

**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 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 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. 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; Rich Hall, Deputy Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Tim Jones, Director - Risk Management; and other employees. Other attendees were Jerry Turner and Jerry Kyle of Orrick, Harrington & Sutcliffe LLP; Allen Hah of The University of Texas System ("UT System") Administration; and Keith Brown of UT Austin, McCombs School of Business. Committee Chair ("Chairman") Bass called the meeting to order at 2:00 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 held on November 29, 2018. 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 29, 2018, be, and are hereby, approved.

Risk Committee Charter

Chairman Bass reviewed the recommended changes to the Charter of the Committee, including the removal of references to the Mandate Categorization Procedure, changes to the language to reflect updates to the Liquidity and Delegation of Authority Policies, and addition of economic and trade sanctions compliance as an oversight and monitoring responsibility of the Committee. He then asked Mr. Hall to discuss the changes related to the monitoring of manager mandates, in particular, the manager concentration limits as set forth in the Delegation of Authority Policy. After discussion, upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

RESOLVED, that the amendments to the Charter of the Risk Committee, as recommended be, and are hereby approved, in the form submitted to the Committee, subject to approval by the Corporation's Board of Directors.

Compliance Reporting

Chairman Bass asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez began by presenting the risk compliance dashboard for the quarter ended November 30, 2018. 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.


Ms. Gonzalez then presented the Institutional Compliance Program Report for the quarter ended November 30, 2018, including the status of training, pre-clearance of trades, and compliance hotline activity. She reviewed each of the high-risk areas monitored by the Team. Ms. Gonzalez updated the Board on the status of the Institutional Compliance Action Plan for Fiscal Year 2019. Finally, Ms. Gonzalez discussed the changes that were made to the OFAC Compliance Procedure since the last meeting and next steps by the Team. Ms. Gonzalez answered the Committee Members' questions.

Market and Portfolio Risk Update

Chairman Bass proceeded to the market and portfolio risk update. Mr. Harris introduced Dr. Tim Jones, the new Director working for the Risk Team and asked Dr. Jones to provide the update. Dr. Jones began by discussing the downside risk and risk utilization of the portfolio. He then discussed the bear market indicators, noting a recession is not likely. Dr. Jones followed with a detailed analysis of the economic regime, bubble monitors, risk attribution by relationship, performance on a 1-year and 5-year basis as of December 31, 2018, and market commentary. Dr. Jones 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 2:51 p.m.

Secretary: 
Joan Moeller

Approved: 
Acting Chair
Risk Committee of the Board of Directors of
The University of Texas/Texas A&M Investment Management Company

Date: 7/3/19