

**MINUTES OF THE ANNUAL 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 on **April 14, 2011**, 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
Kyle Bass
Printice L. Gary
R. Steven Hicks
Charles W. Tate
James P. Wilson

Accordingly, a majority and quorum of the Board was in attendance. Director Ardon E. Moore 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 Investments; Mark Warner, Managing Director - Natural Resources Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; David Gahagan, Acting Head of Information Technology; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner and Bob Jewell of Andrews Kurth LLP; Jim Phillips, Philip Aldridge, Charlie Chaffin, Barry McBee, Roger Starkey, Anthony De Bruyn, and Moshmee Kalamkar of The University of Texas System (UT System) Administration; and Greg Anderson of The Texas A&M University System. Dr. Francisco G. Cigarroa joined the meeting later as noted in the minutes. Mr. Foster called the meeting to order at 9:06 a.m.

Mr. Foster welcomed two new Board members, James P. Wilson, from Houston, who is also a member of The Texas A&M University System Board of Regents, and R. Steven Hicks, from Austin, who is also a member of the UT System Board of Regents.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Strategy Offsite Meeting held on February 2-3, 2011, and the Board of Directors Meeting held on February 3, 2011. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the Board of Directors Strategy Offsite Meeting held on **February 2-3, 2011**, and the Meeting held on **February 3, 2011**, be, and are hereby, approved.

Corporate Resolutions

Mr. Foster asked Mr. Zimmerman to explain the recommendations for Corporate Officers for the ensuing year. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the following persons are hereby appointed to the respective office or offices of the Corporation set forth opposite their names, to serve until the next Annual Meeting of the Corporation or until their resignation or removal.

<u>Name</u>	<u>Office or Offices</u>
Paul Foster	Chairman
J. Philip Ferguson	Vice-Chairman
Francisco G. Cigarroa	Vice-Chairman for Policy
Bruce Zimmerman	Chief Executive Officer and Chief Investment Officer
Cathy Iberg	President and Deputy Chief Investment Officer
Joan Moeller	Senior Managing Director, Treasurer and Secretary
Lindel Eakman	Managing Director
Mark Warner	Managing Director
Christy Wallace	Assistant Secretary

Mr. Foster recognized Ms. Janiece Longoria and Mr. Erle Nye for their outstanding service and leadership on the Board. He read resolutions of appreciation honoring Ms. Longoria and Mr. Nye, and recommended approval. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

WHEREAS, in recognition of her substantial background and expertise in business and as a strategic adviser and goal-oriented lawyer, Janiece Longoria was appointed by Governor Rick Perry to the Board of Regents of The University of Texas System in 2008 and appointed by the Board of Regents to the Board of Directors of The University of Texas Investment Management Company ("UTIMCO") in 2009; and

WHEREAS, Ms. Longoria has provided invaluable insight and counsel, drawing on her extensive experience as a lawyer and partner in the firm of Ogden, Gibson, Brooks, Longoria & Hall, L.L.P.; a Member of the American Bar Association's Business Law Section and Litigation Section; a member of the State Bar of Texas; a Fellow of the Houston Bar Association and Houston Bar Foundation; a member of the Legal and Compliance Division of the Securities Industry Association; and a recipient of the 2008 Sandra Day O'Connor Board Excellence Award selected by Direct Women, an initiative of the American Bar Association, the ABA Section of Business Law and Catalyst, Inc.; and

WHEREAS, Ms. Longoria's unselfish contributions are also evidenced by her distinguished record of public and professional service, including serving as a Commissioner for the Port of Houston Authority; a member of the Board of Directors, Texas Medical Center; a member of the Board of Directors of Greater Houston Partnership; and numerous charitable organizations; and

WHEREAS, during Ms. Longoria's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies, capital markets, and investment community generally; and

WHEREAS, Ms. Longoria's commitment and service as a Director of UTIMCO were exemplary, reflecting her deep devotion to the education and development of students at all levels, and further evidenced by her work with the Board of Regents of The University of Texas System, including service as Vice Chairman of the Board; Chair of the UT System Health Affairs Committee; member of the UT System Academic Affairs Committee, Audit, Compliance, and Management Review Committee, and Special Compensation Committee; and a member of the Board of Directors, M.D. Anderson Services Corporation; and

WHEREAS, Ms. Longoria has provided outstanding leadership and judgment to UTIMCO through her dedicated service as Chairman of the Audit and Ethics Committee, and member of the Board's Compensation Committee. NOW, THEREFORE,

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to Janiece Longoria their sincerest appreciation for her leadership and service that contributed immeasurably to UTIMCO's success; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Ms. Longoria has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

PASSED AND ADOPTED this 14th day of April, 2011.

And for Erle Nye,

WHEREAS, in recognition of his substantial background and expertise in business, Erle Nye was appointed by Governor George W. Bush to the Board of Regents of The Texas A&M University System in 1997, reappointed by Governor Rick Perry in 2003, serving as chairman and vice chairman of the board; and during his tenure appointed by the Board of Regents of The University of Texas System to the Board of Directors of The University of Texas Investment

Management Company ("UTIMCO") in 2005, and reappointed to a second term in 2008; and

WHEREAS, Mr. Nye served as Chairman of the Audit and Ethics Committee, as a member of the Board's Policy and Risk Committees, and was elected Chairman of the UTIMCO Board in 2009; and

WHEREAS, during his tenure on the UTIMCO Board, Mr. Nye provided invaluable insight and counsel, drawing on his immense business experience in the engineering, financial, legal, operations and regulatory areas and as Chairman Emeritus of the board of TXU Corp.; and

WHEREAS, Mr. Nye's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to the education and development of students at all levels, and further evidenced by his work with the Texas A&M University as past chairman of the College of Engineering External Advisory and Development Council, service on the Development Foundation Advisory Committee, and as a member of the Chancellor's Century Council of Advisors; as a member of the Development Council of The University of Texas at Dallas; and service on the Southern Methodist University Dedman School of Law and Cox School of Business executive boards and Maguire Center for Ethics and Public Responsibility Executive Advisory Council; and

WHEREAS, Mr. Nye's unselfish contributions are also evidenced in the civic and corporate arenas by his service on numerous boards, including past chairman of the Greater Dallas Chamber; a member of the Governor's Business Council; chairman and member of KERA-North Texas Public Broadcasting; and chairman of National Infrastructure Advisory Council; and

WHEREAS, in recognition of his selfless dedication and service to his community and his profession, Mr. Nye has been honored with numerous awards, including the 1999 Humanitarian of the Year by the American Jewish Committee; the 1998 Distinguished Citizen Award from the Longhorn Council of Boy Scouts of America; the 1998 Father of the Year Award; the C.W. Conn Distinguished New Venture Leader Award from the Mays College and Graduate School of Business at Texas A&M University; and the Robert G. Storey Award and the Robert Dedman Award for Ethics and Law from Southern Methodist University; and

WHEREAS, during Mr. Nye's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies, capital markets, and investment community generally; and

WHEREAS, much of the credit for UTIMCO's success is directly attributable to Mr. Nye's leadership, judgment, and commitment; NOW, THEREFORE,

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to Erle Nye their sincerest appreciation for his leadership and service that contributed immeasurably to UTIMCO's success; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Mr. Nye has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

PASSED AND ADOPTED this 14th day of April, 2011.

Dr. Cigarroa joined the meeting at this time.

Endowment and Operating Funds Update

Mr. Foster asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman presented the Corporation's Performance Summary as of February 28, 2011. He reported the Corporation had \$26.6 billion of assets under management at the end of February 28, 2011. Of the \$26.6 billion, \$12.3 billion was in the Permanent University Fund (PUF), \$7.0 billion in the General Endowment Fund (GEF), \$2.4 billion in the Short-Term Fund (STF) and \$4.7 billion in the Intermediate Term Fund (ITF). Mr. Zimmerman presented actual versus benchmark results, tactical asset allocation, and value-add analysis. The net performance for the quarter ended February 28, 2011, for the PUF was 6.48% and for the GEF was 6.52%, versus benchmark returns of 6.52% for the PUF and GEF. The net performance for the one year ended February 28, 2011, for the PUF was 17.30% and for the GEF was 17.35%, versus benchmark returns of 15.29% for each fund. The ITF's performance was 5.12% versus its benchmark return of 5.14% for the quarter ended February 28, 2011, and 14.75% versus its benchmark return of 11.78% for the one year ended February 28, 2011. Performance for the STF was 0.06% versus 0.04% for its benchmark return for the quarter ended February 28, 2011, and was 0.25% versus a benchmark return of 0.14% for the one year ended February 28, 2011. Mr. Zimmerman reviewed the Funds' Asset Class and Investment Type targets, tactical asset allocation, ranges and performance objectives. He and Ms. Iberg reviewed the Less Correlated and Constrained portfolio categorizations vs. "look thru" exposures. Mr. Zimmerman reported on investment activity as of February 28, 2011, manager exposure, and a discussion on leverage with Mr. Zimmerman, Ms. Iberg and Dr. Yoeli answering the Directors' questions. He asked Dr. Yoeli to report on risk analytics for the period ending February 28, 2011. Mr. Zimmerman continued reporting on derivatives and counterparties, and investment activity as of February 28, 2011, and gave an update on liquidity, contracts and the ITF.

Task Force Updates

Mr. Foster asked Mr. Zimmerman to proceed with the Task Force Updates. The Credit Task Force began by introducing each of the members and provided a handout, Credit Task Force Update, to the Directors. Members updated the Board on their research and findings regarding credit market activities, including credit exposure, opportunity set, leveraged loans and high yield bonds, defaulted securities, convertible bonds, commercial and residential mortgages, emerging debt and private illiquid debt. Mr. Zimmerman and the Credit Task Force members answered the Board Members' questions. Mr. Zimmerman asked, in the interest of time, to table the remaining task force updates until a future meeting of the Board.

At 11:14 a.m. the open meeting of the Board recessed for a Briefing Session pursuant to Texas Education Code Section 66.08(h)(2) related to Investments followed by lunch.

The open meeting of the Board reconvened in open session at 1:17 p.m.

Policy Portfolio Discussion

Mr. Foster asked Mr. Zimmerman to lead the discussion on the Policy Portfolio. Mr. Zimmerman began the presentation by explaining the two components in a Policy Portfolio, the strategic component and the tactical component, both which provide fiduciary control over management of a Policy Portfolio. The strategic component includes strategic asset allocation and risk budget. The tactical component includes the ranges for asset classes, investment types, and risk, which can be wider or narrower. The pros and cons were presented and discussed. Mr. Zimmerman explained that there are several ways to approach designing a Policy Portfolio: the classical mean variance or mean-downside risk, a risk parity approach, and a factor approach. He presented these methods and compared them to the current Policy Portfolio. Mr. Zimmerman asked Dr. Yoeli to lead the discussion related to the merits of a Policy Portfolio, including issues, flexibility, risk issues and other alternatives. Mr. Zimmerman and Dr. Yoeli answered the Directors' questions.

Committee Assignments

Mr. Foster recommended approval of a corporate resolution designating Board committee assignments to the Audit and Ethics Committee, the Compensation Committee, the Risk Committee, and the Policy Committee, with the Audit and Ethics Committee subject to further approval by the UT System Board of Regents in accordance to Section 66.08 of the *Texas Government Code*. 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:

Printice L. Gary
R. Steven Hicks
Charles W. Tate
James P. Wilson

subject to approval by the Board of Regents of The University of Texas System at a future meeting, 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 R. Steven Hicks is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings.

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

Kyle Bass
J. Philip Ferguson
R. Steven Hicks
Ardon E. 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:

Kyle Bass
J. Philip Ferguson
Ardon E. Moore
Charles W. Tate

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 W. 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:

Kyle Bass
J. Philip Ferguson
Printice L. Gary
James P. Wilson

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

Risk Committee Report

Mr. Foster asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met on April 7, 2011, with all members of the Committee present. There were two items discussed that required Board approval: a proposed amendment to Exhibit B to the Derivative Investment Policy and amendments to the Charter of the Risk Committee. Mr. Tate reported that with respect to Exhibit B to the Derivative Investment Policy, Ms. Iberg explained the current portfolio positions, and summarized the insurance derivatives budget and prospective trades to the Committee. After discussion, the Committee approved, and was recommending for further Board approval, an increase in delegated authority limits related to the premium budget in item three of Exhibit B to the Derivative Investment Policy. Mr. Tate asked Ms. Iberg to summarize for the Board Staff's request to increase the aggregate prorated annual premium for Delegated Derivative Investments included within item three of Exhibit B from 25 to 50 basis points. Mr. Zimmerman and Ms. Iberg answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Corporation's Derivative Investment Policy ("Policy") sets forth the applications, documentation and limitations for investment in derivatives in the Permanent University Fund, the General Endowment Fund, the Intermediate Term Fund, and the Separately Invested Funds; and

WHEREAS, Exhibit B to the Policy lists the five types of Derivative Investments the UTIMCO Board has authorized the CEO to enter into; and

WHEREAS, the third type of Derivative Investment authorized ("Insurance Derivatives") limits the maximum loss that may be suffered to the premium paid for the Insurance Derivative, regardless of notional value; and

WHEREAS, the aggregate prorated annual premium of all Insurance Derivatives may not exceed 25 basis points of the Fund value; and

WHEREAS, Corporation staff would like the authority to invest up to an additional 25 basis points in Insurance Derivatives for a total aggregate prorated annual premium of 50 basis points of the Fund value; and

WHEREAS, Corporation staff has documented and presented to the Risk and Policy Committees its reasons for desiring to increase the aggregate prorated annual premium limit for Insurance Derivatives, the Committees concur with the reasons presented by Corporation staff and recommend that the Board approve the same; and

WHEREAS, the Board concurs in the recommendations of the Risk and Policy Committees and wishes to document its approval of same.

NOW, THEREFORE, BE IT

RESOLVED, that an increase in the aggregate prorated annual premium of Insurance Derivatives to a maximum of 50 basis points of the Fund value is hereby approved.

Mr. Tate continued his report by asking Ms. Gonzalez to explain the proposed changes to the Charter of the Risk Committee. She explained that the proposed changes included updating the charter to include duties and responsibilities assigned to the Committee in the Investment Policies, including oversight and monitoring of compliance with the Derivative Investment Policy, the categorization of investment mandates, and the monitoring of manager mandates. Additional changes were made to make the language related to the composition of the Committee consistent with the Corporation's Bylaws; and to require the Committee to periodically review its Charter and performance and other minor editorial changes. Upon motion duly made and seconded, the following resolution was unanimously adopted:

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

Mr. Tate reported that the Committee approved eleven new investment mandate categorizations prepared by Staff for the period beginning January 11, 2011, and ending March 22, 2011. Staff reported to the Committee that they had completed the annual review of mandate categorizations resulting in a recommendation of one recategorization and one mandate to be added to the "Mandate Categorization Watch-List" that will continue to be monitored by Staff for possible recategorization. One other item to discuss was a report on UTIMCO's corporate insurance. Mr. Tate asked Mr. Turner to summarize the discussion. Mr. Turner stated that Staff, with the assistance of the Corporation's insurance broker, Willis, and benefiting from the expertise of the UT System Office of Risk Management staff, renewed the corporate insurance for the coverage period from February 28, 2011 to February 28, 2012, with an option to cancel at anytime with prorated premiums. Mr. Turner stated that Staff would be working with Andrews Kurth and UT System Risk Management in evaluating proposals for a possible new policy to be effective September 1, 2011, replacing the current policy. Mr. Turner provided an overview of the fiduciary duties of Directors, indemnifications provided by UT System, the Corporation, and law, and UT System insurance coverage for Regental Directors. Mr. Tate reported that the Committee also heard a report from Ms. Gonzalez on compliance items for the Quarter Ended February 28, 2011.

Policy Committee Report

Mr. Foster asked Mr. Gary to provide a report on the behalf of the Policy Committee. Mr. Gary reported that the Committee convened on April 7, 2011. Mr. Gary asked Mr. Zimmerman to explain Staff's recommendations for the distribution rates for the Permanent University Fund, Permanent Health Fund, Long Term Fund and the Intermediate Term Fund. Mr. Zimmerman stated that although the agenda item was intended to be an action item, Staff requested postponing action on the item. Mr. Zimmerman summarized the report he provided to the Committee. Each of the Funds' respective Investment Policy Statement provides guidelines to calculate the distribution amount or rate and provides the spending policy objectives of the Fund. The recommendations for the distribution amount and payout rates were outlined in the Distribution Policy presentation, included in the Board meeting materials, and are based on the Investment Policy Statements. Mr. Zimmerman presented background on distribution rate recommendations, outlining the rationale for distribution methodologies, distribution rate limitations, projections and recommendations.

Mr. Gary then asked Ms. Iberg to explain the details regarding Staff's recommendation to increase the investment limit in excess of the limits provided in the Delegation of Authority Policy for a specific manager. The Committee was presented background on the Wellington Management Company, LLC ("Manager"), which outlined the Corporation's two mandates currently with the Manager, the Manager's commodity strategy and the Corporation's current investment with the Manager of \$355 million. Staff requested the ability to make up to a \$250 million commitment to the commodity strategy and the flexibility to allow a potential investment in the Special Equity and/or Emerging account, which would bring the total invested amount above the delegated authority limit of \$600 million. Staff, requested an increase in the delegated authority limit to \$750 million, which the Committee approved and was now recommending further approval by the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Corporation Delegation of Authority Policy ("Policy") limits the CEO's authority to increase investments and commitments to existing internal and external investment managers; and

WHEREAS, Corporation staff would like to invest up to \$750 million with Wellington Management Company, LLC ("Wellington") but by Policy is limited to \$600 million; and

WHEREAS, Corporation staff has documented and presented to the Policy and Risk Committees its reasons for desiring to increase the delegated authority limit for Wellington, and the Committees concurred with the reasons presented by Corporation staff for desiring to increase the delegated authority limit for Wellington and recommended that the Board approve the same; and

WHEREAS, the Board concurs in the recommendations of the Policy and Risk Committees and wishes to document its approval of same.

NOW, THEREFORE, BE IT

RESOLVED, that the increase in Corporation staff's delegated authority limit for Wellington Management Company, LLC up to a maximum of \$750 million is hereby approved.

Dr. Cigarroa left the meeting at this time. Mr. Gary continued his report by explaining the proposed changes to the Charter of the Policy Committee. Mr. Gary stated that the Committee had approved the changes to the Charter, none of which were significant, and the Committee was recommending further approval by the Board. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

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

Audit and Ethics Committee Report

Mr. Foster asked Mr. Tate to provide a report on behalf of the Audit and Ethics Committee. Mr. Tate reported that the Committee convened on April 7, 2011, with all members present, Mr. Tate and Mr. Gary. The Committee discussed and approved changes to the Charter of the Audit and Ethics Committee. Mr. Tate asked Ms. Gonzalez to summarize the proposed changes. Ms. Gonzalez explained that the proposed changes to the Charter were mainly editorial in nature, adding language to make the Charter consistent with the Corporation's Bylaws, and minor changes in scope. Mr. Tate recommended the changes on behalf of the Committee and recommended further Board approval. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

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

Mr. Tate asked Mr. Chaffin to give a summary of the report from the UT System Audit Office regarding the UTIMCO Information Security Application Audit Report which was given to the Committee. The audit covered three security applications internally developed by the UTIMCO IT department. Mr. Chaffin reported that the Corporation has an excellent IT function overall and their processes were in very good shape. The Committee also heard a report from Ms. Gonzalez on the compliance matters for the fiscal quarter ending February 28, 2011.

Legislative Update

Mr. Foster asked Mr. McBee to give a Legislative update to the Board. Mr. McBee provided to the Board a handout, *House Bill No. 2825*, which if passed would change the composition and appointment of the Board by requiring two of the nine Directors be appointed by the Board of Regents of The Texas A&M University System. Mr. McBee discussed several other UTIMCO specific bills that might affect the Corporation if passed. Mr. Zimmerman and Mr. McBee answered the Directors' questions.

Organization Update

Mr. Zimmerman provided the Board with a staffing, budget and technology update. He asked Mr. Gahagan to give the Board an update on the progress that had been made in researching the best company to provide board materials electronically.

Educational Program for Board

Mr. Foster asked Mr. Turner to present the Educational Program for UTIMCO Directors to the Board. Mr. Turner stated that the Investment Management Services Agreement between the UT System Board of Regents and the Corporation requires the Corporation to provide training and education to members of the Board as may be determined in consultation with UT System staff to assure that all duties required of directors under the Texas Non-Profit Corporation Act and matters related to the legal and fiduciary responsibilities of the Directors, including current regulations for determining reasonable compensation, are

outlined and discussed fully. Although Board training is provided during an orientation session when new members of the Board are selected, Mr. Turner's presentation served as an update and a resource for current Board members.

Mr. Foster asked to table the report on Special Purposes Entities and the general discussion of the investment environment.

There being no further business to come before the Board, the meeting was adjourned at approximately 3:55 p.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Paul Foster Date: 7.20.2011
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment
Management Company