

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

The Risk Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 30, 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, Charles W. Tate, 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:

Charles W. Tate, Chair
Kyle Bass
Morris Foster

thus constituting a majority and quorum of the Committee. Committee Member Ardon E. Moore did not attend the meeting. Paul Foster, Chairman of the Board, attended the meeting. Employees of the Corporation attending 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 and various staff members. Also attending were Jerry Turner of Andrews Kurth LLP; Jim Phillips and Roger Starkey of The University of Texas System Administration; Keith Brown of the McCombs School of Business at The University of Texas at Austin; and Kris Kavanaugh of the Legislative Budget Board. Mr. Tate called the meeting to order at 11:00 a.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 approval of the minutes of the meeting of the Risk Committee held on November 5, 2012. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Risk Committee of the Board of Directors held on November 5, 2012, be, and are hereby, approved.

Mandate Categorizations

Mr. Tate stated that there were 12 new investment mandate categorizations prepared by Staff for the period beginning October 19, 2012, through January 18, 2013. Mr. Zimmerman was asked to review each new categorization. Mr. Zimmerman summarized each and said they were all straightforward with regards to categorization, with five in the MCC category and seven in Private Investments. Mr. Tate asked Mr. Zimmerman to provide information regarding the "Mandate Categorization Watch-List". Mr. Zimmerman stated that the Watch List continues to be monitored by Staff for possible categorization, but no mandates were being added to or removed from the list, and no recategorization recommendations were made by Staff at this time. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the

categorizations prepared by the Managing Directors. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the Board adopted a Mandate Categorization Procedure on January 30, 2008, with an effective date of March 1, 2008, to provide greater transparency into the process of classifying an investment mandate within the approved Asset Classes and Investment Types as defined in the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, and the Intermediate Term Fund; and

WHEREAS, the Procedure requires the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer to review and categorize each new mandate, to recommend re-categorization of any existing mandate if after the initial or annual categorization they become aware of a change(s) in the investment characteristics of the mandate that warrants a re-categorization, and to annually review all existing mandates; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from October 19, 2012, through January 18, 2013, and categorized each as required by the Procedure; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of twelve new mandates and concurs in the classifications as proposed by the Corporation's staff.

NOW, THEREFORE, BE IT

RESOLVED, that the Categorizations of the Asset Class and Investment Type for each Investment Mandate are hereby approved.

Compliance Summary Program

Mr. Tate asked Ms. Gonzalez to present the Compliance Summary Program. 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. Also provided to the Committee was the Institutional Compliance Program Report for the Period Ended November 30, 2012, including on-going monitoring of the compliance program, employee training, the preclearance of trades and the Corporation's Compliance Hotline. Ms. Gonzalez reviewed the updated Institutional Compliance Action Plan for FY 2013, including reporting on the progress of the Records Retention Procedure and Business Continuity Plan. She reported that the search for a new position for Deal Legal Counsel was still in progress and a full testing of the Business Continuity Plan would be scheduled in the near future. Mr. Zimmerman stated that the records retention progress is dovetailing nicely with the IT effort to create a new document management system, deleting files so as not to migrate outdated files to the new system.

Funds Update

Mr. Zimmerman stated that he would review the Funds Update in more detail at the Board Meeting next week. He 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. Dr. Yoeli answered the Committee Members' questions.

There being no further business to come before the Committee, the meeting was adjourned at approximately 11:19 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Charles W. Tate
Charles W. Tate, Chair
Risk Committee of the Board of Directors of
The University of Texas Investment
Management Company

Date: 4/17/13