

**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 15, 2022**, in person and by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation located at 210 West 7<sup>th</sup> Street, Suite 1700, Austin, Texas, said meeting having been called by the Chairman, James C. "Rad" Weaver ("Chairman"), 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 Board:

James C. "Rad" Weaver  
Ray Rothrock  
James B. Milliken  
Janet Handley  
Jodie L. Jiles  
Janiece Longoria  
Ray Nixon  
Clifton L. Thomas, Jr.

thus constituting a majority and quorum of the Board. Director Robert Gauntt was not in attendance. Employees of the Corporation attending the meeting were Britt Harris, President and CEO; Rich Hall, Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Carolina de Onís, General Counsel and Chief Compliance Officer; Russ Kampfe, Managing Director – Fixed Income; Uzi Yoeli, Managing Director – Risk Management; Tim Jones, Senior Director – Risk Management; Mike Sjolander, Managing Director – Information Services & Security; Gus Deering, Chief Technology Officer; and other UTIMCO employees. Other attendees included Lieutenant General Robert L. Van Antwerp (U.S. Army, Ret.); Jerry Kyle of Orrick, Herrington, & Sutcliffe LLP; Jordan Jackson of J. P. Morgan Asset Management; and Keith Brown of the McCombs School of Business at UT Austin. Chairman Weaver called the meeting to order at 8:32 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

**Executive Session**

Chairman Weaver 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 matters pursuant to *Texas Government Code* Section 551.074. The date is September 15, 2022, and the time is now 8:33 a.m." With the exception of Mr. Harris, Ms. Moeller, Ms. de

Onís, Mr. Kyle, Mr. Brown, and Lieutenant General Van Antwerp, all other meeting participants left the meeting at this time.

**Reconvene in Open Session**

The Board reconvened in open session and Chairman Weaver 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 September 15, 2002, and the time is now 9:28 a.m. During the Executive Session, the Board deliberated individual personnel matters, but no action was taken, nor decisions made, and no vote was called for or had by the Board in Executive Session."

**Minutes**

The next item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on June 10, 2022. 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 June 10, 2022, be, and are hereby, approved.

**Corporate Resolutions**

**Election of Corporate Officers**

Chairman Weaver welcomed James B. Milliken to the UTIMCO Board of Directors and nominated Director Milliken to serve as Vice Chairman for Policy. In accordance with the UTIMCO Bylaws, the Chancellor of UT System shall serve as the Vice Chairman for Policy when appointed to the Board. Chairman Weaver also recommended that Gus Deering, Tony Caruso, and Mukund Joshi be appointed as officers of the Corporation. Managing Directors are considered officers of the Corporation. Mr. Deering was hired as UTIMCO's new Managing Director – Information Services & Security and Chief Technology Officer, effective August 29, 2022. Mr. Caruso was appointed Managing Director – Hedge Funds, and Mr. Joshi was appointed Managing Director – Real Return, effective September 1, 2022. 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>
James B. Milliken	Vice Chairman for Policy
Tony Caruso	Managing Director
Gus Deering	Managing Director and Chief Technology Officer
Mukund Joshi	Managing Director

### **Committee Assignments**

Chairman Weaver presented a recommendation for new Board committee assignments. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

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

Janet Handley  
Jodie L. Jiles  
Janiece Longoria  
James B. Milliken

subject to approval by the Board of Regents of The University of Texas System at a future meeting, 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 Janet Handley is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings.

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

Robert Gauntt  
Janet Handley  
Ray Nixon  
Ray Rothrock

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 Nixon 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 Policy Committee of the Board of Directors:

Robert Gauntt  
Jodie L. Jiles  
Ray Nixon  
Clifton L. Thomas, Jr.

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 Policy Committee and shall preside at its meetings.

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

Janet Handley  
Janiece Longoria  
Ray Rothrock  
Clifton L. Thomas, Jr.

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 Janiece Longoria is hereby designated the Chair of the Investment Risk Committee and shall preside at its meetings.

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

Robert Gauntt  
James B. Milliken  
Ray Rothrock  
Clifton L. Thomas, Jr.

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 Cyber Risk Committee and shall preside at its meetings.

### **Resolution of Appreciation**

Chairman Weaver recognized and thanked former Chairman Jeffrey D. Hildebrand for his nine years of service as a UTIMCO Board Member, and seven years as UTIMCO Board Chairman. Other Directors and Mr. Harris also offered their thanks and praise for former Chairman Hildebrand's service to the Corporation. After discussion, Chairman Weaver recommended approval of a resolution to honor former Chairman Jeffrey D. Hildebrand for his service to UTIMCO. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, in recognition of his substantial background, philanthropic efforts, and expertise in business, Jeffery D. Hildebrand was appointed by Governor Rick Perry to a term on the Board of Regents of The University of Texas System in February 2013; and

WHEREAS, Mr. Hildebrand 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") in September

2013, serving as a Regental Director until his term expired in April 2019, and then reappointed as an external Director in May 2019; and

WHEREAS, Mr. Hildebrand was elected Chairman of the UTIMCO Board in April 2015 and continued as Chairman during the remainder of his tenure on the UTIMCO Board, thereby serving as the longest-running Chairman in the history of UTIMCO; and also served at various times as Chairman of the Policy Committee and as a member of the Audit and Ethics Committee, the Compensation Committee and the Risk Committee; and

WHEREAS, during his tenure on the UTIMCO Board, Mr. Hildebrand provided invaluable insight and counsel, drawing on his many years of business and investment experience as Founder, Chairman and Chief Executive Officer of Hilcorp Energy Company, an independent oil and gas exploration and production company headquartered in Houston, Texas with operations throughout the United States; and

WHEREAS, Mr. Hildebrand's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to the education and development of students at all levels, and further evidenced by his service as a member of the Board of Rice University's Baker Institute for Public Policy and as recipient of the 2005 Distinguished Engineering Graduate and the 2013 Petroleum & Geosystems Engineering Distinguished Alumnus Awards, both from the University of Texas at Austin; and

WHEREAS, Mr. Hildebrand's unselfish contributions are also evidenced in the civic and corporate arenas by his generous financial support and service on various charitable and professional boards throughout his career, including serving on the Boards of Central Houston, Inc., the Houston Livestock Show and Rodeo, the Houston Police Foundation, the Hildebrand Foundation, and as a Commissioner of the Texas Parks and Wildlife Commission; and

WHEREAS, during Mr. Hildebrand'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. Hildebrand's tenure on the UTIMCO Board, total assets under management by UTIMCO more than doubled, growing from \$30.0 billion to

over \$65.6 billion, and \$13.5 billion in endowment distributions have been made; and

WHEREAS, Mr. Hildebrand's leadership, judgment, and commitment to UTIMCO 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, and everyone at UTIMCO, do hereby express to Jeffery D. Hildebrand 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 Mr. Hildebrand 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 15th day of September 2022.

### **Financial Markets Overview Presentation**

Chairman Weaver asked Mr. Harris to introduce the guest speaker. Mr. Harris introduced Mr. Jordan Jackson, Global Market Strategist of J. P. Morgan Asset Management ("JPAM") and invited him to present an overview of the financial markets to the Board. Mr. Jackson noted the challenges thus far in 2022 from both the equities and bond side of the market. Mr. Jackson discussed JPAM's view of U.S. Growth, noting that while risk remains elevated, JPAM does not believe the U.S. is in a recession currently. JPAM expects U.S. Growth to return to positive territory in the third quarter, before contracting again in the beginning of 2023, resulting in a modest recession. Mr. Jackson discussed the household debt service ratio, highlighting that greater than 95% of outstanding mortgages have a fixed rate that are lower than the 30-year fixed rate today. Mr. Jackson continued, saying that demand for labor remains robust. In regard to corporate earnings growth, Mr. Jackson explained that expectations are still too elevated. JPAM predicts a slowed economy next year due to aggressive Federal Reserve action. Companies will continue to feel the pinch of higher input costs, higher interest rates, and increased wages, all of which will impact corporate earnings. Mr. Jackson continued, indicating that the Federal Reserve appears to be willing to slow the economy in order to bring inflation back down to the Fed's 2% target. Mr. Jackson concluded his presentation by discussing investment opportunities, referencing improved equity valuations, continued challenges in the fixed income environment, as well as significant challenges in the international landscape. Finally, Mr. Jackson added that alternatives can continue to enhance portfolio diversification. Mr. Harris and Mr. Jackson then answered the Directors' questions.

## **UTIMCO Update**

Chairman Weaver asked Mr. Hall to present the UTIMCO update. Mr. Hall provided an update on the Corporation's assets under management and performance results as of June 30, 2022. He reported that the Corporation had approximately \$65 billion of assets under management, an increase of approximately \$17 billion over a three-year period. Mr. Hall then reviewed AUM by fund and provided an overview of the UTIMCO diversification framework, noting a move into an inflationary regime. Mr. Hall then provided a detailed review of returns and alpha. Mr. Hall next discussed the Q2 TUCS results and UTIMCO's performance relative to peers. Mr. Hall concluded his presentation with a discussion about the increased likelihood of a recession, and a review of UTIMCO's bear market model which, when flipped on, is a confirmatory signal indicating we have entered a bear market. Mr. Hall then answered questions from the Board.

## **Risk Management Presentation**

Chairman Weaver asked Uzi Yoeli to lead the presentation on Risk Management. Dr. Yoeli began by sharing the team's philosophy, key responsibilities, and key accomplishments over the past year. Dr. Yoeli also noted the addition of a new team member in the next two weeks. Dr. Yoeli discussed the PUF distribution policy, which the team stress-tested given the risk presented by increasing inflation. The PUF distribution policy set by the Board of Regents increases annually at CPI+2.65%, as long as the rate is between 3.5% - 6.0% of the NAV of the PUF, measured by the proceeding 20 quarters. All test cases allowed for an increase of CPI+2.65% for all ten years. Dr. Yoeli also noted that strong performance in recent years, and record inflows from University Lands, has generated a margin of safety. Dr. Yoeli continued his presentation, noting the economy's official entry into a bear market in June 2022. Dr. Yoeli presented bear market perspectives including historical and projected PUF drawdowns possible. He then discussed liquidity planning for both a rapid market decline, as well as a significant single-day decline, before turning the presentation over to Dr. Jones. Dr. Jones reviewed the progress and deployment of the MSCI Barra risk project, noting the project is over 90% complete. Dr. Jones noted that the system will create a common risk language across the firm, provide a best-in-class risk system for private markets, and will deliver a unified factor model. Dr. Yoeli and Dr. Jones then answered questions from the Board.

## **Fixed Income Presentation**

Chairman Weaver asked Russ Kampfe to provide an update on Fixed Income. Mr. Kampfe began by providing the Board an update on the Fixed Income objectives and strategies, as well as an update on liquidity, performance and priorities going forward. Currently the team is running three strategies – an actively managed Investment Grade Fixed Income strategy, an actively managed Long Treasuries strategy, and one passively managed TIPS strategy. Mr. Kampfe discussed market performance stating that the Fixed Income portfolio generated a marginal negative return for the 1-year period ended June 30, 2022 but is above the 3-year and 10-year targets. Mr. Kampfe also noted that the TIPS portfolio grew from \$797 million to \$1.3 billion for the 1-year period ended June 30, 2022, while closely following its benchmark. Mr. Kampfe then gave a brief overview of the Fixed Income team's upcoming priorities, including completing the Strategic Asset Allocation movements over the next 12 months, building and aligning the overlay Long Treasury portfolio, and continuing to run comparative analysis to ensure that external manager analytics and MSCI Barra analytics are aligned. Mr. Kampfe then provided a brief introduction to the Fixed Income team and their roles. Mr. Kampfe concluded with a review of market performance, market conditions, performance contributors and detractors, and answered the Directors' questions.

### **Information Services & Security Presentation**

Chairman Weaver invited Mike Sjolander and Gus Deering to provide an update on Information Services & Security. Mr. Sjolander began with introductions of the Information Services and Security team, including Gus Deering, who recently joined UTIMCO as the new Managing Director – Information Services & Security and Chief Technology Officer. Mr. Sjolander noted that his focus has been on talent retention and that the team has not been subject to the same industry-wide turnover rates, but has instead had a number of promotions. Mr. Sjolander continued, noting that UTIMCO's security posture is recognized by external assessors as among the top 25% of financial services companies that they evaluate. Mr. Sjolander went on to review the team's FY2022 accomplishments, including establishing a new data architecture and modernizing legacy applications. Mr. Sjolander then turned the presentation over to Mr. Deering to discuss FY2023 priorities, including continuing the modernization of legacy applications, initiating a data classification project, developing a data strategy for increasing information access for improved analysis and reporting, performing a disaster recovery test and business validation, presenting IT awareness and education initiatives, and completing a smooth CTO transition. Mr. Sjolander and Mr. Deering then answered questions from the Board.

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

Chairman Weaver 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 September 9, 2022. All Committee members attended the meeting. At the meeting, the Committee considered one action item: the minutes of the June 2, 2022 meeting, which were approved as drafted. Routine matters of the Committee included a report on compliance matters for the quarter ended May 31, 2022. The unaudited financial statements without footnotes for the Funds were presented for the nine months ended May 31, 2022. The unaudited financial statements with footnotes for the Corporation were presented for the ten months ended June 30, 2022, as well as the actual versus budget expenses. The Committee also met in Executive Session to receive a report from the UT System Audit Office on computer security assessments related to information resources and technology.

### **Report from Investment Risk Committee**

Chairman Weaver provided a report from the Investment Risk Committee. Chairman Weaver reported that the Investment Risk Committee met via teleconference on September 9, 2022. All members of the Committee attended the meeting. At the meeting, the Committee considered one action item: the minutes of its June 2, 2022 meeting and the June 2, 2022 joint meeting with the Policy Committee, which were approved as drafted. The Committee also received an overview of the UTIMCO Securities Lending Program by Michael McDermott, Head of Securities Lending Client Relationship Management at BNY Mellon. Routine business included a report on compliance matters for the quarter ended May 31, 2022. The Committee also received a market and portfolio risk update.



**Report from Cyber Risk Committee**

Chairman Weaver asked Director Rothrock to provide a report from the Cyber Risk Committee. Director Rothrock reported that the Cyber Risk Committee met via teleconference on September 9, 2022. All members of the Committee except for Director Longoria attended the meeting. At the meeting, the Committee considered one action item: the minutes of its June 2, 2022 meeting, which were approved as drafted. The Committee also met in Executive Session to receive a report from the UT System Audit Office on computer security assessments related to information resources and technology, as well as a report from Mike Sjolander and David Gahagan on the corporation's cyber risk program. Director Rothrock concluded by thanking Mike Sjolander for his excellent service to UTIMCO.

**Report from Compensation Committee**

Chairman Weaver asked Director Nixon to provide a report from the Compensation Committee. Director Nixon reported that the Compensation Committee met via teleconference on September 12, 2022. All members of the Committee attended the meeting. At the meeting, the Committee considered one action item: the minutes of its June 2, 2022 meeting, which were approved as drafted. The Committee also met in Executive Session to discuss individual personnel compensation matters.


**Report on 2022 Meeting Dates**


Chairman Weaver presented the 2023 UTIMCO Board Meetings schedule and Committee Meetings schedule.

Before concluding the meeting, Chairman Weaver and the Directors offered the UTIMCO team a standing ovation for being named Team of the Year at the Institutional Investor 2022 Allocators' Choice Awards.

**Adjourn**

There being no further business to come before the Board, the meeting was adjourned at approximately 11:27 a.m.

Secretary:   
Joan Moeller

Approved:  Date: 12/22/22  
James C. "Rad" Weaver,  
Chairman, Board of Directors of  
The University of Texas/Texas A&M Investment Management Company