

**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 **September 16, 2021**, in person and by means of video and telephone conference enabling all persons participating in the meeting to hear each other, at the offices of the Corporation located at 210 West 7<sup>th</sup> Street, Suite 1700 in Austin, said meeting having been called by the Chairman, Jeffery D. Hildebrand ("Chairman"), 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  
Jodie L. Jiles  
Ray Nixon  
Clifton L. Thomas, Jr.  
James C. "Rad" Weaver

thus constituting a majority and quorum of the Board. Director Janiece Longoria was not in attendance. 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; Carolina de Onís, General Counsel and Chief Compliance Officer; Scott Slayton, Managing Director – Tactical Asset Allocation; Russ Kampfe, Managing Director – Fixed Income; Uzi Yoeli, Managing Director – Risk Management; Tim Jones, Senior Director – Risk Management; and other team members. Other attendees were James B. Milliken, Chancellor of The University of Texas ("UT System") System; Ben Morse of Orrick, Herrington, & Sutcliffe LLP; Bryan Murphy and Kirk Oldford of MSCI Barra; and Keith Brown of the McCombs School of Business at UT Austin. Chairman Hildebrand called the meeting to order at 9:03 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 June 29, 2021. 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 June 29, 2021, be, and are hereby, approved.

**Corporate Resolutions**

**Election of Corporate Officers**

Chairman Hildebrand recommended that Courtney Powers, Amanda Hopper, and Gary Hill be appointed as officers of the Corporation. Managing Directors are considered officers of the Corporation. Effective

September 1, 2021, Mr. Powers was appointed Managing Director – Hedge Funds, Ms. Hopper was appointed Managing Director – Public Markets, and Mr. Hill was appointed Managing Director – Operations, Accounting and Reporting. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Courtney Powers, Amanda Hopper, and Gary Hill are hereby appointed to the office of Managing Director of the Corporation to serve until the next Annual Meeting of the Corporation or until his or her resignation or removal.

Chairman Hildebrand also requested the name of the Risk Committee be changed to the Investment Risk Committee. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Directors of the Corporation hereby rename the Risk Committee to the Investment Risk Committee.

### **Proposed Amendment of the Public Real Estate Investments Benchmark of the Investment Policy Statements' Exhibits**

Chairman Hildebrand asked Mr. Hall to present the recommendation. Mr. Hall discussed that upon subsequent review of benchmarks approved by the UTIMCO Board during its June meeting, UTIMCO determined that the MSCI US REIT Index (RMZ) is a price only REIT benchmark which neglects to include the impact of dividends received from REIT investments. Historically, REIT dividends have been meaningful positive component of an investor's return associated with REIT holdings. As such, UTIMCO is recommending that the Board approve a correction to the real estate benchmark by changing it to the MSCI US REIT Gross Total Return Index (RMSG) which measures the total return comprised of price movements and dividends received. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendment of the Public Real Estate Investments Benchmark of the Exhibits of the Investment Policy Statement of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, and Intermediate Term Fund to the MSCI US REIT Gross Total Return Index (RMSG) is hereby approved, effective September 1, 2021, subject to approval by the Board of Regents of The University of Texas System.

### **Market Update**

Chairman Hildebrand asked Mr. Hall to present the Corporation's market update. Mr. Hall provided an update on the Corporation's assets under management and performance results as of June 30, 2021. He reported that the Corporation had approximately \$64 billion of assets under management and reviewed AUM by institution. He provided an overview of the UTIMCO diversification framework as well as a detailed review of returns and alpha. Mr. Hall next discussed historical and projected PUF drawdowns and liquidity planning for a market decline. He then reported on the market dashboard, economic and GDP forecast, and current economic regime as of August 31, 2021. Mr. Hall reviewed sector, market cap and style, and country return dispersion. He followed with a federal reserve update, noting what tapering could look like if initiated. He concluded his presentation with a discussion on inflation and answered questions from the Board.

### **Future Macro Trends Report**

Chairman Hildebrand asked Mr. Harris to present an overview of future macro trends. Mr. Harris began with a discussion of nine super factors for the future and provided an overview of passive and index concentration. He noted the growth of ETF assets with three issuers controlling almost 80 percent of the market and their influence on indexation and proxy vote. He then discussed energy transition and the Intergovernmental Panel on Climate Change (“IPCC”) Sixth Assessment Report. He reviewed the goals of the Paris agreement as well as transition options and impact. Mr. Harris discussed the Drawdown Report and proposed solutions to reach net zero emissions. He also reviewed how the \$100 trillion plus spending would affect the economy. He discussed super polluters and largest emitters by region as well as US, Europe, and Chinese emissions. Mr. Harris continued with a review on US/China relations noting that unfavorable views of China are at an all time high. He reviewed real estate dispersion before concluding his presentation with a discussion on the second machine age and the future of artificial intelligence.

### **Tactical Asset Allocation Presentation**

Chairman Hildebrand asked Mr. Slayton to provide an update on UTIMCO's Tactical Asset Allocation (“TAA”). Mr. Slayton began by stating that the new system has been implemented smoothly and methodically. He provided an update on HTAA Execution, touching on several objectives and their status. He then reviewed the differences in the pilot TAA program versus where the HTAA is now. Next, Mr. Slayton provided a 5-step example of how the HTAA portfolio is generated. He discussed HTAA positioning, noting that the current portfolio is long equities (0.5%) and broadly short global fixed income (-0.5%). He concluded with a review of the implementation timeline with an expected increase to 2/3 of market risk weight by quarter four. Mr. Slayton then took questions from the Board.

### **Fixed Income Presentation**

Chairman Hildebrand asked Mr. Kampfe to provide an update on Fixed Income to the Board. Mr. Kampfe shared the team's objectives, philosophy, experience, and performance and touched on their priorities going forward. He gave a brief overview of Fixed Income's new SAA projected roles in the endowments and followed with an introduction of the Fixed Income team and their roles. Next, he discussed market performance noting that the Fixed Income portfolio generated +2.9% alpha over the 1-year period ended June 30, 2021. Mr. Kampfe concluded with a review of market conditions and answered the Directors' questions.

### **Risk Management Presentation and Risk System Demonstration**

Chairman Hildebrand asked Uzi Yoeli to lead the presentation on Risk Management. Dr. Yoeli began by sharing the teams' philosophy, key responsibilities, and accomplishments over the past year. He then introduced the Risk Management Team and their roles in the Corporation. He continued with a discussion on the next bear market noting that the biggest indicator right now is inflation. He then discussed liquidity planning for a rapid market decline before turning the presentation over to Dr. Jones. Dr. Jones reviewed goals and progress of the MSCI Barra risk project and reviewed the diversity of challenges faced. He turned the presentation to Mr. Murphy and Mr. Oldford of MSCI Barra for a demo of the risk system. Following the demo, Dr. Yoeli and Dr. Jones answered questions from the Board.

### **Report from Audit and Ethics Committee**

Chairman Hildebrand asked Director Handley to provide a report on behalf of the Audit and Ethics Committee (the "Committee"). Director Handley reported that the Committee met via teleconference on September 8, 2021. All Committee members attended the meeting. At the meeting, the Committee considered two action items: the minutes of the June 17, 2021 meeting, which were approved as drafted; and discussion and action related to the approval of proposed amendments to the Charter of the Audit and Ethics Committee. Routine matters of the Committee included a report on compliance matters for the quarter ended May 31, 2021. The unaudited financial statements without footnotes for the Funds were presented for the nine months ended May 31, 2021. The Committee also met in Executive Session to consult with legal counsel and deliberate individual personnel matters. The Committee approved the amendments to the Charter. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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

### **Report from Risk Committee (renamed the Investment Risk Committee)**

Chairman Hildebrand asked Director Weaver to provide a report from the Risk Committee. Director Weaver reported that the Risk Committee met via teleconference on September 8, 2021. All members of the Committee except for Director Longoria attended the meeting. At the meeting, the Committee considered the following action items: the minutes of its June 17, 2021 meeting and the June 17, 2021 joint meeting with the Policy Committee were approved as drafted; and discussion and action related to the approval of the proposed amendments to the Charter of the Risk Committee. Routine business included a report on compliance matters for the quarter ended May 31, 2021. The Committee also received a market and portfolio risk update and a report on the implementation progress of new risk system. The Committee approved the amendments to the Charter, including a name change to the Investment Risk Committee, pending Board approval. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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

### **Report from Cyber Risk Committee**

Chairman Hildebrand asked Director Rothrock to provide a report from the Cyber Risk Committee. Director Rothrock reported that the Cyber Risk Committee met via teleconference on September 8, 2021. All members of the Committee except for Director Longoria attended the meeting. The Cyber Risk Committee approved the minutes of its June 17, 2021 meeting and met in Executive Session to receive a report on the Corporation's information resources technology and information security program.

**Report on 2022 Meeting Dates**

Chairman Hildebrand presented the 2022 UTIMCO Board Meetings schedule and Committee Meetings schedule.

**Executive Session**

Prior to going into executive session, Chairman Hildebrand announced that, "The Board of Directors of The University of Texas/Texas A&M Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session to deliberate individual personnel matters pursuant to *Texas Government Code* Section 551.074. The date is September 16, 2021, and the time is now 11:45 a.m." With the exception of Mr. Harris and Mr. Morse, all other meeting participants left the meeting at this time.

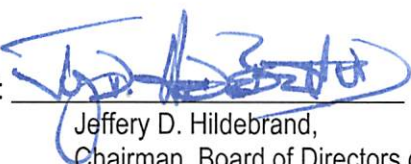
**Reconvene in Open Session**

The Board reconvened in open session and Chairman Hildebrand announced that, "The Open Session of the Board of Directors of The University of Texas/Texas A&M Investment Management Company is now reconvened. The date is September 16, 2021, and the time is now 12:20 p.m. During the Executive Session, the Board deliberated individual personnel matters, but no action was taken, nor decisions made, and no vote was called for or had by the Board in Executive Session."

**Adjourn**

There being no further business to come before the Board, the meeting was adjourned at approximately 12:21 p.m.

Secretary:   
Joan Moeller

Approved:  Date: 1/19/22  
Jeffery D. Hildebrand,  
Chairman, Board of Directors of  
The University of Texas/Texas A&M Investment Management Company