

**MINUTES OF THE MEETING OF THE
BOARD OF DIRECTORS OF THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") convened in an open meeting at 8:10 a.m. on the **14th day of July 2010**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Paul Foster, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Board:

Paul Foster, Chairman
J. Philip Ferguson, Vice Chairman
Francisco G. Cigarroa, M.D, Vice Chairman for Policy
Printice Gary
Janiece Longoria
Ardon E. Moore
Erle Nye

Accordingly, a majority and quorum of the Board was in attendance. Director Clint Carlson did not attend the meeting. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Lindel Eakman, Managing Director - Private Markets; Mark Warner, Senior Director - Natural Resources Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; Bill Edwards, Managing Director - Information Technology; and other Staff members. Other attendees were Kyle Kalkwarf, UT System Student Regent; Keith Brown of the McCombs School of Business at UT Austin; Bob Jewell of Andrews Kurth LLP; Philip Aldridge, Charlie Chaffin, Jim Phillips, William Huang, Moshmee Kalamkar, Miles Ragland, Matt Flores and Roger Starkey of the UT System Administration; Greg Anderson of Texas A&M University System; Nanci Hibschan of Mercer; and Bruce Myers of Cambridge Associates. Director Erle Nye and Ms. Hibschan attended the meeting by means of conference telephone. Director Charles W. Tate joined the meeting later in the meeting as noted in the minutes. Mr. Foster called the meeting to order at 8:10 a.m.

Minutes

The first item to come before the Board was the approval of the minutes of the meeting of the Board of Directors held on April 15, 2010. 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 **April 15, 2010**, be, and are hereby, approved.

Committee Assignments

Mr. Foster recommended approval of Corporate committee assignments to the Audit and Ethics Committee, subject to further approval by the U. T. System Board of Regents in accordance to Section 66.08 of the *Texas Government Code*. Mr. Foster deferred action on Corporate committee assignments for the Compensation, Policy, and Risk Committees. Upon motion duly made and seconded, the following resolution was unanimously adopted:

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Audit and Ethics Committee of the Board of Directors:

Janiece Longoria
Erle Nye
Charles Tate

subject to approval by the Board of Regents of The University of Texas System at its meeting to be held on July 15, 2010, 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 Janiece Longoria is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings.

Investment Strategy Review

Mr. Foster asked Mr. Zimmerman to review the investment strategy for 2011. The objective of the investment strategy review was to assess the portfolio's current position in relation to the recent/expected market conditions and recommend changes to the targets and ranges for FY 2011. Mr. Zimmerman stated that there had been a very good discussion of investment strategy during the Policy Committee meeting held on July 8, 2010, which the Risk Committee joined as guests, and he would be presenting the Investment Strategy Review 2011 in detail at the Joint Meeting of the UT System Board of Regents and UTIMCO Board of Directors later in the day, so he suggested moving on to the next item on the agenda. Mr. Foster concurred.

Investment Policy Statements

Mr. Foster asked Mr. Zimmerman to review the proposed changes to the Investment Policy Statements. The Investment Management Services Agreement between the U.T. Board and UTIMCO (IMSA) requires that UTIMCO review the current Investment Policies for each Fund at least annually. Mr. Zimmerman discussed the recommended amendments proposed by Staff as a result of the annual investment strategy review, and provided a handout that summarized changes to the various investment policies that were proposed and recommended by the Policy Committee. The review included distribution (spending) guidelines, long-term investment return expectations and expected risk levels, Asset Class and Investment Type allocation targets and ranges for each eligible Asset Class and Investment Type, expected returns for each Asset Class, Investment Type, and Fund, and designated performance benchmarks for each Asset Class and/or Investment Type. The Investment Policy Statements for the Permanent University Fund ("PUF"), the General Endowment Fund ("GEF"), the Intermediate Term Fund ("ITF"), the Permanent Health

Fund ("PHF"), the Long Term Fund ("LTF"), the Short Term Fund ("STF"), and the Separately Investment Funds ("SIF") are being amended effective September 1, 2010. Exhibit A of the Investment Policy Statements of the PUF, GEF and ITF and Exhibit B of the Investment Policy Statements for the PHF and LTF have been amended to set forth the revised Policy Portfolio Asset Class and Investment Type targets and ranges for FY 2011. Mr. Tate joined the meeting during the discussion. Mr. Zimmerman answered the Directors' questions.

Policy Committee

Mr. Foster asked Ms. Longoria to report on behalf of the Policy Committee. Ms. Longoria reported that the Committee met on July 8, 2010, with all members of the Committee present. The Risk Committee members, Mr. Tate, Mr. Carlson, and Mr. Ferguson had been invited to attend the meeting. Mr. Nye also joined the meeting. The Policy Committee approved the minutes from the April 8, 2010 meeting, discussed and approved amendments to the Code of Ethics and Investment Policy Statements, and discussed the Committee's Self-Assessment. Since Mr. Zimmerman had already provided recommendations to the Investment Policy Statements, she continued by reporting on the changes to the Code of Ethics. Ms. Longoria explained that the most significant change to the Code was the deletion of provisions permitting Directors and UTIMCO to hold private investments in the same business entity so long as the Director's private investment did not constitute a pecuniary interest as defined in the Code. This proposed amendment reversed a change made approximately two years ago. She noted that the change made two years ago never produced any real benefit to the Corporation; it was not one that was ever exercised, so to alleviate any concerns, the decision was made to recommend reversing the amendment. Under the proposed draft, only certain private investments acquired before the Director takes his/her position on the UTIMCO Board would be permitted. Staff also proposed changes that included reorganization, clarification, and standardization of existing provisions. Ms. Longoria stated that the draft changes to the Code were based on the joint efforts of UTIMCO Staff and Andrews Kurth LLP, with some of the changes made based on recommendations by the State Auditor during their last audit. Mr. Zimmerman answered the Board Members' questions. On behalf of the Committee, Ms. Longoria recommended approval of the amendments to the Code of Ethics. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the charter of the Audit and Ethics Committee requires it to periodically review the Code of Ethics policy of the Corporation and recommend any proposed changes to the Policy Committee for concurrence and submission to the Board for approval; and

WHEREAS, the Audit and Ethics Committee has reviewed the Code of Ethics policy and recommended its changes to the Policy Committee for concurrence and submission to the Board for approval; and

WHEREAS, the Policy Committee has reviewed the changes recommended by the Audit and Ethics Committee and recommends same to the Board for its approval; and

WHEREAS, the Board wishes to document its approval of the amendments to the Code of Ethics policy in the form previously provided to the Board, subject to the approval by the Board of Regents of The University of Texas System.

NOW, THEREFORE, be it:

RESOLVED, that the amendments to the Code of Ethics of the Corporation as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

On behalf of the Committee, Ms. Longoria also recommended Board approval of the amendments to the Investment Policy Statements. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, Short Term Fund, and Separately Invested Funds, and amendments to the Derivative Investment Policy, Delegation of Authority Policy, and Mandate Categorization Procedure, as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Compensation Committee Report

Mr. Foster asked Mr. Ferguson to provide the report for the Compensation Committee. Mr. Ferguson reported that the Committee met on June 30, 2010, to discuss revisions to certain Appendices of the UTIMCO Compensation Program (the "Plan"), base salaries for UTIMCO Officers and other Plan participants, and the CEO's Qualitative Performance Goals. All members participated in the meeting, but no action was taken.

Executive Session

Mr. Foster announced at 9:08 a.m., that, "The Board of Directors of The University of Texas 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. This Executive Session meeting of the Board is authorized by *Texas Government Code* Section 551.074 (*Personnel Matters*). The date is July 14, 2010, and the time is now 9:08 a.m." With the exception of Mr. Zimmerman, Ms. Gonzalez, Mr. Jewell, Ms. Hibschan and Mr. Myers, all other meeting participants left the meeting at this time.

Open Session

The Board reconvened in open session and Mr. Foster announced that on July 14, 2010, at 10:29 a.m., "The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is July 14, 2010, and the time is now 10:29 a.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."

Risk Committee Report

Mr. Tate followed with a report from the Risk Committee. Mr. Tate reported that the Committee met on July 8, 2010. All members of the Committee were present. The Committee reviewed performance and risk reporting, reviewed and approved new investment mandate categorizations, reviewed the institutional compliance report and discussed the Committee's Self-Assessment. Mr. Tate reported that the Committee approved the categorization of eleven new investment mandates prepared by Staff beginning April 1, 2010, and ending June 30, 2010. Three mandates included in the "Mandate Categorization Watch-List" would continue to be monitored by Staff for possible recategorization. There was a report from Ms. Gonzalez on non-compliance items from the Compliance Report for the Quarter Ended May 31, 2010. Mr. Tate provided a summary of the results from the Committee's Self-Assessment. This was the first time the Risk Committee had performed a self-assessment. Committee Members were generally satisfied with the performance of the Committee, but it was noted that the Committee Members would like to have a periodic review of the Committee Charter, and they would like more information regarding duties and responsibilities in the areas of risk modeling data, use of swaps, derivatives and investments that move into the trigger zone. Mr. Tate said that he would work with Staff to determine the best way to provide the requested information to the Committee Members. Mr. Zimmerman and Ms. Gonzalez answered the Board Members' questions.

Audit and Ethics Committee Report

Mr. Foster provided the report on behalf of the Audit and Ethics Committee. He reported that the Committee met on July 8, 2010. The Committee approved the engagement of Deloitte & Touche LLP as the Corporation's independent auditor for the fiscal year ending August 31, 2010, subject to further approval by the Board. The Committee reviewed the amendments to the Code of Ethics that were approved earlier in the meeting. The Committee reviewed their Self-Assessment responses, which overall were extremely positive and expressed satisfaction with the performance of the Committee, with one request to allow more time to review the meeting materials. The Committee heard a presentation of the unaudited financial statements for the Investments Funds and the Corporation for the nine months ended May 31, 2010, received a report from the UT System Audit Office, and received a report on other ethics and compliance activities from Staff. Mr. Foster recommended Board approval of the engagement of Deloitte & Touche LLP. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2010.

Endowment and Operating Funds Update

Mr. Foster asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman handed out a preliminary report of the Corporation's Performance Summary as of June 30, 2010. He reported the Corporation had \$22.3 billion of assets under management at the end of June 30, 2010. Of the \$22.3 billion, \$10.4 billion was in the PUF, \$5.9 billion in the GEF, \$1.9 billion in the STF and \$4.0 billion in the ITF. Mr. Zimmerman presented actual versus benchmark results, tactical asset allocation, and value-add analysis. The net performance for the one-month period ended June 30, 2010, for the PUF was -0.54% and for the GEF was -0.51%, versus benchmark returns of -0.76% for each fund. The net performance for the one year ended June 30, 2010, for the PUF was 16.86% and for the GEF was

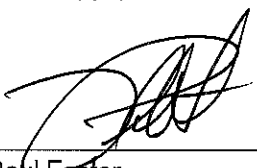
16.85%, versus benchmark returns of 10.68% for each fund. The ITF's performance was -0.14% versus its benchmark return of -0.46% for the one-month period, and 14.14% versus its benchmark return of 9.73% for the one year ended June 30, 2010. Performance for the STF was 0.02% versus 0.01% for its benchmark return for the one-month period, and was 0.23% versus a benchmark return of 0.16% for the one year ended June 30, 2010. Mr. Zimmerman reviewed the Funds' Asset Class and Investment Type targets, ranges and performance objectives. He reviewed the Less Correlated and Constrained portfolio categorizations vs. "look thru" exposures. Mr. Zimmerman also presented risk analytics, a report on derivatives and counterparties, manager exposure, investment activity as of June 30, 2010, and gave an update on liquidity, contracts and the Intermediate Term Fund. Mr. Zimmerman answered the Directors' questions.

At 10:52 a.m. the open meeting of the Board recessed into a Briefing Session pursuant to *Texas Education Code* Section 66.08(h)(2) related to Investments.

The open meeting of the Board reconvened in open session at 11:16 a.m.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 11:17 a.m.

Secretary: 
Joan Moeller

Approved: 
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment
Management Company

Date: 11-9-2010