

**MINUTES OF MEETING OF
THE POLICY COMMITTEE OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

A meeting of the Policy Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **April 11, 2013**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Committee Chair, Printice L. Gary, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Printice L. Gary, Chair
Kyle Bass
Morris E. Foster
R. Steven Hicks

thus constituting a majority and quorum of the Committee. Printice L. Gary, Chair, joined the meeting later, as noted in the minutes. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Christy Wallace, Assistant Secretary; Cissie Gonzalez, internal General Counsel and Chief Compliance Officer; Uzi Yoeli, Senior Director, Portfolio Risk Management; Gary Hill, Senior Manager – Investment Reporting; and various staff members. Also attending were Terry Hull, Allen Hah, Jim Phillips, Moshmee Kalamkar, and Roger Starkey of The University of Texas System ("UT System") Administration; Keith Brown of the McCombs School of Business of The University of Texas at Austin; and Bob Jewell of Andrews Kurth LLP. Mr. Hicks, as acting chair, called the meeting to order at 1:35 p.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Minutes

The first matter to come before the Committee was the approval of the minutes of the Policy Committee meeting held on November 5, 2012. Upon motion duly made and seconded, the following resolution was adopted by the Committee:

RESOLVED, that the minutes of the meeting of the Policy Committee held on November 5, 2012, be and are hereby, approved.

Mandate Categorization Procedure

Mr. Zimmerman began the discussion of the Mandate Categorization Procedure ("Procedure"). This was not an action item, and no changes were being requested at the meeting. He explained that the purpose of the Procedure was to provide greater transparency into the process of classifying an investment mandate within the approved Asset Classes and Investment Types. Mr. Zimmerman stated that all new mandates and re-categorization of mandates are reported quarterly and are approved by the Managing Directors, the Chief Compliance Officer and Chief Investment Officer, and are reported to the Risk Committee for their approval or re-categorization at its next regular meeting. As part of the Procedure, all

existing mandates must also be reviewed annually by the Managing Director, Chief Compliance Officer, and Chief Investment Officer with any recommended re-categorization requiring Risk Committee approval. Mr. Zimmerman sought the Committee members' opinion regarding removal of the requirement for an annual review of all mandates. Because Staff reviews the categorization of mandates before each quarterly Risk Committee meeting, Staff believes the annual review process is redundant and will recommend it should be removed from the Procedure at the next Policy Committee meeting as part of the required annual review of investment policies. Mr. Zimmerman answered the Committee members' questions and no member objected to the removal of the annual review requirement. Mr. Gary joined the meeting at this time.

Discussion and Appropriate Action Related to Distribution Rates and Amount: Permanent University Fund, Permanent Health Fund, Long Term Fund, and Intermediate Term Fund (the "Funds")

Mr. Gary asked Mr. Zimmerman to discuss the distribution rate policy and procedures. Mr. Zimmerman explained that each year Staff recommends the distribution rates for the Funds to the Policy Committee; the Policy Committee recommends the rates to the Board, which in turn requests approval by the Board of Regents. The distribution rate decision will most likely be placed on the Board of Regents of The University of Texas System agenda at a subsequent meeting. Each of the Funds' respective Investment Policy Statement provides the guidelines to calculate the distribution amount or rate and provides the spending policy objectives of the Fund. The Staff's recommendations for the distribution amount and payout rates were discussed. Mr. Zimmerman answered the Committee members' questions. Mr. Zimmerman and Staff recommended that the Policy Committee approve, and recommend to the Board for approval, the following distribution rates for fiscal year ending August 31, 2014. Upon motion duly made and seconded, the following resolution was adopted by the Committee:

RESOLVED, that the annual distribution amount for the Permanent University Fund be based on 5% of the trailing twelve-quarter average net asset value or \$626,695,580 for fiscal year 2014, effective with the September 1, 2013 distribution; the distribution rate for the Permanent Health Fund be increased from \$.0573 per unit to \$.0585 per unit for fiscal year 2014, effective with the November 30, 2013 quarterly distributions; the distribution rate for the Long Term Fund be increased from \$0.3283 per unit to \$0.3352 per unit for fiscal year 2014, effective with the November 30, 2013 quarterly distributions; and the distribution rate for the Intermediate Term Fund remain at 3.0% per annum for fiscal year 2014, effective with the September 1, 2013 monthly distribution.

BE IT FURTHER RESOLVED, that the annual distribution amount for the Permanent University Fund and the distribution rates for the Permanent Health Fund, Long Term Fund, and Intermediate Term Fund be, and are hereby, approved subject to approval and adoption by this Corporation's Board of Directors, and subject to approval by the Board of Regents of The University of Texas System.

There being no further business to come before the Committee, the meeting was adjourned at approximately 1:50 p.m.

Secretary: 
Joan Moeller

Approved: 
Kyle Bass, Acting Chair
Policy Committee of
The University of Texas Investment
Management Company

Date: 11/4/13