britt Harris, UTIMCO's new CEO and Chief Investment Officer to his first meeting of the Board. Additionally, Chairman Hildebrand and other members recognized and thanked Mark Warner for his dedication and service to the Corporation during the interim period.

**Resolutions of Appreciation**

Chairman Hildebrand presented recommendations to the Board to approve resolutions acknowledging Mark Warner's tenure as UTIMCO's Interim CEO and Chief Investment Officer and Lee Hobson's and David Beck's service as UTIMCO Directors.

**RESOLUTION OF APPRECIATION HONORING  
MARK J. WARNER**

**WHEREAS**, due to his substantial background and expertise in business and global investing, Mark J. Warner, Senior Managing Director - Natural Resources & Emerging Markets was appointed as the Interim Chief Executive Officer and Chief Investment Officer of The University of Texas/Texas A&M Investment Management Company (UTIMCO) with all the powers and duties of Chief Executive Officer and Chief Investment Officer of the Corporation for the investment of the funds under the

fiduciary care of the Board of Regents of The University of Texas System, for the benefit of The University of Texas System, The Texas A&M University System, and the citizens of the State of Texas; and

**WHEREAS**, as the Interim Chief Executive Officer and Chief Investment Officer, Mr. Warner provided invaluable insight and direction to the Board of Directors and UTIMCO employees, exhibiting the highest standards of integrity, professionalism, and competency; and

**WHEREAS**, Mr. Warner's outstanding leadership, judgment, commitment, and dedicated service as Interim Chief Executive Officer and Chief Investment Officer were exemplary, reflecting his dedication to the success of UTIMCO and The University of Texas and Texas A&M University Systems for the benefit of and education and development of students at all levels.

**NOW, THEREFORE,**

**BE IT RESOLVED**, that the Directors of The University of Texas/Texas A&M Investment Management Company, do hereby express to Mark J. Warner their sincerest appreciation for his leadership, commitment, and service as Interim Chief Executive Officer and Chief Investment Officer; and

**BE IT FURTHER RESOLVED**, that all persons who read this Resolution should know that Mark J. Warner has made a lasting and fundamental contribution to The University of Texas/Texas A&M Investment Management Company, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

**PASSED AND ADOPTED** this 11th day of September, 2017.

**RESOLUTION OF APPRECIATION  
H. LEE S. HOBSON**

**WHEREAS**, in recognition of his substantial background and expertise in business and global investing, H. Lee S. Hobson was appointed by the Board of Regents of The University of Texas System to the Board of Directors of The University of Texas /Texas A&M Investment Management Company ("UTIMCO") on May 20, 2014; and

**WHEREAS**, Mr. Hobson served as Chairman of the Compensation Committee and as a member of the Risk Committee; and

**WHEREAS**, during his tenure on the UTIMCO Board, Mr. Hobson provided invaluable insight and counsel, drawing on his many years of business and investment experience as founder and managing partner of Highside Capital Management and former partner at Maverick Capital; and

**WHEREAS**, Mr. Hobson's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to the education, health and development of children and students of all ages, and further evidenced as a member of the Investment Committee and Investment Management Committee of the Children's Health System of Texas Board, a member of the Teach for America Regional Advisory Board, the Capital for Kids Advisory Board, and the Episcopal School

of Dallas Endowment Board of Trustees, as a former member of the Children's Medical Center Foundation Board and Investment Committee, and former chairman of the Episcopal High School Investment Committee in Alexandria Virginia; and

**WHEREAS**, Mr. Hobson's unselfish contributions are also evidenced in the civic and corporate arenas by his service on numerous boards, including the Council on Foreign Relations, the Dallas Committee on Foreign Relations, the Virginia Theological Seminary Board and Investment Committee, the Dallas Museum of Art Board and Investment Committee, and the National Council of the American Enterprise Institute; and

**WHEREAS**, during Mr. Hobson's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund for the benefit of The University of Texas and The Texas A&M University Systems and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies, capital markets, and investment community generally; and

**WHEREAS**, much of the credit for UTIMCO's success is directly attributable to Mr. Hobson's leadership, judgment, and commitment.

**NOW, THEREFORE,**

**BE IT RESOLVED**, that the Directors of The University of Texas/Texas A&M Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to H. Lee S. Hobson their sincerest appreciation for his leadership and service that contributed immeasurably to UTIMCO's success; and

**BE IT FURTHER RESOLVED**, that all persons who read this Resolution should know that H. Lee S. Hobson has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

**PASSED AND ADOPTED** this 11th day of September, 2017.

**RESOLUTION OF APPRECIATION  
DAVID J. BECK**

**WHEREAS**, in recognition of his substantial background and expertise in law and business, David J. Beck was appointed by Governor Greg Abbott to the Board of Regents of The University of Texas System in January 2015, and was appointed by the Board of Regents to the Board of Directors of The University of Texas/Texas A&M Investment Management Company ("UTIMCO") in May 2015; and

**WHEREAS**, Mr. Beck, a founding partner of Beck Redden LLP, and a former senior partner of Fulbright & Jaworski L.L.P., has provided invaluable insight and counsel, drawing on his immense experience as one of the preeminent trial lawyers in the United States, including serving two terms on the Judicial Conference Standing Committee on Rules of Practice and Procedure, a committee that makes recommendations to the Supreme Court of the United States on rules affecting the federal courts; and

**WHEREAS**, Mr. Beck's unselfish contributions are also evidenced in the civic and education arenas by his service on various boards, including as president of the State Bar of Texas from 1995-1996, past president of the American College of Trial Lawyers, and past president of the International Association of Defense Counsel; and

**WHEREAS**, during Mr. Beck's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund for the benefit of The University of Texas and The Texas A&M University Systems and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies, capital markets, and investment community generally; and

**WHEREAS**, Mr. Beck's commitment and service as a Board Member of UTIMCO were exemplary, reflecting his deep devotion to the education and development of students at all levels, and further evidenced by his work with the Board of Regents of The University of Texas System, including service as Chairman of the Facilities Planning and Construction Committee; as a member of the Audit, Compliance, and Risk Management, the Finance and Planning, and Health Affairs Committees, service on the Special Advisory Committee of the Brackenridge Tract and as an Athletics Liaison; service as a member of the MD Anderson Board of Visitors and the UT Health Development Board, and former chair of the board of trustees of The University of Texas Law School Foundation; and

**WHEREAS**, Mr. Beck has provided outstanding leadership and judgment to UTIMCO through his dedicated service as Chairman of the Board's Audit and Ethics Committee and a member of the Policy Committee.

**NOW, THEREFORE,**

**BE IT RESOLVED**, that the Directors of The University of Texas/Texas A&M Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to David J. Beck their sincerest appreciation for his leadership and service that contributed immeasurably to UTIMCO's success; and

**BE IT FURTHER RESOLVED**, that all persons who read this Resolution should know that David J. Beck has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

**PASSED AND ADOPTED** this 11th day of September, 2017.

**Minutes**

The next item to come before the Board was approval of the Minutes of the Board of Directors Meetings held on July 25, 2017. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the Meeting of the Board of Directors held on July 25, 2017, be, and are hereby, approved.

**Corporate Resolutions**

**Election of Officers**

Chairman Hildebrand nominated Ray Rothrock as Vice-Chairman and R. Steven Hicks as Vice-Chairman for Policy. He then requested nominations for the office of Chairman of the Board. Jeffery Hildebrand was nominated and Chairman Hildebrand accepted the nomination as Chairman. Chairman Hildebrand then recommended approval of the corporate resolution designating the officers for the Corporation. As stated in the Bylaws, Officers for the ensuing year are to be elected at the Annual Meeting. The agenda item was postponed at the Annual Meeting in April by the Chairman to a future meeting. Employees that are designated as Officers by the UTIMCO Board meet the definition of Key Employees in the Corporation's Code of Ethics.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the following persons are hereby appointed to the respective office or offices of the Corporation set forth opposite their names, to serve until the next Annual Meeting of the Corporation or until their resignation or removal.

| <u>Name</u>           | <u>Office or Offices</u>  |
|-----------------------|---|
| Jeffery D. Hildebrand | Chairman  |
| Ray Rothrock          | Vice-Chairman   |
| R. Steven Hicks       | Vice-Chairman for Policy  |
| Britt Harris          | President, Chief Executive Officer and Chief Investment Officer |
| Mark Warner           | Senior Managing Director  |
| Joan Moeller          | Senior Managing Director, Treasurer and Secretary               |
| Ryan Ruebsahm         | Managing Director   |
| Susan Chen            | Managing Director   |
| Russ Kampfe           | Managing Director   |
| Uzi Yoeli             | Managing Director   |
| Edward Lewis          | Managing Director   |
| Uche Abalogu          | Chief Technology Officer  |

**Committee Assignments**

Chairman Hildebrand then recommended approval of new Board committee assignments except for the Audit & Ethics Committee, which was approved by the Board at its July 25, 2017, meeting.

Upon motion duly made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Compensation Committee of the Board of Directors:

Ray Rothrock  
J. Kyle Bass  
Robert Gauntt  
Ray Nixon

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Ray Rothrock is hereby designated the Chair of the Compensation Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Risk Committee of the Board of Directors:

J. Kyle Bass  
Robert Gauntt  
Ray Rothrock  
Rad Weaver

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that J. Kyle Bass is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Policy Committee of the Board of Directors:

R. Steven Hicks  
Phil Adams  
Ray Nixon  
Janet Handley

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that R. Steven Hicks is hereby designated the Chair of the Policy Committee and shall preside at its meetings.

#### **UTIMCO Performance Report and Market Update**

Chairman Hildebrand asked Mr. Harris to present the Corporation's performance report and market update. Mr. Harris reviewed the current market environment then presented the Corporation's assets under management and performance results as of June 30, 2017. Mr. Harris reported the Corporation had \$40.4 billion of assets under

management, specifically in Endowment Funds: \$19.5 billion in the Permanent University Fund (PUF), \$8.1 billion in the Long Term Fund (LTF) and \$1.1 billion in the Permanent Health Fund (PHF); and in Operating Funds: \$8.6 billion in the Intermediate Term Fund (ITF), \$2.1 billion in the Short Term Fund (STF), and \$0.8 billion in the Debt Proceeds Fund. The net performance for the 12 months ended June 30, 2017, for the PUF was 13.4%, for the LTF was 13.7%, and for the ITF was 8.0%. Mark Warner and Susan Chen highlighted long-term market performance for their respective portfolios. Mr. Harris reported active management value-add attribution, and he gave a risk overview.

### **Global Outlook**

Chairman Hildebrand invited guest speaker Greg Jensen, Co-Chief Investment Officer of Bridgewater Associates, LP to give a presentation on the global market. Mr. Jensen discussed where we are in the current cycle, its impact on markets and long-term expectations for asset performance.

At approximately 12:20 p.m., the Board recessed for lunch.

The meeting of the Board reconvened in open session at 12:45 p.m.

### **Current Initiatives and Top Priorities**

Chairman Hildebrand asked Mr. Harris to present current initiatives and top priorities for the Corporation. Mr. Harris highlighted priorities including long-term investments, agency structure/purpose, culture and critical processes. Amanda Hopper, Lara McKinney and Courtney Powers also gave a brief overview of the results from a recent employee culture survey.

### **Policy Committee Report**

Chairman Hildebrand asked Director Hicks to provide a report on behalf of the Policy Committee. Director Hicks reported the Policy Committee had met on August 30, 2017, and approved the minutes of its April 13, 2017 meeting; and considered and approved the proposed amendments to the Investment Policy Statements and Liquidity Policy, subject to approval by the Board and the Board of Regents. Director Hicks proceeded to summarize the amendments to the Investment Policy Statements and Liquidity Policy approved by the Committee. Director Hicks then recommended approval of the amendments to the Investment Policy Statements for the PUF, GEF, PHF, LTF and ITF, and the Liquidity Policy, subject to approval by the Board of Regents. Upon motion duly made and seconded, the following resolution was unanimously adopted

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, and Intermediate Term Fund, and amendments to the Liquidity Policy, as presented be, and are hereby approved, subject to approval by the Board of Regents of The University of Texas System.

**Compensation Committee Report**

Chairman Hildebrand asked Director Rothrock to provide a report on behalf of the Compensation Committee. The Compensation Committee (the "Committee") met on August 31, 2017, and considered two action items at its meeting. The Committee approved the minutes of the February 1, 2017 meeting as drafted; and after meeting in executive session to discuss the base salaries for the UTIMCO Officers and other UTIMCO Compensation Program Participants for 2017-2018 fiscal year (other than the CEO), approved these base salaries.

**Audit and Ethics Committee Report**

Chairman Hildebrand asked Director Janet Handley to provide a report on behalf of the Audit and Ethics Committee. Director Handley reported that the Audit and Ethics Committee ("Committee") had met on August 31, 2017, to consider two action items. The minutes of the April 13, 2017 meeting were approved as drafted; and (2) after meeting in executive session, made a joint recommendation to the Compensation Committee of the base salary for the Corporate Counsel and Chief Compliance Officer for the 2017-18 fiscal year.

**UTIMCO 2017-2018 Budget**

Chairman Hildebrand asked Mr. Harris to present the proposed UTIMCO FY2018 budget, including the salary recommendations that were approved by the Compensation Committee, and excluding the capital budget for the new office space that was approved at the July 25, 2017 meeting of the Board. Mr. Harris reviewed the FY 2017 budget to actual and presented the FY 18 annual budget, which includes all estimated expenses associated with the management of the Investment Funds and UTIMCO's management fee. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the UTIMCO Management Fee of \$37,102,301 and the Other Direct Fund Costs of \$8,777,148, resulting in Total Fees of \$45,879,449, and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2017 through August 31, 2018, be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

**Adjourn**

There being no further business to come before the Board, the meeting was adjourned at approximately 1:17 p.m.

Secretary:   
Joan Moeller

Approved:  Date: \_\_\_\_\_  
Jeffery D. Hildebrand  
Chairman, Board of Directors of  
The University of Texas/Texas A&M Investment Management Company