

**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 10:53 a.m. on **August 6, 2010**, by means of conference telephone enabling all persons participating in the meeting to hear each other, 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
Clint Carlson
Printice Gary
Janiece M. Longoria
Ardon E. Moore
Erle Nye

Accordingly, a majority and quorum of the Board was in attendance. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; and Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Bob Jewell of Andrews Kurth LLP; Philip Aldridge, William Huang, Anthony DeBruyn and Roger Starkey of the UT System Administration. Director Charles W. Tate joined the meeting later in the meeting as noted in the minutes. Mr. Foster called the meeting to order at 10:53 a.m.

Committee Assignments

Mr. Foster recommended approval of the following Corporate committee assignments. 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 Compensation Committee of the Board of Directors:

J. Philip Ferguson
Janiece Longoria
Ardon Moore

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 J. Philip Ferguson is hereby designated the Chair of the Compensation Committee and shall preside at its meetings.

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

Charles Tate
J. Philip Ferguson
Ardon Moore

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 Charles Tate is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

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

Printice Gary
Erle Nye

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 Printice Gary is hereby designated the Chair of the Policy Committee and shall preside at its meetings.

Compensation Committee Report

Mr. Foster asked Mr. Ferguson to provide a report from the Compensation Committee. Mr. Ferguson reported that the Committee had met earlier that morning and considered several items of business at their meeting. The Committee recommended for approval by the Board proposed amendments to Appendices C, D and E of the UTIMCO Compensation Program (the "Plan"). Mr. Ferguson asked Mr. Zimmerman to provide more detail. Mr. Zimmerman explained that Appendix C, Table 1, set forth the Eligible Positions, Weightings, Incentive Award Opportunities, and Percentage of Award Deferred for each Eligible Position and included the addition of three new Eligible Positions he was recommending because of promotions. Staff did not propose any changes to the weightings, incentive award opportunities, or percentage of award deferred. Appendix D, Table 2, sets forth two of the Performance Goals categories referenced in Section 5.4.(b) of the Plan for the Plan Participants: the Entity Performance and the Asset Class/Investment Type Performance Goals, including the benchmarks for Asset Class/Investment Type and the Threshold, Target, and Maximum Performance Standards for the Total Endowment Funds, Intermediate Term Fund, and the Asset Class/Investment Types. Staff recommended changes to the Policy Portfolio Weights for the Total Endowment Funds in Table 2. The updated Policy Portfolio Weights were consistent with Staff's proposed target adjustments in Exhibits A of the Permanent University Fund and General Endowment Fund Investment Policy Statements. The UTIMCO Board approved the recommended targets at its meeting held on July 14, 2010. The recommended new targets were expected to be adopted by the UT System Board

of Regents at its August 11-12, 2010 meeting. Mr. Zimmerman continued by explaining that Appendix E, Table 3, sets forth the Eligible Positions of Affected Participants. Table 3 is required to be revised each Performance Period to identify the Eligible Positions whose Performance Incentive Awards are subject to automatic adjustment as to timing and amount pursuant to Section 5.11. of the Plan. Mr. Tate joined the meeting during the Compensation Committee report. Mr. Zimmerman answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

WHEREAS, Section 7.2. of the UTIMCO Compensation Program (the "Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, Section 5.3.(a) of the Plan requires Table 1 to be revised each Performance Period to set forth the Eligible Positions, the weightings for the Eligible Positions, the Incentive Award Opportunities, and any Applicable Deferral Percentage for each Eligible Position, for that Performance Period as soon as administratively practicable after confirmation of such by the Board for such Performance Period and to be attached as Appendix C to the Plan; and

WHEREAS, Section 5.8.(b)(1) of the Plan requires Table 2 to be revised, as necessary, for subsequent Performance Periods to reflect new benchmarks, as well as threshold, target, and maximum performance standards, in effect during the three-year rolling historical period, culminating with the subsequent Performance Period and to be attached as Appendix D to the Plan; and

WHEREAS, Section 5.11.(3) of the Plan requires Table 3 to be revised each Performance Period to identify the Eligible Positions whose Performance Incentive Awards are subject to automatic adjustment as to timing and amount pursuant to the Plan provisions pertaining to extraordinary circumstances and to be attached as Appendix E to the Plan; and

WHEREAS, the Compensation Committee of the Board (the "Committee") has reviewed the revised Tables, approves such amendments, and has determined to recommend them to the Board; and

WHEREAS, the Board has reviewed and concurs in the amendments to the revised Tables 1, 2, and 3, as recommended by the Committee.

NOW, THEREFORE, be it:

RESOLVED, the updated and amended Tables 1, 2, and 3, copies of which are attached hereto, are hereby adopted and approved to replace the current Appendix C, D, and E, respectively, effective as of July 1, 2010.

The next resolution was to approve the Base Salary of the Corporation's CEO. Mr. Ferguson noted that at their meeting the Committee had approved base salaries for the Corporation's Officers (with the exception of the CEO) and other UTIMCO Compensation Program Participants for the Fiscal Year 2010-2011 that totaled \$4,488,500. He reported, on behalf of the Compensation Committee, a recommended approval of

the Base Salary of the Corporation's CEO for the Fiscal Year 2010-2011 in the amount of \$585,000*. Mr. Ferguson pointed out that the two figures combined equal the salary budget of FY 2010, noting the total salary budget will be flat for the coming year. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Board of Directors of UTIMCO hereby approves the Base Salary of the Corporation's CEO for the Fiscal Year 2010-2011 in the amount of \$585,000.¹

Mr. Ferguson also proposed approval, on behalf of the Compensation Committee, of the Qualitative Performance Goals for the CEO and Chief Investment Officer by the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, Section 5.4.(a) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") will approve the Performance Goals for each Participant (other than for the CEO) each Performance Period; and

WHEREAS, Section 5.4.(c) of the Plan provides that the Board will determine the Performance Goals of the CEO for each Performance Period; and

WHEREAS, the Board has reviewed the CEO's Qualitative Performance Goals for the Performance Period ended June 30, 2011, as prepared by the CEO, and recommended by the Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Goals for the CEO for the Performance Period ended June 30, 2011, effective as of July 1, 2010, as set forth in the document presented to the Board.

Budget Review

Mr. Foster asked Mr. Zimmerman to present the 2010-2011 Budget Review. Mr. Zimmerman reviewed the budget request for salaries, which included one open position and as Mr. Ferguson stated earlier, the recommended amount will remain flat from last years' budget. He reported, for fiscal year 2010-2011, a proposed total annual budget of \$66,294,127. Included in the total annual budget was a proposed Management Fee Request of \$16,631,305. Additionally, Staff proposed other direct fund costs of \$5,504,702 and a capital budget of \$215,000. The Management Fee Request is the amount paid by the Funds directly to UTIMCO for corporate operations and the Allocation Schedule reports the fees charged to each of the Funds. Following the discussion, Mr. Foster recommended the Corporation's 2010-2011

¹ Subsequent to the August 6, 2010 meeting, Mr. Zimmerman notified the Chairman and the Directors of his decision to decline his recommended and approved salary increase for FY 2010.

Annual Budget, Capital Budget, Management Fee Request, and Allocation Schedule be approved as presented. Upon motion duly made and seconded, the following resolution was approved unanimously:

RESOLVED, that the UTIMCO Management Fee of \$16,631,305, Other Direct Fund Costs of \$5,504,702, and Anticipated Invoiced External Manager Fees of \$44,158,120, resulting in Total Fees, excluding UT System Direct Expenses to the Funds, of \$66,294,127; Capital Budget of \$215,000; and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2010 through August 31, 2011, be, and is hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

There being no further business to come before the Board of Directors, the meeting was adjourned at approximately 11:20 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Paul Foster Date: 4-14-2011
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment
Management Company