

**MINUTES OF THE JOINT MEETING
OF THE POLICY AND RISK COMMITTEES OF
THE UNIVERSITY OF TEXAS/TEXAS A&M INVESTMENT MANAGEMENT COMPANY**

A joint meeting of the Policy and the Risk Committees (the "Committees") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") convened in open session on **July 19, 2018**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 1700, 210 West 7th Street, Austin, Texas, said meeting having been called by the Policy Committee Chair (Policy Chairman), R. Steven Hicks, and the Risk Committee Chair (Risk Chairman), Kyle Bass, with notice provided to each member in accordance with the Corporation's 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 Committees:

R. Steven Hicks, Chair, Policy Committee
J. Kyle Bass, Chair, Risk Committee
Robert Gauntt
Ray Rothrock
James C. "Rad" Weaver
Clifton L. Thomas, Jr.
Janet Handley
Ray Nixon

thus constituting a majority and quorum of the Committees and the Board. Employees of the Corporation attending the meeting were Britt Harris, President, CEO and Chief Investment Officer; Rich Hall, Deputy Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Uzi Yoeli, Managing Director – Risk Management; and other employees. Other attendees were Jerry Kyle of Orrick, Harrington & Sutcliffe LLP; Roger Starkey and Terry Hull of The University of Texas System ("UT System") Administration; David Rejino of The Texas A&M University System; Keith Brown of UT Austin, McCombs School of Business; and Grant Steele and Hamilton Lee of Cambridge Associates. Chairman Hicks and Chairman Bass called the meeting to order at 9:31 a.m. Copies of materials supporting the Joint Committee meeting agenda were previously furnished to each Committee member.

Proposed Amendments to the Investment Policies

Policy Chairman Hicks asked Mr. Hall and Dr. Yoeli to present recommendations regarding changes to the Investment Policies. The Investment Policy Statements of the Permanent University Fund (PUF), General Endowment Fund (GEF), Intermediate Term Fund (ITF), Permanent Health Fund (PHF), and Long Term Fund (LTF) (collectively, the Funds) were amended to reflect the proposed changes for FYE 2019, effective September 1, 2018. In addition, the Team recommended amendments to the Liquidity Policy, effective August 10, 2018; the Derivative Investment Policy, effective August 10, 2018; and the Delegation of Authority Policy, effective July 26, 2018. The Team also recommended the elimination of the Mandate Categorization Procedure, effective July 26, 2018.

The Investment Policy Statements for the PUF, GEF, ITF, PHF, and LTF were amended to reflect changes to the asset allocation framework that replaced the use of More Correlated and Constrained (MCC), Less Correlated and Constrained (LCC), and Private Investments Investment Types with a new asset allocation framework designed with Global Equity, Stable Value, and Real Return asset classes. In addition, the one

year downside deviation was adjusted to reflect the revised Asset Class targets for FYE 2019. Finally, the Expected Annual Return (Benchmark) target for FYE 2019 was updated for the PUF, GEF, PHF and LTF.

The Liquidity Policy was amended to remove the trigger zone and require all investments that would cause illiquidity to exceed the stated illiquidity maximums to require Risk Committee approval.

The Delegation of Authority Policy was amended to increase the reporting limits on new and existing contracts from \$100,000 to \$250,000; change investment limits for both new relationships/new mandates to existing relationships and subsequent increases to existing relationships and permit Managing Directors to commit to co-investments of \$30 Million or less with an existing premier list manager without CEO approval, but with internal Co-Investment Committee approval and required reporting to internal Investment Committee. Additionally, the requirement to report manager mandates to the Risk Committee has increased from 3% or more exposure relative to the total Funds to 6% and requires a presentation and recommendation regarding an appropriate course of action with respect to these mandates.

The Delegation of Authority Policy was also changed to permit the Deputy CIO, the Managing Director – Risk Management, and the Managing Director – Global Asset Allocation to enter into the types of Derivative Investments allowed by the Derivative Investment Policy; provided that the Managing Director – Risk Management, and the Managing Director – Global Asset Allocation may not enter into any Derivative Investment he or she has recommended.

The Derivative Investment Policy was amended to standardize terminology, add the Deputy CIO as an additional decision maker, clarify that in jurisdictions where ISDA netting agreement are not the market standard or required, none will be required, and require external managers authorized to enter into Derivative Investments to have expertise to limit the downside effects of the proposed investments.

The Mandate Categorization Procedure was eliminated consistent with the revamp of the asset allocation framework to utilize more traditional nomenclature and due to increased regular communications to the Board.

Mr. Hall and Dr. Yoeli answered questions regarding the proposed changes. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Intermediate Term Fund, Permanent Health Fund, Long Term Fund; and amendments to the Liquidity Policy, Derivative Investment Policy, and Delegation of Authority Policy, as presented be, and are hereby, approved, subject to approval by the Corporation's Board of Directors.

FURTHER RESOLVED, that the Mandate Categorization Procedure is no longer applicable and deleted in its entirety.

Adjourn

There being no further business to come before the Committees, the joint meeting was adjourned at 10:39 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: R. Steven Hicks
R. Steven Hicks, Chair
Policy Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: JANUARY 16, 2019

Approved: _____
J. Kyle Bass, Chair
Risk Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: _____

Secretary: Joan Moeller
Joan Moeller

Approved: _____
R. Steven Hicks, Chair
Policy Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: _____

Approved: J. Kyle Bass
J. Kyle Bass, Chair
Risk Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 11 JANUARY 19