

**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 **November 21, 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 7<sup>th</sup> Street, Austin, Texas, said meeting having been called by the Committee Chair, Robert Gauntt ("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 Committee:

Robert Gauntt, Chair  
Janiece Longoria  
Ray Rothrock

Also participating in the meeting were Chairman of the Policy Committee R. Steven Hicks, and Directors Janet Handley and Ray Nixon thus constituting a majority and quorum of the Committees and 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; Uzi Yoeli, Managing Director – Risk Management; and other employees. Other attendees were Jerry Kyle of Orrick, Harrington & Sutcliffe LLP; Roger Starkey and Terry Hull of The University of Texas System ("UT System") Administration; and David Rejino of The Texas A&M University System. Chairman Gauntt called the meeting to order at 10:12 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 September 19, 2019. 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 September 19, 2019, be, and are hereby, approved.

**Compliance Reporting**

Chairman Gauntt asked Ms. Gonzalez to provide an update on compliance and reporting matters. Ms. Gonzalez began by presenting the compliance dashboard for the quarter ended August 31, 2019. 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. Next Ms. Gonzalez presented the investment compliance summary noting no areas out of compliance. Ms. Gonzalez also reported on the results of the Team's quarterly compliance with the OFAC Compliance Procedure.

Ms. Gonzalez then presented the Institutional Compliance Program Report for the year ended August 31, 2019, and compliance hotline activity. Finally, Ms. Gonzalez updated the Committee on the status of the Institutional Compliance Action Plan for Fiscal Year 2019 and discussed the Institutional Compliance Action Plan for Fiscal Year 2020. Ms. Gonzalez answered the Committee Members' questions.

**Market and Portfolio Risk Update**

Chairman Gauntt asked Dr. Yoeli to present the market and portfolio risk update. Dr. Yoeli began by discussing the bubble indicators and the bear market indicators, noting the probability of a recession had moved up to 35%. He discussed liquidity metrics, and the purpose of having those rules in place during a downturn in the market. Dr. Yoeli followed with a detailed analysis of the current economic regime, bubble monitors, fund level leverage and concentration limits, downside volatility attribution by relationship, and performance on a 1-year and 5-year basis as of September 30, 2019. Dr. Yoeli also presented the study performed by the Risk Team related to managing liquidity in the next bear market. Dr. Yoeli and Mr. Harris then answered questions from the Committee Members.

**Office of Foreign Asset Control (OFAC) Compliance Procedure Discussion**

Chairman Gauntt asked Mr. Hall to discuss the OFAC Compliance Procedure, which was adopted on October 10, 2018. Mr. Hall discussed the procedure and the measures in place to ensure compliance with U.S. economic and trade sanctions. Because of the measures in place at the Corporation, the Corporation's custodian, and the external managers, the Team believed the formal procedure was no longer necessary, with which the Committee members agreed.

**Adjourn**

There being no further business to come before the Committee, the meeting was adjourned at approximately 10:47 a.m.

Secretary:   
Joan Moeller

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

Date: 3.30.20