

**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 **February 7, 2013**, 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
Printice L. Gary
James P. Wilson

Accordingly, a majority and quorum of the Board was in attendance. Director Morris E. Foster 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; Mark Shoberg, Managing Director – Real Estate Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; Uche Abalogu, Chief Technology Officer; and other Staff members. Other attendees were Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; Allen Hah, Jim Phillips, Barry McBee and Roger Starkey of The University of Texas System ("UT System") Administration. Directors R. Steven Hicks and Charles W. Tate joined the meeting later, as noted in the minutes. Mr. Foster called the meeting to order at 8:35 a.m.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on November 9, 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 **November 9, 2012**, be, and are hereby, approved.

Corporate Resolutions

Mr. Foster also asked for a motion to approve the annual meeting date for the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the Annual Meeting of the Board of Directors will be held on April 16, 2013, in Austin, Texas.

Endowment and Operating Funds Update

Mr. Foster asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman summarized the day's meeting schedule, and then presented the Corporation's Performance Summary as of December 31, 2012, calendar year end. Mr. Tate joined the meeting at this time. Mr. Zimmerman reported the Corporation had \$28.4 billion of assets under management at the end of December 31, 2012, the most ever managed by UTIMCO. Of the \$28.4 billion, \$13.9 billion was in the Permanent University Fund ("PUF"), \$7.4 billion in the General Endowment Fund ("GEF"), \$1.4 billion in the Short Term Fund ("STF"), \$0.6 in the Debt Proceeds Fund, and \$5.1 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 four months ended December 31, 2012, for the PUF was 3.73% and for the GEF was 3.82%, versus benchmark returns of 3.52% for the PUF and GEF. The net performance for the one year ended December 31, 2012, for the PUF was 11.18% and for the GEF was 11.33%, versus benchmark returns of 9.33% for each fund. The ITF's performance was 3.01% versus its benchmark return of 2.75% for the four months ended December 31, 2012, and 9.53% versus its benchmark return of 7.25% for the one year ended December 31, 2012. Performance for the STF was 0.05% versus 0.05% for its benchmark return for the four months ended December 31, 2012, and was 0.16% versus a benchmark return of 0.11% for the one year ended December 31, 2012. Mr. Zimmerman asked Dr. Yoeli to review the risk section of the Funds Update. Dr. Yoeli provided risk analytics for the period ending December 31, 2012, beginning with the current risk environment, including 4-way risk decomposition, up/down capture, risk contributions and correlations. Mr. Zimmerman reviewed the Funds' asset class and investment type targets, tactical asset allocation, ranges and performance objectives. Mr. Zimmerman and Senior Staff reported on investment activity as of December 31, 2012, including manager exposure and leverage. He also reported on derivatives and counterparties, and gave an update on liquidity, contracts and the ITF. Mr. Zimmerman, Dr. Yoeli and Senior Staff members answered the Directors' questions.

Optimal Illiquidity

Mr. Foster asked Dr. Yoeli to present the report on optimizing illiquidity. The Board was provided with a presentation handout on Optimizing Illiquidity, the second update to the Board on this topic. Illiquidity is one element of portfolio risk and a potential source of return. Dr. Yoeli presented key issues that are fundamental in determining optimal illiquidity in the portfolio, including required premium/return assumptions. He also led the discussion on database availability, liquidity supply and demand, staff ability to deploy capital, and the next steps to further study liquidity supply and demand, enhance commitment models, further assess our ability to deploy capital while meeting returns targets, identify sources of funds for increased Private Investments, and assess any potential changes to Investment Policies. Mr. Zimmerman and Dr. Yoeli answered the Directors' questions.

Real Estate Update

Mr. Foster asked Mr. Shoberg to present the Real Estate Update to the Board. Mr. Shoberg introduced his team members, and he and the real estate team gave an overview of the real estate portfolio strategy, history, performance, and market opportunities.

At approximately 11:50 a.m. the Board recessed to a Briefing Session. Mr. Hicks joined the meeting at this time.

The meeting of the Board reconvened in open session at 1:24 p.m. Mr. Gary left the meeting at this time.

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 January 30, 2013. He stated that the Committee heard a report from Deloitte & Touche LLP regarding completion of the audit of the Corporation. The Committee was presented with quarterly compliance reports and an update on the Enterprise Risk Management ("ERM") from Ms. Gonzalez, an update on the Audit Plan for FY 2013 from the UT System Audit Office, and a review of the unaudited financial statements for the first quarter for the Funds and Corporation by Ms. Moeller. Mr. Wilson also reported that, as part of the Committee oversight responsibilities, the Committee met in Executive Session to discuss with Ms. Gonzalez, Mr. Wagner (Deloitte & Touche LLP Partner), and Mr. Peppers and Ms. Kalamkar (UT System Audit Office) any items concerning management and staff related to compliance and the audit process they wanted to bring to the attention of the Audit and Ethics Committee without management being present. On behalf of the Committee, Mr. Wilson recommended to the Board approval of the audit of the Corporation for the fiscal years ended August 31, 2012 and August 31, 2011. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications for the Corporation 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 annual financial statements and audit report for the Corporation for the fiscal years ended August 31, 2012 and August 31, 2011, be, and are hereby approved in the form as presented to the Board.

Risk Committee Report

Mr. Foster asked Mr. Tate to provide a report from the Risk Committee. Mr. Tate reported that the Committee met on January 30, 2013. He stated that the Risk Committee approved 12 new investment mandate categorizations prepared by Staff for the period beginning October 19, 2012, and ending January 18, 2013. Mr. Tate also reported that the Committee heard a report from Ms. Gonzalez on compliance items for the Quarter Ended November 30, 2012. Ms. Gonzalez reported one out of compliance issue in the Compliance Summary Program report for the fiscal quarter ending November 30, 2012, which monitors the Derivative Investment Policy, the risk targets, asset allocation targets and ranges and other investment related restrictions. One manager executed FX trades with a counterparty that had not been pre-approved by the Corporation. The manager acknowledged their error and the trade was transferred to the correct counterparty within the quarter. Ms. Gonzalez answered the Directors' questions.

Compensation Committee Report

Mr. Foster asked Mr. Hicks to report on behalf of the Compensation Committee. Mr. Hicks stated that the Compensation Committee had also met on January 30, 2013. Appropriate action was taken related to amendments to Appendix B of the Corporation's Compensation Program (the "Plan"), and related to the designation of two employees in Eligible Positions as Participants in the Plan and Qualitative Goals for those Participants for the 2012/2013 Performance Period. Upon motion duly made and seconded, the following resolutions were adopted by the Board:

WHEREAS, Section 8.14. of the UTIMCO Compensation Program (the "Plan") provides that the "Peer Group" will be updated annually at the beginning of each Performance Period, and Appendix B (UTIMCO Peer Group) will be amended accordingly; and

WHEREAS, Section 7.2. of the Plan provides that the Board has the right to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Board wishes to amend Appendix B to conform to the updated Peer Group.

NOW, THEREFORE, be it:

RESOLVED, that the updated and amended Appendix B (UTIMCO Peer Group), a copy of which is attached hereto, is hereby adopted and approved as part of the Plan to replace the current Appendix B, effective as of September 1, 2012.

And,

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 Daniel Senneff (Senior Analyst – Investments) and Russell Brown (Analyst – Investments) becoming Participants for the 2012/2013 Performance Period; and

WHEREAS, the UTIMCO Board wishes to select Daniel Senneff (Senior Analyst – Investments) and Russell Brown (Analyst – Investments) as Participants for the 2012/2013 Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that, Daniel Senneff (Senior Analyst – Investments) and Russell Brown (Analyst – Investments), be designated as "Participants" in the Plan for the 2012/2013 Performance Period, effective as of September 1, 2012 and November 19, 2012, respectively.

Less Correlated and Constrained Update

Mr. Foster asked Mr. Ruebsahm to provide an update to the Board on the Less Correlated and Constrained ("LCC") portfolio. Mr. Ruebsahm introduced the team members, and he and LCC staff presented the LCC program size, portfolio objectives and composition, performance, strategy and hedge fund trends.

Organization Update

Mr. Foster asked Mr. Zimmerman to provide the Board with an update on staffing and the Corporation's first quarter actual vs. budget operating expenses. Mr. Zimmerman stated that there were no staff additions since the last Board meeting. He presented the Corporation's first quarter actual vs. budget operating expenses and then asked Mr. McBee, UT System Vice Chancellor and Chief Governmental Relations Officer, to give an update on activity from the 83rd Texas Legislature. Mr. McBee gave a report to the Board focusing on higher education issues, the State Budget FY 2014-2015, the house and senate members makeup, leadership changes and key dates for the session. Mr. McBee answered the Directors' questions.

Information Technology Update


Mr. Zimmerman asked Mr. Abalogu to provide the Board with an update of the Information Technology infrastructure platform and applications development. Mr. Zimmerman and Mr. Abalogu answered the Directors' questions.

Investment Pipeline

Mr. Foster asked if there were any questions regarding the Corporation's investment pipeline. No questions were asked and no discussion was held.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:35 p.m.

Secretary: 
Joan Moeller

Approved:  Date: 4-18-2013
Paul Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company

Appendix B

UTIMCO Peer Group

- Columbia University
- Cornell University
- Duke University
- Emory University
- Harvard University
- Massachusetts Institute of Technology
- Northwestern University
- Princeton University
- Rice University
- Stanford University
- UNC Management Company
- University of California
- University of Chicago
- University of Michigan
- University of Notre Dame
- University of Pennsylvania
- University of Southern California
- University of Virginia
- Vanderbilt University
- Washington University in St. Louis
- Yale University

Source: UTIMCO Staff. Represents endowment funds (excluding the Total Endowment Assets) with more than 10 full-time employee positions, allocations to alternative assets in excess of 40%, and with assets greater than \$2.5 billion, all to be determined as of the last day of each year ended June 2010, 2011, 2012.