

**MINUTES OF 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 **October 15, 2015**, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Chairman, Jeffery D. Hildebrand, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded and broadcast over the Internet. Participating in the meeting were the following members of the Board:

Jeffery D. Hildebrand
Ardon E. Moore, Vice Chairman
William H. McRaven, Vice Chairman for Policy
Phil Adams
Kyle Bass
David J. Beck
R. Steven Hicks
H. Lee S. Hobson
John D. White

thus constituting a majority and quorum of the Board. Chairman Hildebrand called the meeting to order at 11:02 a.m., welcoming the newest Board member, David Beck, and recognizing Directors Phil Adams and Chancellor McRaven as it was their first in-person 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; Cecilia Gonzalez, internal General Counsel and Chief Compliance Officer; Mark Warner, Senior Managing Director - Natural Resources and Emerging Markets Investments; Susan Chen, Managing Director – Public Markets Investments; Ryan Ruebsahm, Managing Director – Marketable Alternative Investments; Uzi Yoeli, Managing Director - Portfolio Risk Management; Russ Kampfe, Sr. Portfolio Manager – Fixed Income Investments; Scott Bigham, Director – Private Markets Investments; Amanda Hopper, Director – Public Markets Investments; Richard Rincon, Senior Associate – Emerging Markets; Mukund Joshi, Associate - Real Estate Investments; Uche Abalogu, Chief Technology Officer; Aman Jain, IT Investment Associate; Kyle Burhop, Analyst – Public Markets Investments; and other staff members. Other attendees were Jim Phillips, Roger Starkey, Allen Hah, Terry Hull, Eric Polonski, Robin Burke, and Melanie Thompson of the UT System Administration ("UT System"); Keith Brown of the McCombs School of Business at UT Austin; and Jerry Turner and Bob Jewell of Andrews Kurth LLP. 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 April 22, 2015. 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 April 22, 2015, be, and are hereby, approved.

Board Committee Assignments

Chairman Hildebrand recommended Director David J. Beck to be designated as a member of the Audit and Ethics Committee, subject to approval by the UT System Board of Regents, and as a member of the Policy Committee. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

BE IT RESOLVED, that Director David J. Beck is hereby designated as a member of the Audit and Ethics Committee of the Board of Directors, subject to approval by the Board of Regents of The University of Texas System at a future meeting, and as a member of the Policy Committee of the Board of Directors, to serve until the expiration of his terms, or until his successors have been chosen and qualified, or until his death, resignation, or removal.

Endowment and Operating Funds Update

Chairman Hildebrand asked Mr. Zimmerman to present the Corporation's endowment and operating funds update. Mr. Zimmerman presented the *Endowment Dashboard*, which provides a one page summary of ten identified risks for the funds, including underperformance risk, market and scenario analysis, downside volatility and downside volatility attribution, active management, value add, endowment insurance hedges, transparency risks and concentration analysis. He also presented the Corporation's assets under management and performance results as of August 31, 2015. Mr. Zimmerman reported the Corporation had \$35.2 billion of assets under management: \$17.5 billion in the Permanent University Fund ("PUF"), \$8.2 billion in the General Endowment Fund ("GEF"), \$1.7 billion in the Short Term Fund ("STF"), \$0.3 billion in Separately Invested Funds, \$0.3 billion in the Debt Proceeds Fund, and \$7.0 billion in the Intermediate Term Fund ("ITF"). The net performance for the fiscal year ended August 31, 2015, for the PUF was .43% and for the GEF was 1.08%. The ITF's performance was -3.28%. Mr. Zimmerman then discussed the market performance during FY2015, active management value add, current tactical allocation, combined PUF and GEF exposure, and covered high points of volatility. Mr. Zimmerman also gave an update on co-investments, the ITF and contracts. Mr. Kampfe, Mr. Warner, Mr. Joshi, Ms. Chen and Mr. Ruebsahm discussed in detail their respective portfolios. Mr. Zimmerman, Dr. Yoeli and other Investment Staff answered the Directors' questions.

Organization Update

Chairman Hildebrand asked Mr. Zimmerman to give an organization update to the Board. Mr. Zimmerman gave an update on the Corporation's staffing, presented the budget vs. forecast, information technology, portfolio monitoring and new investment identification and travel. He asked Mr. Abalogu, Mr. Jain and Mr. Burhop to report on and demonstrate updates in the information technology area. Mr. Zimmerman and Staff answered the Directors' questions.

At approximately 12:22 p.m. the Board recessed for lunch.

The meeting of the Board reconvened in open session at 12:46 p.m.

Risk Committee Report

Chairman Hildebrand asked Mr. Bass to provide a report from the Risk Committee. Mr. Bass reported that the Committee convened on July 14, 2015 and minutes were approved from the previous meeting. He stated that the Risk Committee approved 18 new investment mandate categorizations prepared by Staff for the period beginning April 1, 2015 and ending June 30, 2015. The Committee heard a report from Ms. Gonzalez on compliance items for the quarter ending May 31, 2015. Mr. Bass reported that the Committee had also met jointly with the Policy Committee prior to today's Board meeting. There was discussion and approval of the Staff's recommendations of amendments to the Investment Policy Statements of the PUF, GEF, ITF, Permanent Health Fund ("PHF"), The University of Texas System Long Term Fund ("LTF") and Separately Invested Funds ("SIF"). Also approved were amendments to the Liquidity Policy and Derivative Investment Policy. There were no Board action items related to the Risk Committee report.

Update on Investment Initiatives

Chairman Hildebrand asked the Staff to present initiatives related to Currency Discussion, Lower Middle-Market Portfolio and Latin America Overview. Ms. Hopper began the discussion on currency. She gave a summary, recognizing that the Corporation invests globally, therefore the portfolio will be subject to foreign currency changes. She provided information on foreign currency exposure, the historical impact of FX (benchmarks), partner FX discretion, and FX staff hedging, performance and monitoring. Mr. Zimmerman asked Mr. Bigham to report on the lower middle-market portfolio. Mr. Bigham provided history on the private equity opportunities within the lower middle-market starting in 2010 and explained the portfolio. Mr. Rincon was then asked to present an overview of Latin America ("LatAm"). He discussed LatAm capital markets, endowment net asset value by country, endowment exposure and initiatives for LatAm. Mr. Zimmerman, Ms. Hopper, Mr. Bigham, Mr. Rincon and other investment staff answered the Board Members' questions.

Audit and Ethics Committee Report

Chairman Hildebrand asked Mr. White to provide a report on behalf of the Audit and Ethics Committee. Mr. White reported that the Committee met on July 14, 2015. At the meeting, the Committee approved minutes from their previous meeting, approved hiring of Deloitte & Touche LLP as the auditor for the Corporation, subject to further approval by the Board, heard an update on compliance for the period ending May 31, 2015, from Ms. Gonzalez, received an update from UT System Internal Audit, and Ms. Moeller presented the separate unaudited financial statements as of May 31, 2015, for the PUF, GEF, the PHF, LTF, ITF and the Corporation. The Committee also discussed, approved and provided recommendation to the Compensation Committee for the base salary, performance incentive plan participation and performance goals for the General Counsel and Chief Compliance Officer for FY 2015-16. Mr. White requested approval, on behalf of the Audit and Ethics Committee, for the hiring of Deloitte & Touche LLP as the independent auditor of the Corporation. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the firm of Deloitte & Touche LLP be, and is hereby, engaged as the independent auditor of the Corporation for the year ended August 31, 2015.

Policy Committee Report

Chairman Hildebrand asked Mr. Hicks to provide a report from the Policy Committee. Mr. Hicks reported that the Committee had met separately and also jointly with the Risk Committee, in person prior to the Board meeting. At the Policy Committee meeting, the Committee approved minutes from their previous meeting. At the Joint Policy and Risk Committee meeting, there was a report on investment strategy, and discussion and approval of the Staff's recommendations of amendments to the Investment Policy Statements of the PUF, GEF, ITF, PHF, LTF and SIF. Also approved were amendments to the Liquidity Policy and Derivative Investment Policy. On behalf of both Committees, Mr. Hicks recommended Board approval of the proposed amendments to the Investment Policy Statements of the PUF, GEF, ITF, PHF, LTF and SIF effective December 1, 2015, including Exhibits, and the Derivative Investment Policy and Liquidity Policy, both effective November 5, 2015. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that amendments to the Investment Policy Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and Separately Invested Funds and amendments to the Derivative Investment Policy and Liquidity Policy, as presented be, and are hereby approved, subject to approval by the Board of Regents of The University of Texas System.

Employee's Service as a Director on an UTIMCO Investee Company

Chairman Hildebrand asked Mr. Zimmerman to explain his recommendation for Spencer Swayze, Director – Natural Resources Investments, to serve as a Series B Manager of the Board of Managers for Agbiome, LLC. Mr. Zimmerman stated that in connection with the Corporation's co-investment in AgBiome, LLC, the Board of Managers asked Mr. Swayze to serve as a Series B Manager, an unpaid position. However, before an employee may serve as a director of a company in which the Corporation has directly invested its assets, the UTIMCO Code of Ethics requires the employee to obtain Board approval. Board approval must be conditioned on the extension of UTIMCO's Directors and Officers Insurance Policy coverage to the Employee's service as director of the investee company. UTIMCO's Directors and Officers Insurance Policy coverage was extended to include Mr. Swayze's service on the Board of Managers. Mr. Zimmerman answered the Directors' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the Board of Directors hereby approves Spencer Swayze's service as a Series B Manager of the Board of Managers for Agbiome, LLC.

FURTHER RESOLVED, that this board service on an UTIMCO investee company will meet all requirements of the Code of Ethics for the Corporation applicable to board service on an UTIMCO investee company.

Compensation Committee Report

Chairman Hildebrand asked Mr. Hobson, Chairman of the Compensation Committee to provide a report on the Committee's meetings. Mr. Hobson stated that the Committee had met on September 29, 2015 and

October 12, 2015, via teleconference, and again this morning in person prior to the Board meeting. The Committee discussed and approved minutes from previous meetings, base salaries of the Corporation's Officers' and other UTIMCO Compensation Program Participants' (except that of the CEO) for the Fiscal Year 2015-2016, and the engagement of the firm of Deloitte & Touche, LLP to perform agreed upon procedure services involving the recomputation of compensation for certain employees pursuant to the UTIMCO Compensation Program for the Performance Period ending August 31, 2015. The Committee also acted on a recommendation of the base salary of the Corporation's CEO for the Fiscal Year 2015-16 and amendments to the Corporation's Compensation Program, subject to Board approval. Mr. Hobson recommended, on behalf of the Committee, approval by the Board of the base salary of the Corporation's CEO for the Fiscal Year 2015-16, and amendments to the Corporation's Compensation Program. Upon motion duly made and seconded, the following resolutions were unanimously adopted by the Board:

RESOLVED, that the Board of Directors of UTIMCO hereby approves the Base Salary of the Corporation's CEO for the Fiscal Year 2015-2016 in the amount of \$750,000.

And,

WHEREAS, Section 7.2 of the UTIMCO Compensation Program (the "Plan") provides that UTIMCO, by action of its Board of Directors (the "Board"), has the right in its discretion to amend the Plan or any portion thereof from time to time; and

WHEREAS, the Compensation Committee of the Board (the "Committee") has reviewed certain proposed amendments to the Plan incorporated into an Amended and Restated Plan, effective September 1, 2015 (the "Amended and Restated Plan"), in the form previously provided to the Board; and

WHEREAS, the Committee approved the Amended and Restated Plan and made its recommendation to the Board that the Board approve and adopt the Amended and Restated Plan; and

WHEREAS, the Board has reviewed the Amended and Restated Plan.

NOW, THEREFORE, be it:

RESOLVED, that the Board hereby approves and adopts the Amended and Restated Plan, effective as of September 1, 2015, subject to the approval of the Board of Regents of The University of Texas System.

Proposed FY2016 Budget


Chairman Hildebrand asked Mr. Zimmerman to review the proposed budget for FY2016. Mr. Zimmerman compared FY2015 Budget vs. FY2016 Budget, reviewed salaries, incentive compensation and other Corporation expenses. He also explained direct costs, capital budget, annual fee and allocation schedule and a reserve analysis. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the UTIMCO Management Fee of \$31,509,766 and the Other Direct Fund Costs of \$8,501,600, resulting in Total Fees of \$40,011,366, Capital Budget of \$1,564,000 and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2015 through August 31, 2016, be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

Prior to adjourning, Director Moore and other Directors asked staff to consider and develop plans regarding various Corporation matters, including investment returns, distribution rates, fund distributions and future board seats. Mr. Zimmerman will address and report to the Board at a future meeting.

There being no further business to come before the Board, the meeting was adjourned at approximately 1:59 p.m.

Secretary: 
Joan Moeller

Approved: 
Jeffery D. Hildebrand
Chairman, Board of Directors of
The University of Texas Investment Management Company

Date: 11-25-15