

**MINUTES OF THE SPECIAL CALLED JOINT MEETING OF THE
BOARD OF DIRECTORS OF THE UNIVERSITY OF TEXAS
INVESTMENT MANAGEMENT COMPANY
AND THE UNIVERSITY OF TEXAS SYSTEM BOARD OF REGENTS**

The Board of Directors (the "Board") of The University of Texas Investment Management Company (the "Corporation") and the members of the Board of Regents of The University of Texas System ("UT System Board") convened at 2:00 p.m. on Monday, **August 15, 2011**, in the UT System Board Meeting Room, Ninth Floor, Ashbel Smith Hall, 201 West Seventh Street, Austin, Texas, by means of conference telephone enabling all persons participating in the meeting to hear each other, said meeting having been called by Chairman of the Board, Paul Foster, and Chairman of the UT System Board, Gene Powell, 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 UTIMCO Board:

Paul Foster, Chairman
J. Philip Ferguson, Vice Chairman
Francisco G. Cigarroa, M.D., Vice Chairman for Policy
Kyle Bass
Printice L. Gary
R. Steven Hicks
Ardon E. Moore
Charles W. Tate
James P. Wilson

Also attending the meeting were members of the UT System Board, Chairman Gene Powell, Regent Alex M. Cranberg, Regent James D. Dannenbaum, Regent Wallace L. Hall, Jr., and Student Regent John Davis Rutkauskas. Accordingly, a majority and quorum of both Boards were in attendance. 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; Uzi Yoeli, Senior Director - Portfolio Risk Management; David Gahagan, Acting Head of Information Technology; and other Staff members. Other attendees were Jerry Turner and Bob Jewell of Andrews Kurth LLP; and Francie Frederick of The University of Texas System ("UT System") Board of Regents Office. Mr. Foster and Regent Powell jointly called the meeting to order at 2:04 p.m.

Amendments to Investment Policies

Chairman Powell asked Mr. Zimmerman to present the proposed amendments to the Investment Policies. Mr. Zimmerman briefly updated the Directors and Regents on the current status of the portfolio, providing an overview of current investment policies and policy amendment requests, and investment perspectives. The overview included amendments to the Exhibits of the Investment Policies approved by the UTIMCO Board on July 14, 2011, and additional changes Staff was requesting in light of the instability in the financial markets. Mr. Zimmerman also explained the request to provide Staff with additional delegated authority to enter into Derivative Investments as shown in Exhibit B of the Derivative Investment Policy. He explained that at a prior meeting, the UTIMCO Board approved an aggregate prorated annual premium of 50 basis points of the Fund value for Derivative Investments that reduce long exposure to an Asset Class or hedge against global interest rate shocks and risk, and limit maximum loss to the premium paid. Mr. Zimmerman

and Staff requested that the 50 basis points be increased to 75 basis points. Mr. Zimmerman also explained the suggested amendments to the Exhibits to the Investment Policy Statements for the Permanent University Fund (PUF), General Endowment Fund (GEF), Permanent Health Fund (PHF), Long Term Fund (LTF), the Intermediate Term Fund (ITF), and answered the Board Members' questions.

Chairman Powell asked Chairman Foster, to chair the meeting of the UTIMCO Board for approval of the proposed amendments to the Investment Policies. On behalf of the UTIMCO Board, Mr. Foster recommended UTIMCO Board approval of the amendments to the Exhibits to the Investment Policy Statements for the PUF, GEF, PHF, LTF, ITF and the amendment to the Derivative Investment Policy. Upon motion duly made and seconded, the following resolution was unanimously adopted by the UTIMCO Board:

RESOLVED, that the amendments to the Exhibits of the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, and Intermediate Term Fund, and the amendment to the Derivative Investment Policy as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Chairman Foster turned the meeting back over to Chairman Powell, whereby the UT System Board took appropriate action related to approval of (a) amendments to Exhibits of the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, the Permanent Health Fund, the Long Term Fund, and the Intermediate Term Fund, and (b) amendments to the Derivative Investment Policy.

There being no further business to come before the Boards, Chairman Powell thanked the members of both Boards for their interest and time and the joint meeting was adjourned at 2:33 p.m.

Secretary: 
Joan Moeller

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

Date: 10/18/11