

**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 **June 27, 2019**, in person at the corporate headquarters located at 210 West 7th Street, Suite 1700 in Austin, said meeting having been called by the Acting Chairman, Ray Rothrock, 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:

Ray Rothrock, Acting Chair
Robert Gauntt
Janet Handley
R. Steven Hicks
Jeffery D. Hildebrand
Janiece Longoria
Ray Nixon
Clifton L. Thomas, Jr.
James C. "Rad" Weaver

thus constituting a majority and quorum of 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; Ken Standley, Chief of Staff; Eddie Lewis, Managing Director – Real Return; Billy Prather, Senior Director – Real Return; Mukund Joshi, Senior Director – Real Return; Patrick Pace, Senior Director – Private Equity; Richard Rincon, Senior Director – Private Equity; Bradford Thawley, Senior Director – Private Equity; Gary Hill, Senior Director - Accounting; and other team members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; Tyler Somes of Vinson & Elkins LLP; David Rejino of Texas A&M University System; Allen Hah, Karen Adler, and Eric Polonski of The University of Texas System ("UT System"); and Susan Lemke of Mercer. Acting Chairman Rothrock called the annual meeting to order at 9:00 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Acting Chairman Rothrock welcomed Director Janiece Longoria. She replaced Director Jeffery D. Hildebrand as Regental Director, and Director Hildebrand replaced Director J. Kyle Bass as an outside director.

Minutes

The first item to come before the Board was approval of the Minutes of the Board of Directors Meetings held on February 21, 2019. 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 21, 2019, be, and are hereby, approved.

Corporate Resolutions

Election of Officers

Acting Chairman Rothrock nominated Director Hildebrand to serve as Chairman of the Board and Director Hicks to serve as Vice Chairman for Policy. He then requested nominations for the office of Vice Chairman. Director Hildebrand nominated Director Rothrock to serve as Vice Chairman of the Board. There being no other nominations, Acting Chairman Rothrock then requested a motion to approve 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. Employees that are designated as Officers by the 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
Rich Hall	Deputy Chief Investment Officer
Joan Moeller	Senior Managing Director, Treasurer and Secretary
Susan Chen	Managing Director
Russ Kampfe	Managing Director
Edward Lewis	Managing Director
Ryan Ruebsahm	Managing Director
Scott Slayton	Managing Director
Uzi Yoeli	Managing Director

At this time, Acting Chairman Rothrock turned the conduct of the meeting over to the newly elected chairman, Director Hildebrand ("Chairman.")

Committee Assignments

Chairman Hildebrand then nominated the directors to serve as the members of the Risk Committee and nominated Robert Gaunt to serve as chairman of the Risk Committee. There being no other nominations, 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 Risk Committee of the Board of Directors:

Robert Gauntt
Janiece Longoria
Ray Rothrock
James C. "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 Robert Gauntt is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

Investment Review

Chairman Hildebrand asked Britt Harris to present a review of the Funds for the ten years ending March 31, 2019. Mr. Harris discussed the markets since the last economic recession. He said that U.S. Global Equity had been the best performing sector with 16.9% returns. That sector has had the longest market increase in history. While the U.S. Markets have fully recovered, the same cannot be said for markets outside the U.S. UTIMCO did well over the same period, growing the endowment from \$13 billion to \$34 billion with low standard deviation. The Permanent University Fund ("PUF") grew from \$8.3 Billion to \$22.0 billion, the General Endowment Fund ("GEF") grew from \$4.6 billion to \$11.9 billion, and the Intermediate Term Fund ("ITF") grew from \$3.0 billion to \$9.3 billion. Mr. Harris said it had been a glorious ten years but he did not expect similar returns over the next ten year period. He discussed the Team's plan to deal with a recession and bubble monitoring activities that have been implemented recently to try and forecast the market's shift.

Real Return Presentation

Chairman Hildebrand asked Mr. Lewis, Mr. Joshi, and Mr. Prather to present the update on the Real Return program. Mr. Lewis told the Directors that the Real Estate and Natural Resources Teams were combined into a Real Return Team in the last year, resulting in streamlined management, improved communication, and a unified investment process. The goals of this newly formed team include reducing the Natural Resources portfolio, growing the Infrastructure portfolio, and focusing on stable cash flow real estate capable of weathering an economic downturn. Mr. Prather provided an update on the Natural Resources and Infrastructure portfolios' performance over the last year. He noted that the energy portion of the portfolio had underperformed and the metals and mining portion of the portfolio had provided strong results. Next, Mr. Joshi provided an overview of Real Estate portfolio's performance. Real Estate outperformed its one-year, three-year and five-year benchmarks. Mr. Lewis also discussed with the Directors the Team's action plan goals both met and planned for the rest of the calendar year of 2019. Mr. Lewis, Mr. Joshi, and Mr. Prather answered the Directors' questions.

Private Equity Presentation

Chairman Hildebrand asked Dr. Pace, Mr. Rincon, and Mr. Thawley to update the Board on the Private Equity Team and their current work. The presentation covered the members of the Private Equity Team, the current market conditions for private equity investments, the portfolio performance summary, and the top priorities for the team over the next year. The Private Investments portfolio is \$6.9 Billion or 20% of the endowments. The goal of the Private Equity Team is to increase that percentage to 25% over the long term. The portfolio is divided among four types of investments: Private Equity, Venture Capital, Emerging Markets, and Private Credit. The presenters answered the Directors' questions.

Strategic Partnerships Update

Chairman Hildebrand asked Ken Standley to update the Directors on the Strategic Partnerships program. Mr. Standley stated that Phase 1 of the Strategic Partnership program was complete. Phase 2 will be

completed in July and presented to the Board at a future meeting. He discussed the goals, selection criteria and process used to identify potential strategic partners. Mr. Standley stated that the strategic partnership program will be brought to the Board for approval. Mr. Standley and Mr. Harris answered the Directors' questions and Mr. Harris gave additional explanation about his experience with strategic partnerships in his past leadership positions.

Five Year Strategic Plan Presentation

Chairman Hildebrand asked Mr. Hall to review the Corporation's five year strategic plan with the Directors. Mr. Hall discussed the approval of last year's budget, and how the Board had asked for a longer projection of budget and employee requirements. First, a benchmark of peer educational endowments and large private funds was identified to compare availability of resources and allocation of those resources. With this information and input from the Team about expected growth of the Funds and the personnel that will be needed to handle that growth, the Team built the five-year strategic plan. He presented this information to the Directors and answered their questions about the five year budget and expected employee growth.

Report from Audit and Ethics Committee

Chairman Hildebrand asked Director Handley to provide a report on behalf of the Audit and Ethics Committee (the "Committee"). Director Handley reported that the Committee met via teleconference on June 20, 2019. The Committee's agenda included approval of Committee minutes; discussion and appropriate action related to engaging corporate external auditor; discussion and appropriate action related to Master Custodian; an update on UTIMCO's compliance, reporting, and audit matters; a presentation of unaudited financial statements as of February 28, 2019 for the Investment Funds and the Corporation; and discussion and appropriate action related to the base salary for the Corporate Counsel and Chief Compliance Officer for the 2019-2020 Fiscal Year. The Committee also met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters, to receive an update on computer security assessments related to information resources technology, and to consult with legal counsel regarding legal matters and pending and/or contemplated litigation.

Director Handley reported that the Committee had approved the hiring of Deloitte and Touche LLP as the corporate auditor and requested that the Board take appropriate action related to hiring Deloitte and Touche LLP as the corporate auditor. Estimated fees for the FY 2019 audit services are \$45,000 plus out-of-pocket expenses. This is a \$1,500 increase over the FY 2018 fee. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2019.

Director Handley continued by reporting that the Committee approved the retention of Bank of New York Mellon ("BNY Mellon") as the master custodian for the Investment Funds under the fiduciary care of the Board of Regents of UT System and requested that the Board take appropriate action to retain BNY Mellon as master custodian, subject to approval by the Board of Regents of UT System. The current contract with BNY Mellon was effective March 30, 2007, and the last master custodian review was conducted in 2012. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the UTIMCO Board approves the selection of Bank of New York Mellon ("BNY Mellon") as the master custodian for the investment assets under the fiduciary care of Board of Regents of The University of Texas System and directs UTIMCO to renegotiate or extend the existing contract with BNY Mellon, as considered necessary, subject to approval of the Board of Regents of The University of Texas System.

Director Handley also noted Ms. Gonzalez had reported to the Committee that there were no contracts, leases, or other commercial arrangements of \$250,000 or more entered into during the quarter that needed to be reported. Ms. Gonzalez also reported on the UTIMCO Director Co-Investment Log.

Report from Risk Committee

Chairman Hildebrand asked Director Gauntt to provide a report from the Risk Committee. Director Gauntt reported that the Risk Committee met jointly with the Policy Committee and separately via teleconference on June 20, 2019. The Committee's agenda for the joint meeting included a discussion and appropriate action related to proposed amendments to the Investment Policy Statements. Its separate meeting included discussion and approval of the minutes of its February 19, 2019 meeting; review and discussion of compliance reporting; and a market and portfolio risk update.

Report from Policy Committee

Chairman Hildebrand asked Director Hicks to provide a report from the Policy Committee. Director Hicks reported that the Policy Committee met separately and jointly with the Risk Committee on June 20, 2019. The Joint Committee meeting agenda included discussion and appropriate action related to proposed amendments to the Investment Policy Statements. The Committee's separate meeting agenda included approval of the minutes of the November 29, 2018 meeting and discussion and appropriate action related to amendments to the Bylaws of the Corporation.

The Investment Management Services Agreement (IMSA) requires that UTIMCO review the current Investment Policies for each Fund at least annually. The review includes long-term investment return expectations and expected risk levels, strategic asset allocation targets and ranges, expected returns for each Asset Class and Fund, designated performance benchmarks for each Asset Class and such other matters as the UT Board or its staff designees may request. At the joint meeting, the Policy and Risk Committees approved the amendments to the Investment Policy Statements for the PUF, GEF, Long Term Fund ("LTF"), Permanent Health Fund ("PHF"), and ITF as proposed by the Team, subject to approval by the Board and the Board of Regents of UT System. No changes were proposed to the Investment Policy Statements of the Separately Invested Funds, Short Term Fund, or the Liquidity and Derivative Investment Policies. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

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, as presented be, and are hereby approved, subject to approval by the Board of Regents of The University of Texas System.

At the separate meeting of the Policy Committee, the Committee approved the Team's proposed amendments to the Corporation's Bylaws, subject to approval by the Board and the Board of Regents of UT

System. The proposed amendment to the Corporation's Bylaws eliminate term limits for the Chairman and Vice Chairman of the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that amendments to the UTIMCO Bylaws, as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Executive Session

Prior to going into executive session, Chairman Hildebrand announced that, "The Board of Directors of The University of Texas/Texas A&M Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session to deliberate individual personnel compensation matters, including the CEO and Chief Investment Officer, pursuant to Texas Government Code Sections 551.074 and to consult with legal counsel regarding legal matters and pending and/or contemplated litigation pursuant to Section 551.071, Texas Government Code. The date is June 27, 2019, and the time is now 11:03 a.m." Except for Mr. Harris, Mr. Hall, Ms. Moeller, Ms. Gonzalez, and Mr. Somes, all others left the meeting at this time. Ms. Gonzalez and Mr. Somes left, and Ms. Lemke and Mr. Kyle joined, the meeting during the deliberation of individual personnel compensation matters. Mr. Harris, Mr. Hall and Ms. Moeller left the meeting during discussion of Mr. Harris' compensation.

Reconvene in Open Session

The Board reconvened in open session and Chairman Hildebrand announced that, "The Open Session of the Board of Directors of The University of Texas/Texas A&M Investment Management Company is now reconvened. The date is June 27, 2019, and the time is now 11:35 a.m. During the Executive Session, the Board deliberated individual personnel compensation matters, including the CEO and Chief Investment Officer, and consulted with legal counsel, but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session."

Report from Compensation Committee

Chairman Hildebrand asked Director Rothrock to provide a report from the Compensation Committee. Director Rothrock stated that the Compensation Committee met on June 20, 2019. The agenda included approval of the minutes of the December 6, 2018 meeting; discussion and appropriate action related to the base salaries for the UTIMCO officers and other UTIMCO Compensation Program ("Plan") Participants for the 2019-2020 Fiscal Year, the CEO's Qualitative Performance Standards for the Plan for the Performance Period ending June 30, 2020, the Compensation Committee's recommendation for the base salary for the CEO for the 2019-2020 fiscal year, and the amendment of Table 1 of the Plan, effective July 1, 2019. The Compensation Committee also met in Executive Session for the purpose of deliberating individual personnel compensation matters. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED, that the Board of Directors of UTIMCO hereby approves the Base Salary of the Corporation's CEO for the Fiscal Year 2019-2020 in the amount of \$828,000.

And

WHEREAS, Section 5.4(b) of the UTIMCO Compensation Program (the "Plan") provides that the Board will determine the Performance Standards of the CEO for each Performance Period; and

WHEREAS, the Board has reviewed the CEO's Qualitative Performance Standards for the Performance Period ending June 30, 2020, as prepared by the CEO, and recommended by the Compensation Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Standards for the CEO for the Performance Period ending June 30, 2020, as set forth in the document presented to the Board.

And

WHEREAS, Section 7.2. of the UTIMCO Compensation Program (the "Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Plan requires Table 1 to be revised as necessary, for subsequent Performance Periods to set forth any changes or additions to the Eligible Positions, the Weightings for the Eligible Positions, the Award Opportunities, and any Applicable Deferral Percentage for each Eligible Position, for that Performance Period as soon as administratively practicable after confirmation of such Eligible Positions by the Board for such Performance Period and to be attached as Table 1 to the Plan; and

WHEREAS, the Board has reviewed the updated and amended Table 1 and approves the amendments as recommended by the Compensation Committee.

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Table 1, a copy of which is attached hereto, is hereby adopted and approved to replace the current Table 1, effective as of July 1, 2019.

Corporation Budget

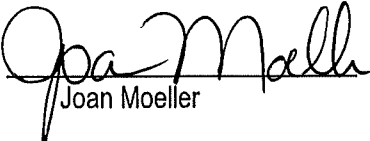
Chairman Hildebrand asked Mr. Harris and Mr. Hall to discuss the Corporation's budget for the next fiscal year. Mr. Harris and Mr. Hall explained the changes to the proposed budget compared to the prior year's budget and actual for the last fiscal year. The Corporation's budget is subject to approval by the Board and the Board of Regents of UT System. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:


RESOLVED, that the UTIMCO Management Fee of \$49,868,696 and the Other Direct Fund Costs of \$7,101,269 resulting in Total Fees of \$56,969,965, Capital Budget of \$536,000 and the Allocation Schedule; as provided to the Board for the period beginning September 1,

2019 through August 31, 2020, 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 11:53 a.m.

Secretary: 
Joan Moeller

Approved:  Date: 10-3-19
Jeffery D. Hildebrand,
Chairman, Board of Directors of
The University of Texas/Texas A&M Investment Management Company