

**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 on **November 9, 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
Ardon E. Moore, Vice Chairman
Francisco G. Cigarroa, Vice Chairman for Policy
Kyle Bass
Morris E. Foster
Printice Gary
R. Steven Hicks
Charles W. Tate
James Wilson

Director James Wilson and Director Printice Gary participated by conference telephone enabling all persons participating in the meeting to hear each other. 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; Cathy Iberg, President and Deputy CIO; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Lindel Eakman, Managing Director – Private Markets Investments; Mark Shoberg, Managing Director – Real Estate Investments; Mark Warner, Managing Director - Natural Resources Investments; Ryan Ruebsahm, Senior Director – Marketable Alternatives Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; Scott Bigham, Director – Private Markets Investments; Uche Abalogu, Chief Technology Officer; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at The University of Texas at Austin; Bob Jewell of Andrews Kurth LLP; Jim Phillips, Jason King, Terry Hull and Roger Starkey of The University of Texas System (UT System) Administration; and Tom Wagner and Robert Cowley of Deloitte and Touche LLP. Mr. Foster called the meeting to order at 9:19 a.m.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on October 11, 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 October 11, 2012, be, and are hereby, approved.

Corporate Resolution

Mr. Foster recommended Board approval to appoint Mark Shoberg to the office of Managing Director. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that Mark Shoberg is hereby appointed to the office of Managing Director of the Corporation to serve until the next Annual Meeting of the Corporation or until his resignation or removal.

Task Force Update

Mr. Foster asked Mr. Zimmerman to provide a report from the Investment Task Forces. The Corporation formed three investment task forces to focus efforts on three specific areas: Portfolio Positioning, Credit, and Emerging Markets. The first presentation to the Board was from the Credit Task Force. Mr. Ruebsahm and Mr. Bigham provided information on credit related fixed income allocation, performance, and portfolio by security type, a listing of the largest managers, fiscal 2012 activity and future investment opportunities. Ms. Iberg provided an update from the Portfolio Positioning Task Force by presenting a sample framework for portfolio positioning and portfolio positioning examples for UTIMCO. She also presented intra-class positioning in the MCC Equities, using country and currency positions to offset structural underweights and/or increase weights in areas offering attractive valuations/fundamentals, looking at both Developed Country Equity and Emerging Market Equity. Mr. Warner discussed intra-class positioning in the Natural Resources area. The third task force report, Emerging Markets, was provided by Mr. Warner and Mr. Eakman. They reported progress to date, noting current exposure, country analysis and investment opportunities. They also presented next steps, looking to build on the existing processes and procedures by establishing an internal emerging markets monitor, further incorporation of Emerging Markets Task Force activities into the ongoing investment process, and reviewing frontier markets.

Audit and Ethics Committee Report

Mr. Foster asked Mr. Wilson to provide a report on behalf of the Audit and Ethics Committee. Mr. Wilson reported that the Committee convened on November 5, 2012, and he summarized the four action items approved by the Committee. The Committee heard a comprehensive report from Mr. Wagner, Audit Partner, regarding Deloitte & Touche LLP's Financial Statement Audit Results and Communications and the audited financial statements of the Permanent University Fund (PUF), the UT System General Endowment Fund (GEF), the Permanent Health Fund (PHF), the UT System Long Term Fund (LTF), and the UT System Intermediate Term Fund (ITF) (collectively, the "Funds"), and the Statement of Performance Statistics for the year ended August 31, 2012. The accounting staff was recognized for excellent work and cooperation with the audit team. Mr. Wagner provided a summary of the Audit Results and Communications to the Board. Upon motion duly made and adopted, the following resolution was approved unanimously:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2012, be, and is hereby approved in the form as presented to the Board; and

FURTHER RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund each for the fiscal years ended August 31, 2012, and August 31, 2011, and the Statement of Investment Performance Statistics for the year ended August 31, 2012, be, and are hereby approved in the form as presented to the Board.

Mr. Wilson continued his report by stating that the Committee reviewed proposed amendments to the UTIMCO Code of Ethics. The proposed amendments to the UTIMCO Code of Ethics will be discussed in the report from the Policy Committee later in the meeting. He also reported that J. Michael Peppers, UT System Chief Audit Executive *ad interim* presented their 2013 Audit Plan and received Committee approval of the plan, and reviewed with the Committee the results of the UTIMCO Chief Executive Officer/Chief Investment Officer Expenses Audit Report for FY2012 which contained no findings. In executive session, Mr. Peppers discussed the System Administration Information Technology Follow-up Audit Report FY 2012. Mr. Zimmerman provided the Committee with the quarterly compliance reports.

Private Markets Update

Mr. Foster asked Mr. Eakman to provide an update of Private Investments. Mr. Eakman introduced the members of the Private Markets team ("Team"), and Mr. Eakman and Team gave a report on the Private Investments strategy, performance, discussed co-investment opportunities, and an overview of portfolios. Mr. Zimmerman, Mr. Eakman and Team answered the Directors' questions.

At approximately 11:00 a.m. the Board recessed to a Briefing Session. Mr. Wilson and Mr. Morris Foster left the meeting at this time.

The meeting of the Board reconvened in open session at 12:50 p.m.

Optimal Illiquidity Discussion

Mr. Zimmerman introduced the next agenda item of Optimal Illiquidity and explained to the Board that illiquidity is an important topic to discuss, as it is one element of portfolio risk and also a potential source of return. He reviewed the three issues that are fundamental in determining optimal illiquidity in the portfolio: 1) what returns are sufficient to support what levels of illiquidity risk, 2) what liquidity needs limit illiquidity exposure, and 3) what is staff's ability to deploy illiquidity risk and generate sufficient returns? Dr. Yoeli led the discussion of illiquidity, discussing required premium, liquidity supply and demand, and ability to deploy capital. Mr. Zimmerman and Dr. Yoeli answered the Directors' questions.

Risk Committee Report

Mr. Foster asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met on November 5, 2012. Mr. Tate summarized the Categorization of New Investment Mandates. He stated that there were 14 new investment mandate categorizations prepared by Staff for the period beginning June 26, 2012, through October 19, 2012. The "Mandate Categorization Watch-List"

continues to be monitored by Staff for possible recategorization. Owl Creek Oversees Fund, Ltd. was the only mandate added to the Watch-List. Mr. Tate also reported that the Committee heard a report from Mr. Zimmerman on compliance items for the Quarter Ended August 31, 2012. The Committee also heard an update from Mr. Zimmerman regarding the State Auditor's follow-up audit. Mr. Zimmerman gave a summary to the Board regarding maintaining best practices for personal trading. Staff will provide to the Board a short report from counsel at a future meeting on how peers are handling employee securities trading and best practices.

Policy Committee Report

Mr. Foster asked Mr. Gary to report on behalf of the Policy Committee. Mr. Gary stated that the committee met on November 5, 2012. The Policy Committee approved minutes from the previous meeting and then discussed and took appropriate action related to proposed amendments to the UTIMCO Code of Ethics. He stated *Texas Education Code* Section 66.08(c)(4) requires that the Board of Regents of The University of Texas System ("U.T. Board") approve the Code of Ethics of The University of Texas Investment Management Company ("UTIMCO"). In accordance with the Audit Charter of the Audit and Ethics Committee, the Audit and Ethics Committee will periodically review the Code. During the Audit and Ethics Committee's periodic review, they recommended proposed changes to the Policy Committee for concurrence and submission to the UTIMCO Board for approval. The charter of the Policy Committee also requires the Policy Committee to review proposed amendments to the Code and recommend to the UTIMCO Board the approval of such amendments. Mr. Gary reported that Staff realized recently, based on the Code as currently drafted, that Staff is prevented from doing business with a publicly traded company merely because an employee's spouse, minor child, or dependent Relative works for that company; for example, the Corporation would no longer be able to purchase its computer equipment from Dell. Staff believed that in most circumstances, the employment in a business entity of a spouse, minor child, or dependent Relative, who is not in a management or executive officer position and has no ability to influence its operating or financial decisions, should not be treated as a prohibited transaction and should, after thoughtful consideration, be able to be waived. For this reason Staff recommended the Code be amended by adding Section 3.01(d) to permit the CEO, with the approval of the Chairman of the Policy Committee, to waive the application of Section 3.01 with respect to an agreement or transaction with a business entity in which the spouse, minor child, or other dependent Relative of an Employee received more than 5% of his income from the entity in the prior year (i.e., a pecuniary interest) so long as the individual is not in a management or executive officer position and does not have control of the operating or financial decisions of the business entity. Mr. Gary stated that the draft changes to the Code were based on the joint efforts of Corporation's Staff, Andrews Kurth LLP, and UT System Office of General Counsel. Mr. Zimmerman added that the UT System Office of Governmental Affairs, Board of Regents Office and the Office of External Relations had all reviewed and supported the proposed changes. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Committee:

WHEREAS, the Charter of the Audit and Ethics Committee requires it to periodically review the Code of Ethics policy of the Corporation and recommend any proposed changes to the Policy Committee for concurrence and submission to the Board for approval; and

WHEREAS, the Audit and Ethics Committee has reviewed the Code of Ethics policy and recommended its changes to the Policy Committee for concurrence and submission to the Board for approval; and

WHEREAS, the Policy Committee has reviewed the changes recommended by the Audit and Ethics Committee and recommends same to the Board for its approval; and

WHEREAS, the Board wishes to document its approval of the amendments to the Code of Ethics policy in the form previously provided to the Board, subject to the approval by the Board of Regents of The University of Texas System.

NOW, THEREFORE, be it:

RESOLVED, that the amendments to the Code of Ethics of the Corporation as presented be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Executive Session

Mr. Foster announced, at 1:58 p.m., that, "The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session for the purpose of deliberating Individual Personnel Compensation Matters, including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended June 30, 2012. This Executive Session meeting of the Board is authorized by *Texas Government Code* Section 551.074 (Personnel Matters). The date is November 9, 2012, and the time is now 1:58 p.m." With the exception of Mr. Zimmerman, Mr. Jewell and Dr. Brown, all other meeting participants left the meeting at this time. Mr. Zimmerman left the meeting during discussions regarding his compensation matters.

Open Session

The Board reconvened in open session and Mr. Foster announced that "The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is November 9, 2012, and the time is now 2:04 p.m. During the Executive Session, the Board deliberated individual personnel compensation matters, but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session."

Compensation Committee Report

Mr. Foster asked Mr. Hicks to give a report on behalf of the Compensation Committee. Mr. Hicks reported that on behalf of the Compensation Committee, he recommended approval of three resolutions. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Committee:

WHEREAS, Section 5.3.(a) of the UTIMCO Compensation Program (the "Plan") provides that, in order to become a "Participant" in the Plan for a Performance

Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the "Board") as an "Eligible Position" for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the individuals who may become Participants for the 2012/2013 Performance Period set forth on Exhibit 1 attached hereto; and

WHEREAS, the UTIMCO Board has reviewed Exhibit 1 and wishes to select the individuals who may become Participants for the 2012/2013 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that, the individuals set forth on Exhibit 1 attached hereto are hereby designated as "Participants" in the Plan for the 2012/2013 Performance Period, effective as of September 1, 2012.

And,

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each "Performance Period," the Board will approve the "Performance Incentive Award" of the CEO based upon a determination of the level of achievement of the CEO with respect to his or her "Performance Goals" for such Performance Period; and

WHEREAS, the Compensation Committee has reviewed and approved the actual performance of the CEO during the 2011/2012 Performance Period and has submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the actual performance of the CEO during the 2011/2012 Performance Period and has compared such actual performance relative to each Performance Goal category for the CEO against his corresponding Performance Goal for such Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award for the 2011/2012 Performance Period in the amount of \$1,692,167 and be it

FURTHER RESOLVED, that of the CEO's \$1,692,167 Performance Incentive Award for the 2011/2012 Performance Period, 100% (\$1,692,167) will be deferred pursuant to the Plan.

And,

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each "Performance Period," the Compensation Committee will approve, subject to further approval of the UTIMCO Board, the "Performance Incentive Award" of each Participant based upon a determination of

the level of achievement of such Participant against his or her "Performance Goals" for such Performance Period; and

WHEREAS, in accordance with Section 5.5.(d) of the Plan, the Compensation Committee has determined the level of achievement by each Participant in the Plan during the 2010/2011 Performance Period of his or her Performance Incentive Goals for such Performance Period; and

WHEREAS, Sections 5.5.(e) and 5.5.(f) of the Plan provide that, based on the percentage achieved of each Participant's Performance Goals for a Performance Period, a Performance Incentive Award will be calculated for such Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Section 5.5.(f) of the Plan provides that the Compensation Committee will review all calculations of Performance Incentive Awards, make any changes it deems appropriate, and submit its recommendation to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Incentive Awards for all Participants who have met or exceeded their performance benchmarks for the 2011/2012 Performance Period, made changes it deemed appropriate, approved such Performance Incentive Awards, and recommended that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Performance Incentive Awards for all Participants for the 2011/2012 Performance Period (excluding the CEO) in the total aggregate amount of \$5,424,278 and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2011/2012 Performance Period (excluding the CEO), 78% (\$4,206,432) will be deferred pursuant to the Plan.

Organization Update

Mr. Foster asked Mr. Zimmerman to provide the Board with an update on Corporation's staffing. Mr. Zimmerman's update was followed by an update from Mr. Abalogu on the technology infrastructure platform and application development.

Review of Investment Pipeline and Discussion of Investment Environment and Opportunities

Mr. Zimmerman asked Staff to review with the Board the types of investments that are currently in the pipeline in each of the investment areas. Mr. Zimmerman and Staff answered the Directors' questions.

UTIMCO Meeting Dates for 2013

Mr. Foster presented the meeting dates for the Board and Committee meetings for 2013.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:42 p.m.

Secretary: 
Joan Moeller


Approved:  Date: 2-12-2013
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company

Exhibit 1
 Designation of Plan Participants in Eligible Positions
 in the 2012/2013 Performance Period

ELIGIBLE POSITION

PARTICIPANTS

Investment Professionals

CEO & Chief Investment Officer	Bruce Zimmerman
President and Deputy CIO	Cathy Iberg
Managing Director - Private Investments	Lindel Eakman
Managing Director - Investments	Mark Warner
Managing Director - Investments	Mark Shoberg
Senior Director - Investments	Ryan Ruebsahm
Senior Director - Investments	Susan Chen
Senior Director - Risk Management	Uzi Yoeli
Senior Portfolio Manager	Russ Kampfe
Portfolio Manager	Harland Doak
Director - Investments	Zac McCarroll
Director - Investments	Courtney Powers
Director - Investments	Edward Lewis
Director - Private Investments	Scott Bigham
Senior Associate - Investments	Amanda Hopper
Senior Associate - Private Investments	Mike McClure
Senior Associate - Risk Management	Kate Wagner
Associate - Investments	Alison Hermann
Associate - Investments	Mukund Joshi
Associate - Private Investments	Lara Jeremko
Senior Analyst - Investments	Aman Jain
Senior Analyst - Investments	Drury Morris
Analyst - Investments	Wally Onadiji

Operations/Support Professionals

Senior Managing Director	Joan Moeller
General Counsel and Chief Compliance Officer	Cissie Gonzalez
Chief Technology Officer	Uche Abalogu
Senior Manager	Gary Hill
Manager	Debbie Childers
Manager	Melynda Shepherd
Senior Financial Analyst	Lara McKinney