

**MINUTES OF
MEETING OF THE RISK COMMITTEE OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Risk Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **July 8, 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 Committee Chair, Charles Tate, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Charles W. Tate, Chair
Clint D. Carlson
J. Philip Ferguson
Paul Foster

thus constituting a majority and quorum of the Committee. 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; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Uzi Yoeli, Senior Director – Portfolio Risk Management; and various staff members. Also attending were Keith Brown of the McCombs School of Business at UT Austin; Philip Aldridge, Charlie Chaffin, William Huang, Moshmee Kalamkar, Jim Phillips and Roger Starkey of UT System Administration; and Jerry Turner of Andrews Kurth LLP. Chairman Tate called the meeting to order at 11:30 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 approval of the minutes of the meeting of the Risk Committee held on April 8, 2010. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the meeting of the Risk Committee held on **April 8, 2010** be, and are hereby, approved.

Categorization of New Mandates

Mr. Tate began discussion of the Categorization of New Investment Mandates. He stated that there were eleven new investment mandates being submitted for the Committee's review and approval. There were also three mandates included in the "Mandate Categorization Watch-List" that will continue to be monitored by Staff for possible recategorization. He asked Mr. Zimmerman for further comments. Mr. Zimmerman presented details of the Staff recommendations for new mandate categorizations prepared by Staff for the period beginning April 1, 2010, and ending June 30, 2010. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board adopted a Mandate Categorization Procedure on January 30, 2008, with an effective date of March 1, 2008, to provide greater transparency into the process of classifying an investment mandate within the approved Asset Classes and Investment Types as defined in the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, and the Intermediate Term Fund; and

WHEREAS, the Procedure requires the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer to review and categorize each new mandate, to recommend re-categorization of any existing mandate if after the initial or annual categorization they become aware of a change(s) in the investment characteristics of the mandate that warrants a re-categorization, and to annually review all existing mandates; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from April 1, 2010, through June 30, 2010, and categorized each as required by the Procedure; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations and concurs in the classifications as proposed by the Corporation's staff.

NOW, THEREFORE, BE IT

RESOLVED, that the Categorizations of the Asset Class and Investment Type for each Investment Mandate are hereby approved.

Compliance Summary Program

Mr. Tate asked Ms. Gonzalez to discuss the Compliance Report for the Quarter Ended May 31, 2010. Ms. Gonzalez presented the Investment Policies Compliance Report for the Quarter Ended May 31, 2010 monitoring compliance processes related to the Derivative Investment Policy, risk targets, asset allocation targets and ranges and investment related restrictions in the Investment Policy Statements. Ms. Gonzalez reported to the Committee that there were two compliance issues on the Derivative Investment Policy. Two external managers entered into OTC fx forwards that were not covered by ISDA agreements. These were reported as the Policy requires. One manager was corrected in May with the exception of two open trades that were expiring on June 21 and July 31 so they were allowed to roll off. The other manager rolled their trades, but did not roll them under an ISDA agreement or for shorter than 30 days, so it will remain out of compliance until September. Mr. Zimmerman said Staff will be working diligently to improve organizational procedures to make it very clear who of the Staff is responsible for assuring compliance by managers with the Policy. Ms. Gonzalez reported that a lending agent accepted a UK government bond as collateral for UK security out on loan. Foreign government bonds are not considered permitted collateral. This situation was corrected in March and April by calling the UK security on loan, and thereby returning the non-permitted collateral. Ms. Gonzalez provided an overview of the updated Institutional Compliance Action Plan for FY 2010 and discussed significant changes to the Institutional Compliance Program Quarterly Report for the Fiscal Quarter ended May 31, 2010. She reported that the only activity on the Corporation's Compliance Hotline were hang-ups for the quarter ended May 31, 2010. Ms.

Gonzalez stated that the Institutional Compliance Peer Review will be held on August 30-31 with participation by the Chief Compliance Officers from Harvard Management Company and Commonfund, Compliance Officers from Notre Dame and Duke Management Company, and Staff and Charlie Chaffin of UT System. Mr. Zimmerman, Ms. Gonzalez and Mr. Yoeli answered the Committee Members' questions.

Committee's Self-Assessment

Mr. Tate asked Ms. Gonzalez to provide the results from the Committee's Self-Assessment. Based on the recommendation from the Board, each Committee evaluated their own performance. This was the first time the Risk Committee had performed a self-assessment. Ms. Gonzalez summarized the responses she had received. 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. Zimmerman said that the Charter will be reviewed on a regular basis, and Staff will look at the best way to provide the requested information to the Committee Members.

Funds Update

Mr. Tate asked Mr. Zimmerman to give the Funds Update. He began by presenting a detailed report of the Corporation's Performance Summary as of May 31, 2010. Mr. Zimmerman presented highlights on actual versus benchmark results, tactical asset allocation, and value-add analysis. 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 May 31, 2010, and gave an update on liquidity, contracts and the Intermediate Term Fund. Mr. Zimmerman and Ms. Iberg answered the Directors' questions.

With there being no further business to come before the Risk Committee, the meeting was adjourned at approximately 12:12 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Charles W. Tate
Charles W. Tate, Chair
Risk Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 11/9/10