

**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 11, 2012**, 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
Kyle Bass
Morris E. Foster
Printice L. Gary
R. Steven Hicks
Ardon E. Moore
Charles W. Tate
James P. Wilson

Accordingly, a majority and quorum of the Board was in attendance. Director Francisco G. Cigarroa, Vice Chairman for Policy, did not attend the meeting. Also attending the meeting was a member of The University of Texas System Board of Regents (UT System Board), Student Regent John Davis Rutkauskas. 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; Uche Abalogu, Chief Technology Officer; Mark Shoberg, Senior Director – Real Estate Investments; Ryan Ruebsahm, Senior Director – Marketable Alternatives Investments; 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; and Terry Hull, Charlie Chaffin, Jim Phillips, Roger Starkey, Whitney Henry, Moshmee Kalamkar and Spencer Miller-Payne of The University of Texas System (UT System) Administration; and Greg Anderson of The Texas A&M University System. Mr. Foster called the meeting to order at 9:05 a.m.

Mr. Foster welcomed Morris Foster, the newest member of the Board, also a member of The Texas A&M University System Board of Regents.

Minutes

The first item to come before the Board was approval of the minutes of Board of Directors Meeting held on February 2, 2012. 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 **February 2, 2012**, be, and are hereby, approved.

Corporate Resolutions

Mr. Foster recommended Board approval for Committee Assignments. When a change is made in the composition of the Audit and Ethics Committee, the U. T. System Board of Regents must also approve the appointment of the members of the Audit and Ethics Committee of the Board of Directors of UTIMCO at a future meeting. 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:

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

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 James P. Wilson 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:

R. Steven Hicks
Kyle Bass
Ardon E. Moore
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 R. Steven Hicks 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 W. Tate
Kyle Bass
Morris Foster
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 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:

Printice L. Gary
Kyle Bass
Morris Foster
R. Steven Hicks

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.

Mr. Foster also presented a recommendation for Board approval for Corporate Officers. As stated in the Bylaws, a purpose of the Annual Meeting is to elect 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
Ardon E. Moore	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
Uche Abalogu	Chief Technology Officer
Christy Wallace	Assistant Secretary

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 29, 2012. He reported

the Corporation had \$27.3 billion of assets under management at the end of February 29, 2012. Of the \$27.3 billion, \$13.0 billion was in the Permanent University Fund (PUF), \$7.0 billion in the General Endowment Fund (GEF), \$1.5 billion in the Short Term Fund (STF), \$0.8 in the Debt Proceeds Fund, and \$4.8 billion in the Intermediate Term Fund (ITF). Mr. Zimmerman presented actual versus benchmark results, performance during the last 3 and 6 months, and a new page showing the total fund attribution breakdown. He discussed tactical and active value-add analysis. The net performance for the quarter ended February 29, 2012, for the PUF was 3.97% and for the GEF was 3.99%, versus benchmark returns of 4.64% for the PUF and GEF. The net performance for the one year ended February 29, 2012, for the PUF was 2.05% and for the GEF was 2.10%, versus benchmark returns of 2.19% for each fund. The ITF's performance was 4.16% versus its benchmark return of 5.00% for the quarter ended February 29, 2012, and 2.05% versus its benchmark return of 0.85% for the one year ended February 29, 2012. Performance for the STF was 0.03% versus 0.00% for its benchmark return for the quarter ended February 29, 2012, and was 0.15% versus a benchmark return of 0.08% for the one year ended February 29, 2012. Mr. Zimmerman reviewed the Funds' Asset Class and Investment Type targets, ranges and performance objectives. Mr. Zimmerman asked Ms. Iberg and Mr. Ruebsahm to discuss the Less Correlated and Constrained Investment Policy Categorizations and Mr. Eakman to discuss the Private Investments portfolio. Ms. Iberg discussed the endowments' insurance hedges, and Dr. Yoeli was asked to review the section on risk analytics and stress testing. Also included in the report on investment activity as of February 29, 2012, was manager exposure, leverage, and scenario analysis. Mr. Zimmerman also reported on derivatives and counterparties, and gave an update on liquidity, contracts and the ITF. Mr. Zimmerman and Senior Staff answered the Directors' questions.

Review of Natural Resources and Real Estate Portfolios

Mr. Foster asked Mr. Zimmerman to review Natural Resources and Real Estate Investments. Mr. Zimmerman asked Mr. Warner and Mr. Shoberg to update the Board on their respective portfolios. The Natural Resources team was introduced by Mr. Warner and they discussed positive macro drivers, strategy, natural resources platform, investment update and performance. The Real Estate team was introduced by Mr. Shoberg and they provided information to the Board regarding the Real Estate platform, strategy, history of the portfolio, commitment activity, performance and exposure. Mr. Zimmerman, Mr. Warner and Mr. Shoberg answered the Directors' questions.

At approximately 11:35 a.m. the Board adjourned to a Briefing Session.

The open meeting of the Board reconvened in open session at 12:55 p.m.

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 5, 2012, with all members present. Mr. Tate summarized the Categorization of New Investment Mandates. He stated that there were six new investment mandate categorizations prepared by Staff for the period beginning January 14, 2012, through March 23, 2012. He reported that the Committee reviewed Staff's annual review of mandate categorizations. The "Mandate Categorization Watch-List" continues to be monitored by Staff for possible recategorization. No mandates were recommended for re-categorization at this meeting. Mr. Tate also reported that the Committee heard a report from Ms. Gonzalez on compliance items for the Quarter Ended February 29, 2012. He asked her to

summarize her report. The Committee also heard a brief funds update from Mr. Zimmerman, and had a discussion regarding the policy portfolio, positioning, and the strategy of the insurance programs. At this time, Mr. Zimmerman encouraged further discussion by the full Board regarding policy portfolio and positioning and asked the Board for input and guidance. Mr. Zimmerman answered the Directors' questions. Mr. Tate concluded the report, stating that there was no action required by the Board.

Audit and Ethics Committee Report

Mr. Foster asked Mr. Hicks to provide a report on behalf of the Audit and Ethics Committee. Mr. Hicks reported that the Committee convened on April 5, 2012. He stated that the Committee approved a recommendation by Staff that Mr. Tom Wagner and Mr. Brian Gallagher continue as the lead audit partner and lead reviewing partner, respectively, for the 2012 and 2013 year end audits. He explained that the Committee Charter sets forth certain responsibilities of the Committee related to auditor independence and the selection of the external auditors. The Charter requires that the lead audit partner and reviewing partner rotate off of the audit every 5 years, unless the Committee adopts a resolution affirmatively determining that such rotation is not required. There was also a review of the unaudited financial statements for the second quarter for the Funds and Corporation, and the quarterly compliance reports. Mr. Hicks concluded his report.

Policy Committee Report

Mr. Foster asked Mr. Gary to report on behalf of the Policy Committee. Mr. Gary stated that the committee met on April 5, 2012, with all members present. There was discussion on the Distribution Rates and Amount decision making process for the PUF, PHF, LTF, and ITF. Mr. Gary gave background on the Distribution Policy, but reported that Staff did not ask for approval or provide a formal recommendation at the meeting. At this time, Mr. Zimmerman gave the Board the same presentation on Distribution Policy that he gave to the Committee. Mr. Zimmerman, Mr. Hull and Mr. Chaffin answered the Board Members' questions. Mr. Gary concluded the report from the Policy Committee.

Organization Update

Mr. Foster asked Mr. Zimmerman to provide the Board with an update on staffing, the Corporation's budget, including Actual vs. Budget numbers as of February 29, 2012, and technology. Mr. Zimmerman introduced the Corporation's new Chief Technology Officer, Uche Abalogu, who followed with a brief presentation on his background.

Emerging Markets Currency Discussion

Mr. Foster asked Ms. Chen and the Portfolio Positioning Committee to provide an update on emerging markets currencies. Ms. Chen provided the Board a handout of a presentation on Emerging Markets Currency Alternatives providing objectives, existing exposure to emerging markets, and alternative ways to access emerging markets currency exposure. She also gave historical returns, the differences in stock and bond benchmark composite, timing considerations, correlations and Staff recommendations. Ms. Iberg, Ms. Chen and Mr. Kampfe answered the Directors' questions. Mr. Tate left the meeting at this time.

Investment Environment

Mr. Foster asked Mr. Zimmerman to begin discussion of the Investment Environment. Mr. Zimmerman asked all senior staff members to briefly discuss their recent travel. Each staff member gave his observations on the general economy and provided information on the country's investment context and capital markets for each country visited.

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.

There being no further business to come before the Board, the meeting was adjourned at approximately 3:16 p.m.

Secretary: 
Joan Moeller

Approved:  Date: 7-31-2012
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company