

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

A joint meeting of the Policy and Investment Risk Committees (the "Committees") of The University of Texas/Texas A&M Investment Management Company ("UTIMCO" or the "Corporation") convened in Open Session on **June 11, 2024**, by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, 210 West 7th Street, Suite 1700, Austin, Texas, said meeting having been called by the Policy Committee Chair, Janet Handley ("Policy Chair"), and the Investment Risk Committee Chair, Janiece Longoria ("Investment Risk Chair"), 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:

Janet Handley, Chair, Policy Committee; Member, Investment Risk Committee
Janiece Longoria, Chair, Investment Risk Committee
Howard Berk, Policy Committee
James B. Milliken, Policy Committee
Ray Nixon, Policy Committee
Jodie L. Jiles, Investment Risk Committee
Ray Rothrock, Investment Risk Committee

thus constituting a majority and quorum of each of the Committees and Board. Chair Handley called the meeting to order at 10:02 a.m. Employees of the Corporation attending the meeting were Richard Hall, President, CEO and CIO; Joan Moeller, Secretary and Treasurer; Carolina de Onís, General Counsel and Chief Compliance Officer; Susan Chen, Senior Managing Director – Public Equity; and other employees. Other attendees were Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; and Keith Brown of the UT Austin McCombs School of Business. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Proposed Amendments to Investment Policy Statements and Other Investment Policies

Chair Handley asked Mr. Hall to present the *FY2025 Policies Review* and the proposed amendments to the Investment Policy Statements, the Liquidity Policy, the Derivative Investment Policy, and the Delegation of Authority Policy. Mr. Hall began with an overview of the governance and policy framework as well as the scope and purpose of Board Policy Review. Mr. Hall noted that it has been two years since the last comprehensive review of all Board Investment Policies, and that the majority of changes are clarifications, streamlining, and wordsmithing.

Mr. Hall then discussed the substantive changes to the Investment Policy Statements for the Permanent University Fund ("PUF"), General Endowment Fund ("GEF"), and Intermediate Term Fund ("ITF"). Mr. Hall began by addressing the changes to the PUF and GEF, including moving the Portable Alpha strategy into its own section entitled, "Cross-Asset Strategies" and clarifying that Portable Alpha strategies are limited to the Developed Public Equity, Emerging Markets Public Equity, and Long Treasuries asset classes. The next change clarified that Active Extension strategies involve the use of leverage and offsetting long and short exposures, and that these strategies are permitted in Developed Public Equity and Emerging Markets Public Equity asset classes, provided that these strategies target a combined market sensitivity, defined by beta to

the relevant benchmark, of approximately 1.0. The third proposal clearly specified the existing leverage limits by relocating them from Exhibit A to the main body of the Policy, and identified the methods and procedures for testing and monitoring leverage. Mr. Hall highlighted that there is no change to the existing limits of 110% for the Endowments and 105% for the ITF. In Exhibit A, Asset Allocation targets remain the same, China was removed from the IGFI Benchmark, and the Cambridge benchmarks are measured at median, pending further discussion with the Compensation Committee.

Mr. Hall then detailed changes to the Long Term Fund ("LTF") Investment Policy Statement, including lowering the quarterly redemption "soft limit" gate from 5% to 2.5%, noting that the Board of Regents may redeem in installments on a pro rata basis if quarterly redemption requests equal or exceed 2.5%. Other changes are non-substantive clarifiers and cleanups.

Mr. Hall continued his report with a detailed discussion of the current Liquidity Policy and the proposed changes. The first proposed change to the Liquidity Policy would be to allow Texas state entities or agencies as permissible repo counterparties for the PUF, GEF, and ITF. The second proposed change would allow for the temporary increase of the illiquidity limit from 75% to 80% when the S&P declines by 25% or more over a rolling one-year period. This change would revert to the normal 75% limit within 18 months or less. All other proposed changes to the Liquidity Policy are non-substantive clarifiers and cleanups.

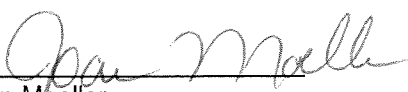
Mr. Hall then discussed the proposed changes to the Derivative Investment Policy. The first proposed change allows "net short" exposure to equity style factors, given that such Derivative Investments are generally used to manage factor exposure at the portfolio level. The second proposed change would allow long or short derivative investments that are intended to bring the portfolio beta closer to the portfolio target. All other proposed changes to the Derivative Investment Policy are non-substantive clarifiers and cleanups.

Finally, Mr. Hall presented the proposed changes to the Delegation of Authority Policy. The first proposed change would allow the use of Prime Brokers as a tool for liquidity, leverage and trade/strategy execution. These Prime Brokers, to be selected at a later date, would be subject to Board of Regents approval under the Investment Management Services Agreement. The next proposed change is to raise the non-investment contract approval and reporting levels from \$250,000 to \$500,000 and \$1 million to \$2 million respectively, consistent with the increased UTIMCO budget over time. All other proposed changes to the Delegation of Authority Policy are non-substantive clarifiers and cleanups. Mr. Hall then answered questions from the Committees. Upon motion duly made and seconded, the following resolution was unanimously approved 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, and 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.

Adjourn

There being no further business to come before the Committees, the meeting was adjourned at approximately 10:38 a.m.

Secretary: 
Joan Moeller

Approved: _____ Date: _____
Janet Handley, Chair
Policy Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Approved:  Date: 9-26-2024
Janiece Longoria, Chair
Investment Risk Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Secretary: Joan Moeller
Joan Moeller

Approved: Janet Handley Date: 3/13/25
Janet Handley, Chair
Policy Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Approved: _____ Date: _____
Janiece Longoria, Chair
Investment Risk Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company