

**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 **December 5, 2019**, in person at the corporate headquarters located at 210 West 7th Street, Suite 1700 in Austin, said meeting having been called by the Chairman, Jeffery D. Hildebrand, with notice provided to each member in accordance with the 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:

Jeffery D. Hildebrand
Ray Rothrock
Robert Gauntt
Janet Handley
R. Steven Hicks
Janiece Longoria
Ray Nixon
Clifton L. Thomas, Jr.

thus constituting a majority and quorum of the Board. 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; Ken Standley, Chief of Staff; Michael Dean, Senior Director – Human Resources; and other team members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Kyle of Orrick, Herrington & Sutcliffe LLP; Allen Hah, Eric Polonski, and Karen Adler of The University of Texas System ("UT System"); David Rejino and David Verghese of The Texas A&M University System; Larry Fink, Joud Abdel Majeid, Phil Green, and Scott Hasley of BlackRock; Mary Erdoes, Patrik Jakobson, Doug Fleming, and Mike Smith of J.P. Morgan Asset Management; and Robert Cowley of Deloitte & Touche LLP. Chairman Hildebrand called the meeting to order at 9:08 a.m. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Minutes

The first item to come before the Board was approval of the Minutes of the Board of Directors Meeting held on September 26, 2019. 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 September 26, 2019, be, and are hereby, approved.

Corporate Resolutions

Chairman Hildebrand presented a recommendation for the establishment of a Cybersecurity Committee of the Board to provide oversight and monitor security of information services systems of the Corporation and related committee assignments. Chairman Hildebrand also recommended that Director Janet Handley be appointed to the Compensation Committee. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED, that the Directors of the Corporation hereby establish a Cybersecurity Committee of the Board to provide oversight and monitoring of the security of the Corporation's information services systems, with the powers and duties consistent with the Corporation's Bylaws and any Cybersecurity Committee charter adopted by the Board; and

FURTHER RESOLVED, that the following Directors of the Corporation are hereby designated as the Cybersecurity Committee of the Board of Directors:

Robert Gauntt
Janiece Longoria
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 Rothrock is hereby designated the Chair of the Cybersecurity Committee and shall preside at its meetings.

And,

BE IT RESOLVED, that Director Janet Handley is hereby designated as a member of the Compensation Committee of the Board of Directors, to serve until the expiration of her term, or until her successor has been chosen and qualified, or until her death, resignation, or removal.

Performance Report and Market Update

Chairman Hildebrand asked Mr. Harris to present the Corporation's performance report and market update. Mr. Harris discussed four benchmark performance timelines: the first nine months of 2019 and the twelve months, three years, and ten years ending September 30, 2019. Mr. Harris reported the Corporation had \$48.4 billion of assets under management, specifically: \$22.8 billion in the Permanent University Fund ("PUF"), \$12.2 billion in the Long Term Fund ("LTF") and \$1.2 billion in the Permanent Health Fund ("PHF"); \$9.1 billion in the Intermediate Term Fund ("ITF"), \$2.3 billion in the Short Term Fund ("STF"), \$0.5 billion in the Debt Proceeds Fund, and \$0.3 billion in Other funds. Mr. Harris noted that this is the longest expansion we have ever experienced, but also said it was the slowest. He spoke about market performance and the economic downturn faced ten years ago. Mr. Harris discussed UTIMCO performance versus peer groups, pointing out that the Real Estate portfolio ranked top among their peer group and the Public Equity portfolio

made substantial improvements to their portfolio since he joined UTIMCO. He then answered questions from the Board.

Hiring of Strategic Partners

Chairman Hildebrand asked Ken Standley to introduce the representatives from BlackRock and J.P. Morgan Asset Management. Mr. Standley gave a brief introduction of the teams and asked the CEOs from each company to discuss their companies. Mr. Larry Fink, Chairman and CEO of BlackRock, and Ms. Mary Erdoes, CEO, Asset & Wealth Management of J.P. Morgan Asset Management, presented the merits of a Strategic Partnership with their respective organizations. Mr. Standley then presented a summary of the proposed Public Strategic Partnerships with BlackRock and J.P. Morgan Asset Management.

Mr. Harris and the Team requested approval from the Board to proceed with the proposed Public Strategic Partnerships program. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED that the Board approves the creation of a Public Strategic Partnership Program with \$1 Billion allocated to BlackRock and \$1 Billion to J.P. Morgan Asset Management ("Public Strategic Partners") and directs staff to negotiate and enter into an Investment Advisory Agreement with the Public Strategic Partners (the "Agreement").

FURTHER RESOLVED, that the President, CEO and Chief Investment Officer, Deputy CIO, any Managing Director, and the Secretary of this Corporation be, and each of them hereby is, authorized and empowered (any one of them acting alone) to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered, all such documents, in the name and on behalf of the Corporation, as such officer of this Corporation may deem necessary, advisable or appropriate to effectuate or carry out the purposes and intent of the foregoing resolution and to perform the obligations of this Corporation under the Agreement.

Operations Presentation

Chairman Hildebrand invited Joan Moeller to describe the Operations Team and its responsibilities. Ms. Moeller introduced the five divisions of her team: Operations, Accounting and Reporting, Corporate Accounting, Security, Corporate Legal and Compliance, and Information Services. She described functions of each of the teams and discussed how important their work was to UTIMCO's success.

Human Resources Presentation

Chairman Hildebrand asked Mr. Harris to introduce Michael Dean. After introduction, Mr. Dean introduced the Human Resources Team and discussed the Corporation's strategy and talent management plans for the next year. He gave a personnel update. Finally, Mr. Dean introduced the leadership development program to be implemented in February.

Report from Policy Committee

Chairman Hildebrand asked Director Hicks to provide a report from the Policy Committee. Director Hicks reported that the Policy Committee met on November 21, 2019. Two members of the Risk Committee participated in the meetings. The first Committee meeting agenda included discussion and appropriate action related to proposed amendments to the Investment Policy Statements, Liquidity Policy, Derivative Investment Policy, and the Delegation of Authority Policy. The Committee also heard from Mr. Harris and Russ Kampfe, Managing Director – Fixed Income related to a change in an investment guideline that removes the prohibition against investing in negative yielding bonds under certain conditions. The Committee supported the change in the investment guideline but it did not require Committee approval. The Committee's second meeting agenda included approval of minutes of the June 20, 2019 meeting and the June 20, 2019 joint meeting of the Policy and Risk Committees. Director Hicks requested approval, on behalf of the Policy Committee, of a resolution related to the proposed amendments to the amendments to the Investment Policy Statements. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, and Intermediate Term Fund, and amendments to the Liquidity Policy and Derivative Investment Policy, as presented be, and are hereby approved, subject to approval by the Board of Regents of The University of Texas System; and

FURTHER RESOLVED, that amendments to the Delegation of Authority Policy as presented be, and are hereby approved.

Report from Audit and Ethics Committee

Chairman Hildebrand 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 November 21, 2019. At the meeting, the Committee considered four action items: the minutes of its September 19, 2019 meeting were approved as drafted; Deloitte & Touche LLP's Audit Results and Communications for the PUF, The University of Texas General Endowment Fund ("GEF"), PHF, LTF, ITF (collectively, the "Investment Funds") for the fiscal year ended August 31, 2019, were approved; and the audit reports for the Investment Funds and the Statement of Investment Performance Statistics for the fiscal year ended August 31, 2019 were approved. The Committee also convened in Executive Session for the purpose of deliberating individual personnel evaluation matters and individual compensation matters related to the Corporate Counsel and Chief Compliance Officer and made its recommendation to the Compensation Committee related to the Corporate Counsel and Chief Compliance Officer's Performance Award for the Performance Period ended June 30, 2019. The Committee also received an update on UTIMCO's compliance, reporting and audit matters, a report on new contracts, and the annual report of all contracts over \$250,000.

Director Handley asked Mr. Cowley of Deloitte & Touche LLP to provide a brief report to the Board on the audits of the Investment Funds. After Mr. Cowley's presentation, Director Handley requested approval, on behalf of the Audit and Ethics Committee, of a resolution related to the audits of the Investment Funds for

Fiscal Year 2019. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2019, be, and is hereby approved in the form as presented to the Board; and

FURTHER RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund each for the fiscal years ended August 31, 2019, and August 31, 2018, and the Statement of Investment Performance Statistics for the year ended August 31, 2019, be, and are hereby approved in the form as presented to the Board.

Report from Risk Committee

Chairman Hildebrand asked Director Gauntt to provide a report from the Risk Committee. Director Gauntt reported that the Risk Committee met via teleconference on November 21, 2019. The Committee approved the minutes of its September 19, 2019 meeting. The Committee also received a report on compliance matters for the quarter ended August 31, 2019; a market and portfolio risk update; and discussed the Office of Foreign Asset Control (OFAC) compliance procedure put in place in 2018. The Committee members agreed with the Team the formal procedure was no longer necessary because of the measures in place at the Corporation, its custodian, and the external managers.

Report from Compensation Committee

Chairman Hildebrand asked Director Rothrock to provide a report from the Compensation Committee. Director Rothrock stated that the Compensation Committee (the "Committee") met on November 21, 2019, November 25, 2019, and December 5, 2019. At its meetings on November 21, 2019 and November 25, 2019, the Committee approved the minutes of its June 19, 2019 and November 21, 2019, meetings, respectively, and met in executive session to discuss the Performance Awards for the CEO and other Compensation Program Participants (the "Plan") for the Performance Period ended June 30, 2019.

At its December 5th meeting, the Committee approved the minutes of its November 25, 2019 meeting, convened in executive session to discuss the Performance Awards for Plan Participants, including the CEO, for the Performance Period ended June 30, 2019, and approved these Performance Awards, subject to approval by the Board.

Director Rothrock recommended two resolutions for approval by the Board. The first resolution related to the Performance Award for the CEO for the Performance Period ended June 30, 2019, and the second resolution related to the Performance Awards for all other Plan Participants for the Performance Period ended June 30, 2019. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each Performance Period, the Board will approve the Performance Award of the CEO based upon a determination of the level of achievement of the CEO with respect to his or her Performance Standards for such Performance Period; and

WHEREAS, the Compensation Committee has reviewed and approved the CEO's Performance Award for the Performance Period ended June 30, 2019, and submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the Compensation Committee's recommendation of the CEO's Performance Award for the Performance Period ended June 30, 2019.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Award for the Performance Period ended June 30, 2019, in the amount of \$1,657,840 and be it

FURTHER RESOLVED, that of the CEO's \$1,657,840 Performance Award for the Performance Period ended June 30, 2019, 50% (\$828,920) will be deferred pursuant to the Plan.

And,

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each Performance Period, the Compensation Committee will approve, subject to further approval of the UTIMCO Board, the Performance Award of each Participant based upon a determination of the level of achievement of such Participant against his or her Performance Standards for such Performance Period; and

WHEREAS, in accordance with Section 5.5.(d) of the Plan, the Compensation Committee has determined the level of achievement by each Participant in the Plan during the Performance Period ended June 30, 2019, of his or her Performance Standards for such Performance Period; and

WHEREAS, Sections 5.5.(e) and 5.5.(f) of the Plan provide that, based on the percentage achieved of each Participant's Performance Standards for a Performance Period, a Performance Award will be calculated for such Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Section 5.5.(f) of the Plan provides that the Compensation Committee will review all calculations of Performance Awards, make any changes it deems appropriate, and submit its recommendation to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Awards for all Participants who have met or exceeded their performance benchmarks for the Performance Period ended June 30, 2019, made changes it deemed appropriate, approved such Performance Awards, and recommended that the Board approve the same.


NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2019, in the total aggregate amount of \$10,930,592 and be it

FURTHER RESOLVED, that of the Performance Awards for all Participants (excluding the CEO) for the Performance Period ended June 30, 2019, 27.8% (\$3,028,749) will be deferred pursuant to the Plan.

Adjourn

There being no further business to come before the Board, the meeting was adjourned at approximately 11:37 a.m.

Secretary: 
Joan Moeller

Approved:  Date: 03/27/2020
Jeffery D. Hildebrand
Chairman, Board of Directors of
The University of Texas/Texas A&M Investment Management Company