

**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 **May 18, 2018**, in person at the corporate headquarters located at 210 West 7<sup>th</sup> Street, Suite 1700 in Austin, 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  
J. Kyle Bass  
Robert Gauntt  
Janet Handley  
R. Steven Hicks  
Ray Rothrock  
James C. "Rad" Weaver

thus constituting a majority and quorum of the Board. Former Director Phil Adams was also in attendance. Employees of the Corporation attending the meeting were Britt Harris, President, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Rich Hall, Deputy Chief Investment Officer; Scott Slayton, Managing Director; Uzi Yoeli, Managing Director; Russell Kampfe, Managing Director; Ryan Ruebsahm, Managing Director; Eddie Lewis, Managing Director; Courtney Powers, Senior Director; and other team members. Other attendees were Charles Schwartz, Chairman of the Board of Regents of The Texas A&M University System; Dr. Ed Yardeni, President of Yardeni Research, Inc.; Robert Cowley and Jason Bell of Deloitte and Touche LLP; Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; Mark Houser, Roger Starkey, Allen Hah, and Karen Adler of UT System; and David Rejino and Maria L. Robinson of The Texas A&M University System. Chairman Hildebrand called the annual meeting to order at 9:33 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Chairman Hildebrand recognized and welcomed Charles Schwartz to the annual meeting of the Board. He also announced the appointment on April 19, 2018, of Clifton L. Thomas, Jr. as a director of the Board by the Board of Regents of The Texas A&M University System, to replace Mr. Phil Adams.

**Minutes**

The first item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on February 28, 2018. 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 February 28, 2018, be, and are hereby, approved.

## **Resolution of Appreciation**

Chairman Hildebrand recognized and thanked Phil Adams for his service on the Board. Mr. Schwartz also made remarks about Mr. Adams' service to both the Corporation and the Board of Regents of The Texas A&M University System. Other Directors and Mr. Harris also offered their thanks and praise for Mr. Adams' service to the Corporation. Director Adams thanked everyone for their kind words and said he enjoyed serving on the Board of Directors of UTIMCO. After discussion, Chairman Hildebrand recommended approval of a resolution to honor former Director Phil Adams for his service to UTIMCO. Upon motion duly made and seconded, the following resolution was unanimously adopted:

**WHEREAS**, in recognition of his substantial background and expertise in business and dedication to higher education in the State of Texas, Phil Adams was appointed by the Board of Regents of The Texas A&M University System to the Board of Directors of The University of Texas/Texas A&M Investment Management Company ("UTIMCO") on April 1, 2015; and

**WHEREAS**, Mr. Adams is serving his third six-year term as a member of the Board of Regents of The Texas A&M University System, having been appointed in 2015 by Governor Greg Abbott, and first appointed by Governor Rick Perry in 2001 then again in 2009; and

**WHEREAS**, during his tenure on the Board of Regents of The Texas A&M University System he has served in various capacities, including Vice Chairman of the Board from 2011 to 2013, Chairman of the Board from 2013 to 2015, and Chairman of the Committee on Finance, the Committee on Buildings and Physical Plant, and the Committee on Audit; and

**WHEREAS**, during his tenure on the UTIMCO Board, Mr. Adams served as a member of the Audit and Ethics Committee and the Policy Committee; and

**WHEREAS**, Mr. Adams provided invaluable insight and counsel, drawing on his many years of experience in business and insurance as owner and president of Phil Adams Company, service on the board of directors of American Momentum Bank and former service on the board of directors of First American Bank, and memberships in the National Association of Insurance and Financial Advisors and the Philosophical Society of Texas; and

**WHEREAS**, Mr. Adams'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 by his service on the Texas A&M Chancellor's Century Council and the Mays Business School Development Council; and

**WHEREAS**, Mr. Adams's unselfish contributions are also evidenced in the civic arena by his service to numerous organizations, including the Texas Public Policy Foundation, the Bryan/College Station Chamber of Commerce, the Central Texas Association of Life Underwriters, and former service as president of the Brazos Valley Estate Council and chairman of the Brazos County Republican party; and

**WHEREAS**, during Mr. Adams'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**, during Mr. Adams's tenure on the UTIMCO Board, total assets under management by UTIMCO grew by over \$8 billion or over \$7.5 million per day; and

**WHEREAS**, Mr. Adams's leadership, judgment, and commitment has contributed greatly to UTIMCO's success.

**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 Phil Adams 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 Phil Adams 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 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 18th day of May 2018.

#### **Election of Corporate Officers**

Chairman Hildebrand nominated Director Rothrock and Director Hicks as Vice Chairman and Vice Chairman for Policy, respectively, to serve until the next annual meeting of the corporation or until their resignation or removal. Director Rothrock nominated Chairman Hildebrand to serve as chairman of the Board for the next year. The nominations were accepted, after which Chairman Hildebrand recommended approval of the assignments for the Corporate Officers. 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
Rich Hall	Deputy Chief Investment Officer
Joan Moeller	Senior Managing Director, Treasurer and Secretary
Mark Warner	Senior Managing Director
Susan Chen	Managing Director
Russ Kampfe	Managing Director
Edward Lewis	Managing Director
Ryan Ruebsahm	Managing Director
Scott Slayton	Managing Director
Uzi Yoeli	Managing Director
Uche Abalogu	Chief Technology Officer

### **Committee Assignments**

Chairman Hildebrand nominated Clifton L. Thomas, Jr. to serve as a member of the Audit and Ethics Committee and the Policy Committee. Upon motion duly made and seconded, the following resolutions was unanimously adopted:

BE IT RESOLVED, that Director Clifton L Thomas, Jr. is hereby designated as a member of the Audit and Ethics Committee of the Board of Directors, subject to approval by the Board of Regents of The University of Texas System at a future meeting, and as a member of the Policy Committee of the Board of Directors, to serve until the expiration of his terms, or until his successors have been chosen and qualified, or until his death, resignation, or removal.

### **Update from President of Yardeni Research, Inc.**

Chairman Hildebrand introduced Mr. Ed Yardeni, President of Yardeni Research, Inc., and invited him to share his thoughts on the current market situation. Scott Slayton interviewed Dr. Yardeni on his global investment strategy analysis and views. Dr. Yardeni, Mr. Harris, and Mr. Slayton answered the Directors' questions.

### **Performance and Market Update**

Chairman Hildebrand asked Mr. Harris and Mr. Slayton to give the UTIMCO Performance and Market Update. Mr. Slayton reviewed returns by asset class for the quarter and pointed out that several areas performed ahead of their benchmark, including real estate, natural resources, and venture capital. He also discussed returns for the funds during the quarter ended March 31, 2018. The Permanent University Fund ("PUF") returned 2.98% during the quarter; the Permanent Health Fund ("PHF") returned 3.13% during the quarter; and the Long Term Fund ("LTF") returned 3.13% during the quarter. Total Net Asset Value ("NAV") at the end of March 31, 2108 was \$44.3B. Mr. Slayton and Mr. Harris answered the Directors' questions.

Eddie Lewis and Mark Warner discussed performance highlights of the Real Estate, Natural Resources, and Venture Capital portfolios. Mr. Lewis, Mr. Warner, and Mr. Harris answered the Directors' questions.

### **Update on 1<sup>st</sup> Quarter Priorities**

Chairman Hildebrand asked Mr. Harris and Mr. Hall to present to the Board an update on UTIMCO's priorities for the first quarter of 2018. Mr. Hall discussed action plans for the operations teams and the investment teams, as well as priorities regarding culture and total alignment, human resources, and bureaucracy busting, which apply to all UTIMCO teams. He then addressed some priorities UTIMCO will be working on in the second calendar quarter, including revisions to the investment policies, implementation of a 360 review, Phase II of the fee alignment initiative, and strategic partnership discussions.

### **Hedge Funds Report**

Chairman Hildebrand asked Ryan Ruebsahm and Courtney Powers to update the Board on the Hedge Funds Team and their current work. Mr. Ruebsahm and Mr. Powers presented an overview of hedge funds, historical performance, the role of hedge funds in the portfolio, including current objectives, and efforts on total alignment and the 1 or 30 fee structure. The Team has been successful in negotiations with more than half of their portfolio managers on the revised fee structure. Mr. Ruebsahm and Mr. Powers answered the Directors' questions.

### **Risk Committee Report**

Chairman Hildebrand asked Director Bass to provide a report from the Risk Committee. Director Bass reported that the Risk Committee met via teleconference on May 10, 2018 and approved the minutes of its February 21, 2018 meeting and the categorization of twelve new investment mandates and recategorization of three mandates. He also reported that Ms. Gonzalez reviewed and discussed compliance reporting, and the Committee listened to a market and portfolio risk update from Dr. Yoeli and Mr. Harris.

### **Audit and Ethics Committee Report**

Chairman Hildebrand asked Director Handley to provide a report on behalf of the Audit and Ethics Committee. Director Handley reported that the Committee met via teleconference on May 10, 2018. At the meeting, the Committee approved the minutes from its February 21, 2018 meeting. Ms. Handley reported on the results of the UTIMCO Software Development Life Cycle Review performed by the UT System Audit Office. She also reported that the Committee heard reports on routine matters, including an update on UTIMCO's compliance, reporting, and audit matters; a presentation of unaudited financial statements as of February 28, 2018 for the Investment Funds and the Corporation; a report on new contracts valued at \$100,000 or more entered into since the last Board meeting, including the contracts related to the office move; and the annual report on the Financial Advisor and Service Provider disclosures required by Texas Government Code Section 2263.005.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 12:20 p.m.

Secretary: Joan Moeller  
Joan Moeller

Approved: Jeffery D. Hildebrand Date: 8/1/18  
Jeffery D. Hildebrand  
Chairman, Board of Directors of  
The University of Texas/Texas A&M Investment Management Company