

**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 29, 2014**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Committee Chair, Robert L. Stillwell, 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:

Robert L. Stillwell, Chair
R. Steven Hicks
Jeffery D. Hildebrand

thus constituting a majority and quorum of the Committee. Morris Foster, Chairman of the Board, also attended the meeting. 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; Gary Hill, Senior Manager – Investment Reporting; and various staff members. Also attending were Allen Hah 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 Jerry Turner of Andrews Kurth LLP. Committee Chair Stillwell called the meeting to order at 10:10 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Minutes

Mr. Stillwell asked the Committee for approval of the minutes of the Policy Committee meeting and the Joint Meeting of the Policy and Compensation Committees, both held on February 20, 2014. 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 February 20, 2014, and the February 20, 2014 Joint Meeting of the Policy and Compensation Committees, be and are hereby, approved.

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. Stillwell asked Mr. Zimmerman to discuss the distribution rate policy and procedures. Mr. Zimmerman summarized the Distribution Policy presentation, which provided an overview, explained Constitutional limitations, the Corporation's role and timetable, relationships between investment rates, contribution rates and distribution rates, and the history and components of PUF growth from 1978 to the present. 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 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 UT System 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. Mr. Zimmerman and Mr. Hill answered the Committee members' questions. Mr. Zimmerman and Staff recommended that the Policy Committee approve, and recommend to the Board for approval, the suggested distribution rates for fiscal year ending August 31, 2015. 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 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.

There being no further business to come before the Committee, the meeting was adjourned at 10:58 a.m.

Secretary: Joan Moeller
Joan Moeller

Approved: Jeffery D. Hildebrand
Jeffery D. Hildebrand, Chair
Policy Committee of
The University of Texas Investment
Management Company

Date: 8-29-14