

**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 **November 18, 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
Ardon E. Moore

thus constituting a majority and quorum of the Committee. Director Kyle Bass did not attend the meeting. Morris E. 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; Uzi Yoeli, Senior Director – Portfolio Risk Management; Courtney Powers, Director – Marketable Alternatives Investments; Amanda Hopper, Director – Public Markets Investments; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; and other staff members. Other attendees were Terry Hull, Jim Phillips, and Roger Starkey of The University of Texas System ("UT System") Administration; Jerry Turner of Andrews Kurth LLP; and Keith Brown of the McCombs School of Business at UT Austin. Mr. Tate called the meeting to order at 10:00 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 and the joint meeting of the Policy and Risk Committees held on July 9, 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 and the Joint Meeting of the Policy and Risk Committees held on July 9, 2013, be, and are hereby, approved.

Mandate Categorization Update

Mr. Tate asked Mr. Zimmerman to explain, regarding Mandate Categorization, the way in which a single mandate can be allocated to multiple categories. Mr. Zimmerman said Ms. Hopper and Mr. Powers led the effort of a holistic review of the existing mandates. They did an in-depth review of mandates with multiple Investment Type criteria ("multiple columns") with the objective of determining the integrity of their Investment Type categorizations. He asked them to present the *Mandate Categorization Update*. Ms. Hopper discussed the context, process, explained the mandate categorization grid, provided experience to date and described the MCC "multiple columns". She explained that she and Mr. Powers had reviewed all mandates since the effective date of the procedure in 2008, with a detailed view. Mr. Powers continued by reviewing the LCC "multiple columns" and the Private Investment "multiple columns". Following the

Mandate Categorization Update presentation, Mr. Tate presented the new mandate categorizations requiring approval by the Committee. Mr. Tate stated that there were 15 new investment mandate categorizations prepared by Staff for the period beginning June 22, 2013, and ending November 1, 2013, with no re-categorizations recommended, that needed to be approved by the Committee. The Chief Compliance Officer and CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Mr. Zimmerman was asked to briefly review those of the 15 new categorizations that needed a separate discussion. Mr. Zimmerman answered the Committee Members questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the purpose of the Mandate Categorization Procedure, amended as of July 22, 2013, is 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, and to review mandates prior to each Risk Committee meeting to determine whether there have been any change(s) in the investment characteristics of the mandate that warrant a re-categorization and, if so, to recommend re-categorization to the Risk Committee for their approval or re-categorization; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from June 22, 2013, through November 1, 2013, and categorized each as required by the Procedure; and

WHEREAS, the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer have reviewed existing mandates and determined there have been no changes in the investment characteristics of these mandates to warrant any re-categorizations; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of fifteen 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.

Structured Notes as Referenced in the Derivative Investment Policy

Mr. Tate asked Mr. Zimmerman to explain the determination of the Staff that Participation notes ("P-notes") should be included within the definition of structured notes; therefore, excluded from the definition of Derivative Investments in the Derivative Investment Policy ("Policy"). Mr. Zimmerman asked Dr. Yoeli to give a brief summary of the issue. Dr. Yoeli explained that in the Policy, derivatives include Derivative Investments but do not include a broader range of securities, including mortgage backed securities, structured notes, convertible bonds, exchange traded funds ("ETFs"), and Bona Fide Spot Foreign

Exchange Transactions. "Structured notes" however, is not defined in the Policy. Because "structured notes" could be understood to cover a wide range of instruments, some of which share the same risk characteristics as Derivative Investments, Staff believed it was appropriate to notify and discuss with the Risk Committee the reasons why a particular instrument should be treated as a "structured note", hence excluded from the definition of Derivative Investments. Staff defined P-notes as fully-funded instruments used to replicate, on a delta-one basis, the return profile of securities that are traded in certain foreign markets requiring a license to directly invest in the securities (e.g., China, India). Because P-notes are instruments issued by a foreign broker who has a license to directly invest in those securities, they carry counterparty risk. However, other than counterparty risk, P-notes are unlike other Derivative Investments included within the Policy. P-notes have the same risk profile as the underlying security and are not covered by ISDAs under market custom. Additionally, managers trading P-notes, have not been subjected to the typical margin/collateral marking required of trades under ISDAs. Mr. Zimmerman, Ms. Iberg and Dr. Yoeli answered the Committee Members questions. The Committee agreed with Staff's determination that P-notes should be included within the definition of structured notes; therefore, excluded from the definition of Derivative Investments in the Policy.

Compliance Summary Program

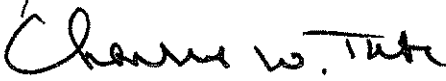
Mr. Tate asked Ms. Gonzalez to present the Compliance Summary Program update. Ms. Gonzalez presented to the Committee compliance items for the Quarter Ended ending August 31, 2013. She reported that there were no out-of-compliance matters in the Compliance Summary Program report for the fiscal quarter ending August 31, 2013. 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 Annual Report for the Period Ended August 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 updated Institutional Compliance Action Plan for FY 2013 and the Institutional Compliance Action Plan for FY 2014.

Other

Prior to adjournment, Committee Members had questions regarding the shares of stock distributed in lieu of cash from private investments. Mr. Zimmerman and Ms. Iberg answered the Committee Members' questions. Mr. Zimmerman said Staff will study this issue and will discuss at a future meeting.

There being no further business to come before the Risk Committee, the meeting was adjourned at approximately 10:50 a.m.

Secretary: 
Joan Moeller

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

Date: 2/23/14