

**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 **February 21, 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 Committee Chair, J. Kyle Bass, 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:

J. Kyle Bass, Chair
Robert Gauntt
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; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Rich Hall, Deputy Chief Investment Officer; Uzi Yoeli, Managing Director – Risk Management; and other employees. Other attendees were Jerry Turner of Orrick, Harrington & Sutcliffe LLP and Roger Starkey of The University of Texas System ("UT System") Administration. Committee Chair ("Chairman") Bass called the meeting to order at 9:31 a.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 held on November 16, 2017. 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 of the Board of Directors held on November 16, 2017, be, and are hereby, approved.

Categorization of Investment Mandates

Chairman Bass asked Mr. Harris to give a brief summary of the new mandate categorizations requiring approval by the Committee. Mr. Harris stated that of the ten (10) new investment mandate categorizations prepared and recommended by Team for the period beginning November 4, 2017 and ending February 13, 2018, all were very straightforward. Chairman Bass had some concerns about one of the proposed investments. Mr. Harris stated that the investment team had not invested in that venture and it should have been removed from the list of mandate categorizations requiring approval by the Committee. Subject to the removal of that mandate categorization from the listing of categorizations, upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the purpose of the Mandate Categorization Procedure, amended as of July 22, 2013, is to provide greater transparency into the process of classifying an investment mandate within the approved Asset Classes and Investment Types as defined in the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, and the Intermediate Term Fund; and

WHEREAS, the Procedure requires the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer to review and categorize each new mandate, and to review mandates prior to each Risk Committee meeting to determine whether there have been any change(s) in the investment characteristics of the mandate that warrant a recategorization and, if so, to recommend recategorization to the Risk Committee for their approval or recategorization; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from November 4, 2017, through February 13, 2018, and categorized each as required by the Procedure; and

WHEREAS, the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer have reviewed existing mandates and determined that there have been no changes in the investment characteristics of the mandates to warrant recategorization; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of nine new mandates and concurs in the classifications as proposed by the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer.

NOW, THEREFORE, BE IT

RESOLVED, that the categorizations of the Asset Class and Investment Type for each new Investment Mandate are hereby approved.

Compliance Reporting

Chairman Bass asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez began by mentioning the Risk Compliance Dashboard that highlights some of the detail contained in the Investment Policies Compliance Report. The risk dashboard presented was for the quarter ended November 30, 2017. Ms. Gonzalez noted that UTIMCO is in compliance with all of the Board of Regents' investment policies and guidelines, custodian compliance with security lending guidelines, and compliance with the Code of Ethics and Delegation of Authority. Ms. Gonzalez notified the Committee that Internal Fixed Income and Brandywine were above 3% of the total PUF portfolio, and there were four new derivative transaction in the quarter.

Ms. Gonzalez then presented to the Committee the Institutional Compliance Program Report for the quarter ended November 30, 2017, including a quarterly compliance update, the status of training, pre-clearance of trades, and compliance hotline activity. Finally, Ms. Gonzalez updated the Board on the status of the Institutional Compliance Action Plan for Fiscal Year 2018, noting that she will be working on the Enterprise Risk Management Framework over the next few months, annual Employee Ethics training will be scheduled

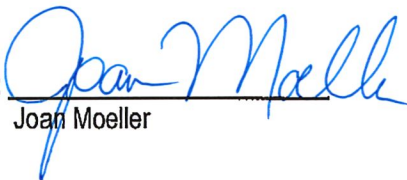
in April, and the Business Continuity Plan would be updated due to UTIMCO's move to the new building. Ms. Gonzalez answered the Committee Members' questions.

Market and Portfolio Risk Update

Chairman Bass asked Mr. Harris and Dr. Yoeli to provide a brief market and portfolio risk update. Dr. Yoeli discussed the current market, pointing out that there are currently only two of twenty indicators for a bear market, and he also discussed bubble signals, which point to the market being late cycle. Mr. Harris and Dr. Yoeli provided a risk overview and a discussion of downside volatility, fund illiquidity, and current tactical allocation. Dr. Yoeli reported that the PUF had a one year return of 14.15% as of December 2017 and a five year return of 7.96%, with private investments being the largest percentage of return followed by hedge funds. Mr. Harris noted that the current investment type classifications of More Correlated and Constrained (MCC) and Less Correlated and Constrained (LCC), will no longer be used after new investment policies are written and approved by the Board of Regents.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at approximately 10:15 a.m.

Secretary: 
Joan Moeller

Approved:  Date: 6/18/18
J. Kyle Bass, Chair
Risk Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company