

**MINUTES OF ANNUAL 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 **May 7, 2014**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Morris 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:

Morris E. Foster, Chairman
Ardon E. Moore, Vice Chairman
Francisco G. Cigarroa, Vice Chairman for Policy
Kyle Bass
Jeffery D. Hildebrand
Robert L. Stillwell
John D. White

thus constituting a majority and quorum of the Board. Chairman Foster called the meeting to order at 2:06 p.m. Directors R. Steven Hicks and Charles W. Tate did not attend the meeting. Director Kyle Bass joined the meeting later as noted in the minutes. 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; Susan Chen, Managing Director – Public Markets Investments; Ryan Ruebsahm, Managing Director – Marketable Alternative Investments; Uzi Yoeli, Senior Director - Portfolio Risk Management; Amanda Hopper, Director – Public Markets Investments; Russ Kampfe, Senior Portfolio Manager – Fixed Income Investments; Uche Abalogu, Chief Technology Officer; Gary Hill, Senior Manager - Investment Reporting; Debbie Childers, Manager - Portfolio Accounting and Operations; and other staff members. Other attendees were Jim Phillips, Moshmee Kalamkar, Allen Hah, Roger Starkey and Guillermo Garcia of the UT System Administration; Keith Brown of the McCombs School of Business at UT Austin; Jerry Turner of Andrews Kurth LLP; and Maria Robinson of the Texas A&M University System. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Minutes

The first item to come before the Board was approval of the minutes of the Board of Directors Meeting held on February 20, 2014. 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
February 20, 2014, be, and are hereby, approved.

Corporate Resolutions

Chairman Foster recommended approval of the corporate resolution designating officers for the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the following persons are hereby appointed to the respective office or offices of the Corporation set forth opposite their names, to serve until the next Annual Meeting of the Corporation or until their resignation or removal.

<u>Name</u>	<u>Office or Offices</u>
Morris Foster	Chairman
Ardon E. Moore	Vice-Chairman
Francisco G. Cigarroa	Vice-Chairman for Policy
Bruce Zimmerman	Chief Executive Officer and Chief Investment Officer
Cathy Iberg	President and Deputy Chief Investment Officer
Joan Moeller	Senior Managing Director, Treasurer and Secretary
Lindel Eakman	Managing Director
Mark Warner	Managing Director
Mark Shoberg	Managing Director
Ryan Ruebsahm	Managing Director
Susan Chen	Managing Director
Uche Abalogu	Chief Technology Officer
Christy Wallace	Assistant Secretary

Chairman Foster also recommended approval of the Resolutions of Appreciation for Charles Tate and James Wilson. Director Moore read brief comments provided by Director Tate and several directors thanked Directors Tate and Wilson for their service. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

Director Charles Tate’s Resolution of Appreciation:

WHEREAS, in recognition of his substantial background and expertise in business, Charles W. Tate was appointed by the Board of Regents of The University of Texas System to the Board of Directors of The University of Texas Investment Management Company (“UTIMCO”) in 2004, reappointed to a second term in 2008, and was reappointed for a third and final term in 2011; and

WHEREAS, Mr. Tate served as Chairman of the Risk Committee since 2005, and served as a member of the Audit and Ethics and Compensation Committees; and

WHEREAS, during his tenure on the UTIMCO Board, Mr. Tate provided invaluable insight and counsel, drawing on his more than 35 years’ business experience in investment and merchant banking, with Bank of America in New York, Morgan Stanley & Co., as a Partner and Member of the Management Committee of Hicks, Muse, Tate & Furst Inc., and currently, as Chairman and Founding Partner of Capital Royalty L.P., a market pioneer and innovator in healthcare investing that focuses on intellectual property investments; and

WHEREAS, Mr. Tate's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to the education and development of students at all levels, and further evidenced as a 2002-2003 Inductee of The University of Texas McCombs School of Business Hall of Fame, recipient of the 2007 University of Texas Distinguished Alumnus Award, recipient of The University of Texas at Austin 2011-2012 Presidential Citation in recognition of his leadership, sustained commitment and service to The University of Texas, service on The University Cancer Foundation Board of Visitors, member of the Executive Committee for The University of Texas M.D. Anderson Cancer Center, Chairman of the External Advisory Committee of The University of Texas Department of Biomedical Engineering, service on The University of Texas Development Board, Co-Vice Chair of the "Campaign for Texas," member of the Executive Committee of The University of Texas Commission of 125, member of The University of Texas Office of the President Business Productivity Committee, including serving as Chairman of its Technology Commercialization Subcommittee; and member of The University of Texas System Chancellor's Technology Commercialization Advisory Cabinet; and

WHEREAS, Mr. Tate's unselfish contributions are also evidenced in the civic and corporate arenas by his service on numerous boards, including as a member of the Industry and Community Affiliates Committee of the Academy of Medicine, Engineering, and Science of Texas, a member of the Board of Overseers of the Columbia University Graduate School of Business, and a member of The Robert A. Welch Foundation Board of Directors; and

WHEREAS, during Mr. Tate's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders, the national credit rating agencies, capital markets, and investment community generally; and

WHEREAS, much of the credit for UTIMCO's success is directly attributable to Mr. Tate's leadership, judgment, and commitment. NOW, THEREFORE,

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to Charles W. Tate their sincerest appreciation for his leadership and service that contributed immeasurably to UTIMCO's success; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Mr. Tate has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in

the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

PASSED AND ADOPTED this 7th day of May, 2014;

And Director James Wilson's Resolution of Appreciation:

WHEREAS, in recognition of his substantial background and expertise in business, James P. Wilson was appointed by Governor Rick Perry to the Board of Regents of The Texas A&M University System in 2007, elected to serve a two-year term as vice chairman of the board in 2009; and during his tenure, served as a member of the Board for Lease of University Lands and in 2011 was appointed by the Board of Regents of The University of Texas System to the Board of Directors of The University of Texas Investment Management Company ("UTIMCO"); and

WHEREAS, during his tenure on the UTIMCO Board, Mr. Wilson provided invaluable insight and counsel, drawing on his immense investment and accounting experience as a Certified Public Accountant and Managing Director at Rock Hill Capital Group, LLC, and former positions as Chief Executive Officer, Secretary, and Chairman of Golden Gate Homes, Inc., Managing Partner at Milestone Venture Group, Inc., Founder and Managing Partner of RSTW Partners, Vice President of the First Texas Merchant Banking Group, and an Auditor with Arthur Young & Co.; and

WHEREAS, Mr. Wilson's commitment and service as a Director of UTIMCO were exemplary, reflecting his deep devotion to the education and development of students at all levels, and further evidenced by his work in prior years with Texas A&M University as Chairman of the Board of Trustees of The 12th Man Foundation, member of the President's Advisory Council, member of the Chancellor's Advisory Council, and as a member of the Lowry Mays College and Graduate School of Business Development Council; and

WHEREAS, Mr. Wilson's unselfish contributions are also evidenced in the corporate arena by his current service on numerous boards, including director of Big Lake Services Company LLC, Tideland Signal Corp., Park Energy Services, and Duracoatings Holdings, LLC, and former board service for TGF Management Company, Texas Growth Fund, Blackhawk Specialty Tools, LLC, Restaurants Unlimited, Avalon Correctional Services, Inc., 24 Hour Fitness, Inc., Student Transportation of America, Inc. and Superior Air Parts, Inc.; and

WHEREAS, during Mr. Wilson's tenure on the UTIMCO Board, UTIMCO managed the Permanent University Fund and other investments of The University of Texas System with the highest standards of integrity, professionalism, and competency, earning wide praise and recognition from UTIMCO's investment beneficiaries, namely The University of Texas System and The Texas A&M University System, as well as the alumni and patrons of such Systems, the State's legislative leaders,

the national credit rating agencies, capital markets, and investment community generally; and

WHEREAS, Mr. Wilson has provided outstanding leadership, judgment, and commitment through his dedicated service as Chairman of the Audit and Ethics Committee and Member of the Board's Policy and Compensation Committees. NOW, THEREFORE,

BE IT RESOLVED, that the Directors of The University of Texas Investment Management Company, on behalf of the grateful people of the State of Texas, particularly the Boards of Regents and Administrators of The University of Texas System and The Texas A&M University System, do hereby express to James P. Wilson their sincerest appreciation for his leadership and service that contributed immeasurably to UTIMCO's success; and

BE IT FURTHER RESOLVED, that all persons who read this Resolution should know that Mr. Wilson has made a lasting and fundamental contribution to improve the manner in which public university endowments are invested and managed in the State of Texas, to the benefit of all of the citizens of the State, particularly the students and faculty of The University of Texas System and The Texas A&M University System.

PASSED AND ADOPTED this 7th day of May, 2014.

The newest Board member, John D. White, was introduced and welcomed by Chairman Foster and the Board. Chairman Foster then recommended approval of new committee assignments. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Audit and Ethics Committee of the Board of Directors:

John D. White
R. Steven Hicks
Robert L. Stillwell

subject to approval by the Board of Regents of The University of Texas System at a future meeting, to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that John D. White is hereby designated the Chair of the Audit and Ethics Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Compensation Committee of the Board of Directors:

Kyle Bass
Jeffery D. Hildebrand
Ardon E. Moore

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Kyle Bass is hereby designated the Chair of the Compensation Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Risk Committee of the Board of Directors:

Kyle Bass
Ardon E. Moore
John D. White

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Kyle Bass is hereby designated the Chair of the Risk Committee and shall preside at its meetings.

BE IT RESOLVED, that the following Directors of the Corporation are hereby designated as the Policy Committee of the Board of Directors:

Jeffery D. Hildebrand
R. Steven Hicks
Robert L. Stillwell
John D. White

to serve until the expiration of their term, or until their successor has been chosen and qualified, or until their earlier death, resignation or removal; and

FURTHER RESOLVED, that Jeffery D. Hildebrand is hereby designated the Chair of the Policy Committee and shall preside at its meetings.

Endowment and Operating Funds Update

Chairman Foster asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman presented the Corporation's Performance Summary as of February 28, 2014. Director Kyle Bass joined the meeting at this time. Mr. Zimmerman reported the Corporation had \$32.6 billion of assets under management on February 28, 2014. Of the \$32.6 billion, \$16.3 billion was in the Permanent University Fund ("PUF"), \$7.9 billion in the General Endowment Fund ("GEF"), \$1.9 billion in the Short Term Fund ("STF"), \$0.2 in Separately Invested Funds, \$0.2 billion in the Debt Proceeds Fund, and \$6.1 billion in the Intermediate Term Fund ("ITF"). The net performance for the six months ended February 28, 2014, for the PUF was 8.56% and for the GEF was 8.50%, versus benchmark returns of 7.85% for each fund. The ITF's performance was 6.77% versus its benchmark return of 6.40% for the six months February 28, 2014. Performance for the STF was 0.03% versus a benchmark return of 0.03% for the six months ended February 28, 2014. Mr. Zimmerman presented returns, returns vs. projections, value-add analysis, and assets and risk exposures in the Funds Report presentation. Mr. Kampfe, Mr. Shoberg, Mr. Warner, Ms. Iberg, Mr. Ruebsahm, Ms. Chen and Mr. Eakman each reported on their current portfolios and answered the Directors' questions. Also included in the presentation was risk analytics for the period

ending February 28, 2014, current risk environment, including 4-way risk decomposition, up/down capture, risk contributions and correlations. Mr. Zimmerman continued by reporting investment activity as of February 28, 2014, including manager exposure. He also reported on derivatives and counterparties, and gave an update on liquidity, contracts and the ITF. Mr. Zimmerman and Investment Staff answered the Directors' questions.

Investment Strategy

Chairman Foster asked Mr. Zimmerman to begin the presentation on Investment Strategy. Mr. Zimmerman discussed investment strategy decisions relative to process, expected returns in each asset class and investment type, efficient frontiers and staff suggested targets for FY2015. Mr. Zimmerman and Mr. Warner also provided items of discussions from the investment working group meeting held on April 30 and May 1. The investment working group, consisting of two board members and several staff members, met to collaborate and share their thoughts regarding investment strategy. Mr. Zimmerman answered the Directors' questions.

Policy Committee Report

Chairman Foster asked for a report from the Policy Committee Chair, Mr. Stillwell. Mr. Stillwell stated that the Policy Committee had met on April 29, 2014. The Committee approved minutes from previous meetings, and discussed and approved the proposed distribution rates and amounts for the fiscal year ending August 31, 2014 for the PUF, PHF, LTF, and ITF. Mr. Stillwell explained that each year Staff recommends the distribution rates for the Funds to the Policy Committee and the Policy Committee recommends the rates to the Board, which in turn submits its recommendation to the Board of Regents for approval. The distribution rate decision was expected to be placed on the meeting agenda of the Board of Regents 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. Upon motion duly made and seconded, the following resolutions were unanimously adopted:

RESOLVED, that the annual distribution amount for the Permanent University Fund be based on 4.75% of the trailing twelve-quarter average net asset value or \$659,431,829 for fiscal year 2015, effective with the September 1, 2014 distribution; the distribution rate for the Permanent Health Fund be increased from \$.0585 per unit to \$.0597 per unit for fiscal year 2015, effective with the November 30, 2014 quarterly distributions; the distribution rate for the Long Term Fund be increased from \$0.3352 per unit to \$0.3423 per unit for fiscal year 2015, effective with the November 30, 2014 quarterly distributions; and the distribution rate for the Intermediate Term Fund remain at 3.0% per annum for fiscal year 2015, effective with the September 1, 2014 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.

Audit and Ethics Committee Report

Chairman Foster asked Mr. Stillwell to provide a report on behalf of the Audit and Ethics Committee. Mr. Stillwell reported that the Committee met on April 29, 2014. At the meeting, the Committee approved minutes from their previous meeting, heard an update of compliance, reporting and audit issues for the period ending February 28, 2014 from Ms. Gonzalez, and Ms. Moeller reviewed the unaudited financial statements for the Investment Funds and Corporation for the six months ending February 28, 2014. Mr. Peppers gave an update from the UT System Audit Office.

Risk Committee Report

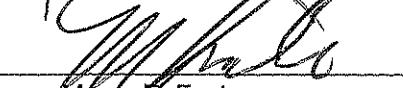
Chairman Foster asked Mr. Moore to provide a report from the Risk Committee. Mr. Moore reported that the Committee met on April 29, 2014, and approved minutes from the previous meeting. He stated that the Risk Committee approved 16 new investment mandate categorizations prepared by Staff for the period beginning February 6, 2013, and ending April 15, 2014, and reviewed the watch list. The Committee heard a report from Ms. Gonzalez on compliance items for the quarter ending February 28, 2014, and a Funds Update report as of February 28, 2014, from Mr. Zimmerman and Dr. Yoeli.

Organization Update

Chairman Foster asked Mr. Zimmerman to provide an organization update to the Board. Mr. Zimmerman gave an update on the Corporation's staffing and the second quarter fiscal year 2014 actual to budget expenses. Mr. Abalogu provided an update on the technology infrastructure platform and application development. Mr. Warner gave an update of the Strategic Offsite meeting that was held in April. Fifteen members of the senior management participated in a day long discussion that included the history of UTIMCO, culture of the corporation, investment team and processes, staffing and structure, investment support systems and future office relocation. Mr. Zimmerman, Mr. Warner and Mr. Abalogu answered the Director's questions.

There being no further business to come before the Board, the meeting was adjourned at approximately 4:33 p.m.

Secretary: 
Joan Moeller

Approved: 
Morris E. Foster
Chairman, Board of Directors of
The University of Texas Investment Management Company

Date: 