

**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 **July 9, 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 E. Foster

thus constituting a majority and quorum of the Committee. Director Ardon E. Moore did not attend the meeting. Paul Foster, Chairman of the Board, also attended 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; Susan Chen, Senior Director – Public Markets Investments; Ryan Ruebsahm, Senior Director – Marketable Alternatives Investments; Uzi Yoeli, Senior Director – Portfolio Risk Management; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; and other staff members. Other attendees were Allen Hah, Jim Phillips, and Moshmee Kalamkar of The University of Texas System ("UT System") Administration; and Keith Brown of the McCombs School of Business at UT Austin. Mr. Tate called the meeting to order at 9:02 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 April 11, 2013. 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 April 11, 2013, be, and are hereby, approved.

Mandate Categorizations

Mr. Tate stated that there were six new investment mandate categorizations prepared by Staff for the period beginning March 30, 2013, and ending June 21, 2013. Mr. Zimmerman was asked to review the six new categorizations. Mr. Zimmerman summarized the categorization of the new mandates. He asked Ms. Chen to explain the categorization for a manager in the More Correlated and Constrained (MCC) mandate categorization that was on the Watch List. The Watch List continues to be monitored by Staff for possible re-categorization; one mandate was removed from the list. 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 March 30, 2013, through June 21, 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 six 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 update. Ms. Gonzalez presented to the Committee compliance items for the Quarter Ended ending May 31, 2013. She reported one out-of-compliance matter in the Compliance Summary Program report for the fiscal quarter ending May 31, 2013, regarding an external manager. As of May 31, 2013, a fixed income manager's portfolio duration variance was slightly over the investment benchmark. The portfolio duration was back in compliance and procedures were put into place by the manager to ensure compliance going forward. Also monitored were the Derivative Investment Policy, the risk targets, asset allocation targets and ranges and other investment related restrictions. Ms. Gonzalez provided to the Committee the Institutional Compliance Program Report for the Period Ended May 31, 2013, including on-going monitoring of the compliance program, employee training, the preclearance of trades and the Corporation's Compliance Hotline. Ms. Gonzalez reviewed the Institutional Compliance Action Plan for FY 2013. Mr. Zimmerman and Ms. Gonzalez answered the Committee members' questions. Mr. Bass asked that a manager, when out of compliance, be identified by name in the Compliance Summary Program report. Ms. Gonzalez stated that the manager's name will be included in future reports.

Risk Committee Self-Assessment

Mr. Zimmerman reported the results of the Committee self-assessment. He stated that responses overall were positive. Three members responded; with a few answers of "somewhat agree" from one person. To provide feedback for the "somewhat agree" answers, Staff will review the Committee Charter to determine if any amendments are necessary, schedule one-on-one meetings for the Committee members with Dr. Yoeli, and review the scope of the Committee's responsibility.

At this time, the Risk Committee convened with the Policy Committee for a Joint Policy/Risk Committee.

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: 11/19/13