

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

A meeting of the Risk Committee (the "Committee") of The University of Texas/Texas A&M Investment Management Company (the "Corporation") convened in open session on **September 19, 2019**, 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 7<sup>th</sup> Street, Austin, Texas, said meeting having been called by the Committee Chair, Robert Gauntt ("Chairman"), with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Robert Gauntt, Chair  
Ray Rothrock  
James C. "Rad" Weaver

thus constituting a majority and quorum of the Committee. 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 Allen Hah of The University of Texas System ("UT System") Administration; David Rejino and Maria Robinson of The Texas A&M University System; and Keith Brown of UT Austin, McCombs School of Business. Chairman Gauntt called the meeting to order at 2:01 p.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

### **Minutes**

The first matter to come before the Committee was the approval of the minutes of the Meeting of the Risk Committee and the Joint Meeting of the Policy and Risk Committees held on June 20, 2019. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the minutes of the Meeting of the Risk Committee and the Joint Meeting of the Policy and Risk Committees held on June 20, 2019, be, and are hereby, approved.

### **Compliance Reporting**

Chairman Gauntt asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez began by presenting the compliance dashboard for the quarter ended May 31, 2019. Ms. Gonzalez noted that UTIMCO was in compliance with all of the Board of Regents' investment policies and guidelines, including asset allocation, downside volatility, monitoring of manager mandate exposure, and new derivative exposure. Next Ms. Gonzalez presented the investment compliance summary noting no areas out of compliance. Ms. Gonzalez also reported on the results of the Team's quarterly compliance with the OFAC Compliance Procedure.

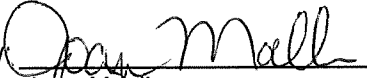
Ms. Gonzalez then presented the Institutional Compliance Program Report for the quarter ended May 31, 2019, including a quarterly compliance update, additional information about the information technology and security team, and compliance hotline activity. Finally, Ms. Gonzalez updated the Committee on the status of the Institutional Compliance Action Plan for Fiscal Year 2019. Ms. Gonzalez answered the Committee Members' questions.

**Market and Portfolio Risk Update**

Chairman Gauntt asked Dr. Yoeli to present the market and portfolio risk update. Dr. Yoeli began by discussing the bubble indicators and the bear market indicators, noting the probability of a recession has moved up to 30%. He discussed liquidity metrics, and the purpose of having those rules in place during a downturn in the market. Dr. Yoeli followed with a detailed analysis of the current economic regime, bubble monitors, fund level leverage and concentration limits, downside volatility attribution by relationship, and performance on a 1-year and 5-year basis as of July 31, 2019. Dr. Yoeli and Mr. Harris then answered questions from the Committee Members.

**Adjourn**

There being no further business to come before the Committee, the meeting was adjourned at approximately 2:33 p.m.

Secretary   
Joan Moeller

Approved:  Date: 12/5/19  
Robert Gauntt, Chair  
Risk Committee of the Board of Directors of  
The University of Texas/Texas A&M Investment Management Company