

**UTIMCO BOARD OF DIRECTORS  
MEETING AGENDA  
November 18, 2015**

UTIMCO  
401 Congress Ave., Ste. 2800  
Austin, Texas 78701

Time		Item #	Agenda Item
Begin	End		
2:45 p.m.	2:47 p.m.	1	<a href="#">Call to Order/Discussion and Appropriate Action Related to Minutes of the October 15, 2015 Meeting*</a>
2:47 p.m.	2:50 p.m.	2	<a href="#">Discussion and Appropriate Action Related to Appointment of Corporate Officer*</a>
2:50 p.m.	3:00 p.m.	3	<a href="#">Report from Risk Committee</a>
3:00 p.m.	3:13 p.m.	4	<a href="#">Report from Audit and Ethics Committee:</a> - Discussion and Appropriate Action Related to Deloitte & Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and the Statement of Investment Performance Statistics for the year ended August 31, 2015*
3:13 p.m.	3:28 p.m.	5	<b>Recess to Executive Session</b> <b>Executive Session:</b> The Board of Directors may convene in Executive Session to consider individual personnel compensation matters, including Report of Compensation Committee Regarding Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended August 31, 2015, pursuant to Section 551.074, <i>Texas Government Code</i> . <b>Reconvene into Open Session</b> <a href="#">Report from Compensation Committee:</a> - Discussion and Appropriate Action Related to Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended August 31, 2015* - Discussion and Appropriate Action Related to CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016* - Discussion and Appropriate Action Related to Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program for the Performance Period ending August 31, 2016*
3:28 p.m.	3:30 p.m.	6	<a href="#">Report on 2016 Meeting Dates</a>
3:30 p.m.			<b>Adjourn</b>

\* Action by resolution required

Members of the Board may attend the meeting by telephone conference call pursuant to Tex. Educ. Code Ann. § 66.08(h)(2)(B). The telephone conference will be audible to the public at the meeting location specified in this notice during each part of the meeting that is required to be open to the public.

<b>Next Scheduled Meeting: TBD</b>
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**RESOLUTION RELATED TO MINUTES**

RESOLVED, that the minutes of the meeting of the Board of Directors held on **October 15, 2015**, be, and are hereby, approved.

**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: \_\_\_\_\_ Date: \_\_\_\_\_  
Jeffery D. Hildebrand  
Chairman, Board of Directors of  
The University of Texas Investment Management Company



**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

**Agenda Item:** Discussion and Appropriate Action Related to Appointment of Corporate Officer

**Developed By:** Staff

**Presented By:** Zimmerman

**Type of Item:** Action Item

**Description:** Bruce Zimmerman will request that Russ Kampfe be appointed an officer of the corporation. Managing directors are considered officers of the corporation. Mr. Kampfe's title has been changed from Senior Portfolio Manager to Managing Director – Fixed Income Investments, effective September 1, 2015.

**Recommendation:** Mr. Zimmerman will request that the Board approve Russ Kampfe's appointment as a corporate officer.

**Reference:** None

<b>RESOLUTION RELATED TO CORPORATION OFFICER</b>
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RESOLVED, that Russ Kampfe is hereby appointed to the office of Managing Director of the Corporation to serve until the next Annual Meeting of the Corporation or until his resignation or removal.

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

**Agenda Item:** Report from Risk Committee

**Developed By:** Staff

**Presented By:** Bass

**Type of Item:** Information item

**Description:** The Risk Committee (“Committee”) will meet in November. The Committee’s agenda includes (1) discussion and appropriate action related to minutes; (2) discussion and appropriate action related to categorization of investment mandates; (3) and review and discussion of compliance reporting.

**Discussion** The Committee will review and may approve the seventeen (17) new mandate categorizations prepared by Staff for the period beginning July 1, 2015, and ending November 1, 2015. Staff will review the *Mandate Categorization Update* presentation with the Committee. The Committee will report to the UTIMCO Board the results of its review of the Investment Mandate Categorizations.

The Committee will review the quarterly and annual compliance reporting.

**Recommendation:** None

**Reference:** None

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

**Agenda Item:** Report from Audit and Ethics Committee; Discussion and Appropriate Action Related to Deloitte and Touche LLP Financial Statement Audit Results and Communications and the Audited Financial Statements of the Permanent University Fund, General Endowment Fund, Permanent Health Fund, Long Term Fund, Intermediate Term Fund, and the Statement of Investment Performance Statistics for the year ended August 31, 2015

**Developed By:** Moeller, Hill, Gonzalez

**Presented By:** White

**Type of Item:** Action required by UTIMCO Board related to year end audits; Information item on other items

**Description:** The Audit and Ethics Committee (“Committee”) met on November 11, 2015. The Committee’s agenda included the following: (1) discussion and appropriate action related to minutes; (2) discussion and appropriate action related to Deloitte & Touche LLP’s Audit Results and Communications; (3) discussion and appropriate action related to the audit reports of the Permanent University Fund (“PUF”), General Endowment Fund (“GEF”), Permanent Health Fund (“PHF”), Long Term Fund (“LTF”), Intermediate Term Fund (“ITF”), and the Statement of Investment Performance Statistics for the year ended August 31, 2015; (4) report from UT System Audit Office – discussion and appropriate action related to FY2016 Audit Plan; (5) update on UTIMCO’s compliance, reporting and audit matters; and (6) discussion and appropriate action related to the General Counsel and Chief Compliance Officer’s Performance Incentive Award for the Performance Period ended August 31, 2015. The Committee convened in Executive Session for the purpose of deliberating individual personnel compensation matters related to the General Counsel and Chief Compliance Officer’s Performance Incentive Award as a Participant in the UTIMCO Compensation Program for the Performance Period ended August 31, 2015.

**Discussion:** The financial statements were audited by Deloitte & Touche LLP. Robert Cowley, engagement partner, presented to the Committee Deloitte & Touche LLP’s Financial Statement Audit Results and Communications letter (the “Letter”). Included in these Board materials are the Letter and Management’s Representation Letter to Deloitte confirming in writing Management’s responsibilities and representations with regard to these audits. Because of the voluminous nature of the audited financial statements, they are not included in the Board book. However, the complete audited financial statements are available on UTIMCO’s website, [www.utimco.org](http://www.utimco.org).

Also at its meeting, the Committee approved the FY 2016 Audit Plan presented by J. Michael Peppers, Chief Audit Executive of the UT System Audit Office.

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

The Committee postponed action related to the CEO's recommendation of the performance incentive award for the performance period ending August 31, 2015 for the General Counsel and Chief Compliance Officer. The Charter of the Audit and Ethics Committee requires that the Committee and CEO make a joint recommendation related to the performance incentive award for the General Counsel and Chief Compliance Officer and will meet again before the Compensation Committee's meeting on the 18th to discuss and take appropriate action concerning the recommendation.

Routine activities of the Committee included a report from Ms. Gonzalez related to the quarterly and annual compliance reports.

**Recommendation:** The Committee will recommend that the UTIMCO Board take appropriate action related to the Deloitte & Touche LLP Financial Statement Audit Results and Communications and the audited financial statements of the PUF, GEF, PHF, LTF, ITF, and the Statement of Investment Performance Statistics for the year ended August 31, 2015.

**Reference:** Deloitte & Touche LLP's Financial Statement Audit Results and Communications  
Management's Representation Letter  
Institutional Compliance Program Annual Report and Action Plans

**RESOLUTIONS RELATED TO AUDITS OF THE INVESTMENT FUNDS  
FOR FISCAL YEAR 2015**

RESOLVED, that Deloitte & Touche LLP's Financial Statement Audit Results and Communications on the Investment Funds Under Fiduciary Responsibility of The University of Texas System Board of Regents for the year ended August 31, 2015, be, and is hereby approved in the form as presented to the Board; and

FURTHER RESOLVED, that the separate annual financial statements and audit reports for the Permanent University Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, The University of Texas System General Endowment Fund, and The University of Texas System Intermediate Term Fund each for the fiscal years ended August 31, 2015, and August 31, 2014, and the Statement of Investment Performance Statistics for the year ended August 31, 2015, be, and are hereby approved in the form as presented to the Board.

October 30, 2015

Mr. Bruce Zimmerman  
CEO and Chief Investment Officer  
The University of Texas Investment Management Company

The Audit, Compliance and Management Review Committee of  
The Board of Regents of The University of Texas System

The Audit and Ethics Committee of the Board of Directors of  
The University of Texas Investment Management Company

401 Congress Avenue, Suite 2800  
Austin, TX 78701

Dear Mr. Zimmerman, Members of The Audit, Compliance and Management Review Committee of The Board of Regents of The University of Texas System as well as Members of The Audit and Ethics Committee of the Board of Directors of The University of Texas Investment Management Company (the “Board”):

We have performed audits of the financial statements of the Permanent University Fund, The University of Texas System General Endowment Fund, the Permanent Health Fund, The University of Texas System Long Term Fund, and The University of Texas System Intermediate Term Fund (collectively, the “Funds”) as of and for the year ended August 31, 2015, in accordance with auditing standards generally accepted in the United States of America (“generally accepted auditing standards”) and have issued our reports thereon dated October 30, 2015.

We have prepared the following comments to assist you in fulfilling your obligation to oversee the financial reporting and disclosure process for which management of the Funds is responsible.

### **Our Responsibility Under Generally Accepted Auditing Standards**

Our responsibility under generally accepted auditing standards has been described in the contract dated February 18, 2011 (Exhibit-A, section-B) and in the most recent amendment, the eighth amendment, dated February 28, 2014. As described in Exhibit A-2—Section B, the objective of a financial statement audit conducted in accordance with generally accepted auditing standards is to express an opinion on the fairness of the presentation of the Funds’ financial statements for the year ended August 31, 2015, in conformity with accounting principles generally accepted in the United States of America (“generally accepted accounting principles”), in all material respects. Our responsibilities under generally accepted auditing standards include forming and expressing an opinion about whether the financial statements that have been prepared by management with the oversight of the Board are presented fairly, in all material respects, in conformity with generally accepted accounting principles. The audits of the financial statements do not relieve management or the Board of their responsibilities.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether caused by fraud or error. In making those risk assessments, we considered internal control over financial reporting relevant to the Funds' preparation and fair presentation of the financial statements in order to design audit procedures that were appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Funds' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Funds' internal control over financial reporting. Our consideration of internal control over financial reporting was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

### Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are ordinarily based on knowledge and experience about past and current events and on assumptions about future events. Significant accounting estimates reflected in the Funds' 2015 financial statements include valuation of certain investments which are specifically the Funds' investments in hedge funds, private investments, and private placements recorded at amounts included in the table below which have been estimated by management in the absence of readily determinable fair values, as of August 31, 2015.

Fund	Value of Investments in the Absence of Readily Determinable Fair Values	Percentage of Total Assets
Permanent University Fund	\$13,548,351,602	75.3%
The University of Texas System General Endowment Fund	\$6,235,651,368	73.5%
The University of Texas System Intermediate Term Fund	\$3,882,957,401	51.9%

Although management believes the accounting estimates reflected in the Funds' 2015 financial statements are reasonable, there can be no assurances that the Funds could ultimately realize these values. The basis for our conclusions as to the reasonableness of these estimates when considered in the context of the financial statements taken as a whole, as expressed in our auditors' reports on the financial statements, is our understanding and testing of the process used by management to develop the estimates.

Management uses a process to estimate the fair value of these entities which includes, but is not limited to, consideration of financial information from the underlying funds provided at various interim dates during the year, other information from the underlying funds, as well as information from other relevant sources. This valuation process is reasonable based on the requirements of the AICPA Practice Aid for Auditors Alternative Investments—Audit Considerations and investment management industry general practices.

During the year ended August 31, 2015, we are not aware of any significant changes in accounting estimates or in management's judgments relating to such estimates.



## **Uncorrected Misstatements**

Our audits of the financial statements were designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no uncorrected misstatements or disclosure items passed identified during our audits.

## **Material Corrected Misstatements**

Our audits of the financial statements were designed to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. There were no material misstatements that were brought to the attention of management as a result of our audit procedures.

## **Significant Accounting Policies**

The Funds' significant accounting policies are set forth in the footnotes to the Funds' 2015 financial statements. During the year ended August 31, 2015, there were no significant changes in previously adopted accounting policies or their application.

## **Other Information in the Annual Report**

The audited financial statements include documents containing the following other information:

- Management Discussion & Analysis—*All Funds*
- Supplemental Schedules
  - Comparison Summary of Investments—*PUF, GEF, and ITF*
  - Schedule of Changes in Cost of Investments and Investment Income—*PUF only*
  - Financial Highlights—*GEF, ITF, LTF, and PHF*

We read such other information and considered whether it, or the manner of its presentation, is materially inconsistent with the information, or the manner of its presentation, in the financial statements audited by us. We have read the other information in the Funds' financial statements and have inquired as to the methods of measurement and presentation of such information. We did not note any material inconsistencies or obtain knowledge of a material misstatement of fact in the other information.

## **Disagreements with Management**

We have not had any disagreements with management related to matters that are material to the Funds' 2015 financial statements.

## **Our Views about Significant Matters That Were the Subject of Consultation with Other Accountants**

We are not aware of any consultations that management may have had with other accountants about auditing and accounting matters during fiscal year 2015.

### **Significant Findings or Issues Discussed, or Subject of Correspondence, with Management prior to Our Initial Engagement or Retention**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management regarding the application of accounting principles or auditing standards in connection with transactions that have occurred, transactions that are contemplated, or reassessment of current circumstances. In our judgment, such discussions or correspondence were not held in connection with our retention as auditors.

### **Other Significant Findings or Issues Arising from the Audits Discussed, or Subject of Correspondence, with Management**

Throughout the year, routine discussions were held, or were the subject of correspondence, with management. In our judgment, such discussions or correspondence did not involve significant findings or issues requiring communication to the Board.

### **Significant Difficulties Encountered in Performing the Audits**

In our judgment, we received the full cooperation of the Funds' management and staff and had unrestricted access to the Funds' senior management in the performance of our audits.

### **Management's Representations**

We have made specific inquiries of the Funds' management about the representations embodied in the financial statements. Additionally, we have requested that management provide to us the written representations the Funds are required to provide to its independent auditors under generally accepted auditing standards.

### **Emphasis-of-Matter and Other-Matters Paragraphs**

We included the following emphasis-of-matter in our opinion on the financial statements:

1. As discussed in Note 1, the financial statements of the Funds are intended only to present the fiduciary net position of the Funds as of August 31, 2015 and 2014, and the changes in its fiduciary net position for the years then ended in conformity with accounting principles generally accepted in the United States and do not purport to, and do not, present the financial position of UTIMCO or The University of Texas System, as of August 31, 2015 or 2014, or the changes in their fiduciary net positions for the years then ended—*Applicable to all Funds*
2. As also discussed in Note 1, the financial statements of the PUF include only the investment related assets and liabilities and changes therein which are being managed by UTIMCO and do not include the PUF's 2.1 million acres of land. This report, therefore, is not intended to be a complete presentation of the PUF's assets, liabilities, additions, and deductions—*Applicable to PUF only*.
3. As discussed in Note 2, the financial statements include investments (refer to the table on page 2 for the market value of investments by Fund) as of August 31, 2015 and 2014, respectively, whose fair values have been estimated by management in the absence of readily determinable fair values. Management's estimates are based on procedures performed by management which use information provided by the Funds' managers or the general partners—*Applicable to all Funds*.

Our opinions are not modified with respect to the above matters.

We included the following other matter in our opinion on the financial statements:

1. Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, as indicated, be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audits of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.—***Applicable to all Funds***

\* \* \* \* \*

This report is intended solely for the information and use of the Funds' management, as well as The Audit, Compliance and Management Review Committee of the Board of Regents of The University of Texas System, and The Audit and Ethics Committee of the Board of The University of Texas Investment Management Company, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Yours truly,

The signature is written in a cursive, handwritten style. It reads "Deloitte & Touche LLP". The ampersand is stylized, and the letters are connected in a fluid manner.

October 30, 2015



October 30, 2015

Deloitte & Touche LLP  
400 West 15<sup>th</sup> Street, Suite 1700  
Austin, TX 78701

We are providing this letter in connection with your audits of the statements of fiduciary net position as of August 31, 2015 and August 31, 2014, of the entities (the "Funds") listed in Appendix A, and statements of changes in fiduciary net position for the Funds for the years then ended, and the related notes to the financial statements, for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position and the changes in the fiduciary net position of the Funds in conformity with accounting principles generally accepted in the United States of America (GAAP), as prescribed by the Governmental Accounting Standards Board (GASB).

We are also providing this letter in conjunction with your audits of the detailed schedules of investment securities of the Permanent University Fund (the "PUF") as of August 31, 2015 and the statement of investment performance statistics for the Funds for the year ended August 31, 2015.

We confirm that we are responsible for the following:

- a. The preparation and fair presentation in the financial statements of financial position and changes in fiduciary net position in conformity with GAAP
- b. The investment performance statistics of the Funds have been computed net of investment management fees using the Modified Dietz Method. The formula for the Modified Dietz Method is shown in Appendix B
- c. The preparation and fair presentation of the supplemental schedules accompanying the basic financial statements that are presented for the purpose of additional analysis of the basic financial statements
- d. The design, implementation, and maintenance of internal control
  - Relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
  - To prevent and detect fraud
- e. Establishing and maintaining effective internal control over financial reporting.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

We confirm, to the best of our knowledge and belief, the following representations made to you during your audits.

1. The financial statements referred to above are fairly presented in conformity with GAAP.
2. The Funds have provided to you:
  - a. All relevant information and access as agreed in the terms of the contract entered into by The University of Texas System, as amended on February 10, 2014.
  - b. Financial records and related data
  - c. Minutes of the meetings of directors/trustees, and committees of directors/trustees; or summaries of actions of recent meetings for which minutes have not yet been prepared
  - d. Information relating to the Funds' compliance with all statutes, laws, or regulations that have a direct effect on our financial statements
  - e. All new or revised governance documents and agreements.
3. There have been no communications from regulatory agencies concerning noncompliance with or deficiencies in financial reporting practices.
4. The Funds have provided to you the results of management's risk assessment, including the assessment of the risk that the financial statements may be materially misstated as a result of fraud.
5. We have no knowledge of any fraud or suspected fraud affecting the Funds involving:
  - a. Management
  - b. Employees of The University of Texas Investment Management Company ("UTIMCO"), the Funds' investment manager, who have significant roles in the Funds' internal control over financial reporting
  - c. Others if the fraud could have a material effect on the financial statements.
6. We have no knowledge of any allegations of fraud or suspected fraud affecting the Funds' financial statements communicated by UTIMCO employees, former UTIMCO employees, analysts, regulators, or others.
7. There are no unasserted claims or assessments that legal counsel has advised us are probable of assertion and must be disclosed in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards ("GASB Codification") Section C50, *Claims and Judgments*,
8. All investments during the period were made in accordance with the investment policies.
9. The Funds have not completed the process of evaluating the impact that will result from adopting GASB Statement No. 72, *Fair Value Measurement and Application* ("GASB 72"), as discussed in Note 2. The Funds are therefore unable to disclose the impact that adopting GASB 72, will have on its financial position, results of operations, and cash flows when such statement is adopted.
10. Significant assumptions used by us in making accounting estimates are reasonable.
11. We have complied with all applicable provisions of the Foreign Corrupt Practices Act.

Except for the statement of investment performance statistics and where otherwise stated below, matters less than the materiality limits indicated in Appendix A for each Fund collectively are not considered to be exceptions that require disclosure for the purpose of the following representations. These amounts are not necessarily indicative of amounts that would require adjustment to or disclosure in the financial statements.

12. There are no transactions that have not been properly recorded in the accounting records underlying the financial statements.
13. The Funds have no plans or intentions that may affect the carrying value or classification of their assets and liabilities.
14. We have disclosed to you any change in the Funds' internal control over financial reporting that occurred during the Funds' most recent fiscal year that has materially affected, or is reasonably likely to materially affect, the Funds' internal control over financial reporting.
15. The Funds have identified all derivative instruments as defined by GASB Codification Section D40, *Derivative Instruments*, and appropriately recorded and disclosed such derivatives in accordance with GASB Codification Section D40.
16. With regard to the fair value measurements and disclosures of certain assets and liabilities, we believe that:
  - a. Portfolio securities are stated at fair value as determined in accordance with the valuation method set forth in the Funds' respective investment policies
  - b. The measurement methods, including the related assumptions, used in determining fair value were appropriate, consistent with market participant assumptions where available without undue cost and effort, and were consistently applied in accordance with GAAP
  - c. The completeness and adequacy of the disclosures related to fair values are in conformity with GAAP
  - d. No events have occurred subsequent to August 31, 2015 that require adjustment to the fair value measurements and disclosures included in the financial statements.
17. Private investment funds are fair valued by management. The fair values of these investments are estimated by management using the individual private investment fund's capital account balance at the closest available reporting period, as communicated by the investment fund's general partner or investment manager, adjusted for contributions and withdrawals subsequent to the latest available reporting period as well as consideration of any other information which has been provided. In rare cases the private market funds are valued at cost but only when management considers it to be the best approximation of fair value.
18. Regarding related parties:
  - a. We have disclosed to you the identity of the Funds' related parties and all the related party relationships and transactions of which we are aware
  - b. To the extent applicable, related parties and all the related-party relationships and transactions, including fees, commissions, sales, purchases, loans, transfers, leasing arrangements, side

- agreements, and guarantees (written or oral) have been appropriately identified, properly accounted for, and disclosed in the financial statements.
19. The following, to the extent applicable, have been appropriately identified, properly accounted for, and disclosed in the financial statements:
    - a. Restricted securities that may not be publicly sold without registration under the federal Securities Act of 1933
    - b. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line-of-credit, or similar arrangements
    - c. All derivative financial instruments (e.g., futures, options, swaps), including bank loan commitments and other outstanding commitments to purchase or sell securities under forward placement and standby commitments
    - d. Financial instruments with significant individual or group concentration of credit risk, whether from an individual counterparty or group of counterparties
    - e. Guarantees, whether written or oral, under which the Funds are contingently liable (e.g., shortfall agreements)
    - f. Financial support that the Funds have provided during the period presented to an investee, whether contractually required to do so or not, as well as financial support that the Funds have not yet provided but is contractually required to provide to an investee.
  20. In preparing the financial statements in conformity with GAAP, management uses estimates. All estimates have been disclosed in the financial statements for which known information available prior to the issuance of the financial statements indicates that both of the following criteria are met:
    - a. It is at least reasonably possible that the estimate of the effect on the financial statements of a condition, situation, or set of circumstances that existed at the date of the financial statements will change in the near term due to one or more future confirming events
    - b. The effect of the change would be material to the financial statements.
  21. Risks associated with concentrations, based on information known to management, that meet all of the following criteria have been disclosed in the financial statements:
    - a. The concentration exists at the date of the financial statements
    - b. The concentration makes the enterprise vulnerable to the risk of a near-term severe impact
    - c. It is at least reasonably possible that the events that could cause the severe impact will occur in the near term.
  22. There are no:
    - a. Violations or possible violations of laws or regulations whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency

- b. Known actual or possible litigation and claims whose effects should be considered when preparing the financial statements and that have not been disclosed to you and accounted for and disclosed in accordance with GAAP
  - c. Other liabilities or gain or loss contingencies that are required to be accrued or disclosed under GASB Codification Section C50, *Claims and Judgment*.
23. The Funds have satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral, except for those disclosed in the financial statements.
24. The Funds have complied with all aspects of contractual agreements that may have an effect on the financial statements in the event of noncompliance.
25. Regarding the required supplementary information of the Funds, i.e. the Management's Discussion and Analysis (the "MD&A"):
- a. We confirm that we are responsible for the MD&A
  - b. The MD&A is measured and presented in accordance with GASB
  - c. The methods of presentation of the MD&A have not changed from those used in the prior period.
26. Regarding the required supplemental schedule of the PUF, i.e. the Schedule of Changes in Cost of Investments and Investment Income:
- a. We confirm that we are responsible for the Schedule of Changes in Cost of Investments and Investment Income of the PUF
  - b. The Schedule of Changes in Cost of Investments and Investment Income of the PUF is measured and presented in accordance with Section 66.05 of the Texas Education Code
  - c. The methods of presentation of the Schedule of Changes in Cost of Investments and Investment Income of the PUF have not changed from those used in the prior period.
27. Regarding the supplementary information for the Funds, i.e. the Comparison Summary of Investments and the Financial Highlights, as applicable:
- a. We confirm we are responsible for the fair presentation of the supplementary information
  - b. We believe the supplementary information, including its form and content, is fairly presented
  - c. The methods of presentation of the supplementary information have not changed from those used in the prior periods.
28. Regarding the required supplemental schedule of the PUF, i.e. the Detail Schedules of Investment Securities:
- a. We confirm that we are responsible for the Detail Schedules of Investment Securities of the PUF
  - b. The Detail Schedules of Investment Securities of the PUF is prepared in accordance with Section 66.05 of the Texas Education Code

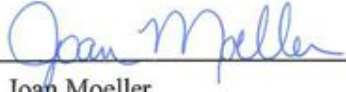


- c. The Detail Schedules of Investment Securities take into consideration the provisions of Government Code Section 552.143(c) which identifies the names of certain direct investments held by the PUF as confidential.
29. UTIMCO as investment manager of the Funds under the control and management of The University of Texas System Board of Regents ("UT Board"), entered into a security purchase agreement with the UT Board. The agreement committed the Funds to purchase UT System notes and bonds outstanding up to \$3,742,770,000. The PUF also has an agreement with the Texas A&M University System Board of Regents which commits the PUF to acquire up to \$125,000,000 of Texas A&M System flexible rate notes in the event of a failed remarketing of such notes. No UT System notes and bonds or Texas A&M System flexible rate notes have been or are expected to be purchased by the Funds under their required purchase commitment.
30. None of the entities which have borrowed from the Funds, subject to their securities lending programs, have defaulted during the year ended August 31, 2015.
31. In conjunction with the Funds' investments in the private investment and hedge fund pools, there are no instances where the Funds would be required to assume additional commitment responsibility should other limited partners or shareholders default on their own commitments.
32. As of August 31, 2015, the Funds do not have any deposits or investments that are exposed to custodial credit risk.
33. No events have occurred after August 31, 2015, but before October 30, 2015, the date the financial statements were available to be issued, that require consideration as adjustments to, or disclosures in, the financial statements.




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Bruce Zimmerman  
Chief Executive Officer and Chief Investment Officer



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Joan Moeller  
Senior Managing Director – Accounting, Finance, & Administration



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Gary Hill  
Senior Manager – Investment Reporting

**APPENDIX A**

<b>Entity Name</b>	<b>Materiality Limit</b>
Permanent University Fund ("PUF")	\$ 30,000,000
The University of Texas System General Endowment Fund ("GEF")	16,000,000
The University of Texas System Long Term Fund ("LTF")	14,500,000
Permanent Health Fund ("PHF")	2,200,000
The University of Texas System Intermediate Term Fund ("ITF")	14,000,000

### FORMULA FOR MODIFIED DIETZ METHOD

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The formula for estimating the time-weighted rate of return using the Modified Dietz Method,  $R_{DIETZ}$ , is:

$$R_{DIETZ} = \frac{\text{Gross of Fees}}{MVB + FW} = \frac{MVE - MVB - F}{MVB + FW} \qquad R_{DIETZ (net)} = \frac{\text{Net of Fees}}{MVB + FW} = \frac{MVE - MVB - F - FEES}{MVB + FW}$$

where

$MVB$  is the fair value at the beginning of the period, including accrued income from the previous period;

$MVE$  is the fair value at the end of the period, including accrued income for the period;

$F$  is the sum of the cash flows within the period (contributions to the portfolio are positive flows, and withdrawals or distributions are negative flows);

$FW$  is the sum of each cash flow,  $F_i$ , multiplied by its weight,  $W_i$ ; and

$FEES$  is the sum of investment management fees paid during the period.

$W_i$  is the proportion of the total number of days in the period that the cash flow  $F_i$  has been in (or out of) the portfolio. The formula for  $W_i$  is:

$$W_i = \frac{CD - D_i}{CD}$$

where

$CD$  is the total number of days in the period; and

$D_i$  is the number of days since the beginning of the period in which cash flow  $F_i$  occurred.

**The University of Texas Investment Management Company  
Institutional Compliance Program Report  
for the Year Ended August 31, 2015**

**Section I – Organizational Matters**

- Four meetings of the Ethics and Compliance Committee were held during the year: September 17, 2014, January 7, 2015, March 25, 2015, and June 24, 2015.
- Three Directors were appointed to the UTIMCO Board of Directors during the year. Chancellor William H. McRaven was appointed to the UTIMCO Board of Directors on February 12, 2015. Phil Adams, Regent on the Board of Regents of The Texas A&M University System, and David Beck, Regent on the Board of Regents of The University of Texas University System, were appointed on April 1, 2015, and May 14, 2015, respectively.
- Uzi Yoeli was appointed to Managing Director – Investment Risk Management.
- Mark Warner was appointed to Senior Managing Director – Natural Resources and Emerging Markets Investments.

**Section II - Risk Assessment, Monitoring Activities and Specialized Training (Performed by Responsible Party)**

**High-Risk Area #1: Investment Due Diligence**

**Responsible Party:** Managing Directors for Public Markets, Marketable Alternatives, Private Markets, and Real Estate Investments, Senior Managing Director for Natural Resources and Emerging Markets Investments, and Sr. Portfolio Manager – Fixed Income Investments.

**Key “A” risk(s) identified:**

- *Organization could fail to adequately conduct due diligence on prospective managers.*
- *Organization could fail to adequately conduct continual review and evaluation of external managers hired to manage UT System investment funds.*

**Key Monitoring Activities:**

**Public Markets:** The Public Markets group participated in 322 meetings/calls with potential managers. Serious due diligence was initiated on six new mandates. Four new mandates were completed. Ongoing review of active external managers included 264 meetings/calls. Additional efforts included monthly performance tracking, reviews and analyses by the team, participation in eight annual meetings, and one semi-annual portfolio review.

**Fixed Income:** The Fixed Income group participated in 43 meetings/calls with potential managers. Ongoing review of active external managers included 33 meetings/calls. Additional efforts included 38 calls with brokers, completion of the annual Fixed Income Broker/Dealer review, participation in one annual meeting and one semi-annual portfolio review.

**Marketable Alternative Investments:** The Marketable Alternative Investments group participated in 157 meetings/calls with potential managers. Serious due diligence was initiated on eight new mandates. Six new mandate were completed. Ongoing review of active external managers was conducted in the form of 239 meetings/calls/site visits. Additional efforts included monthly performance tracking, reviews and analyses by the team, three annual meetings, and one semi-annual portfolio review.

**Private Markets:** The Private Markets group initiated serious due diligence on 15 new mandates. Twenty new mandates were completed and there were additions to three existing mandates. The Private Markets group also participated in 360 meetings with active external managers and 208 meetings with potential managers, including site visits, conference calls, 22 annual meetings, one meeting with a limited partner, and one semi-annual portfolio review.

**Natural Resources and Emerging Markets:** The Natural Resources and Emerging Markets group participated in 661 meetings/calls with potential managers. Serious due diligence was initiated on 18 new mandates and one existing mandate. Nineteen new mandates were completed and there were additions to six existing mandates. Ongoing review of active external managers included 661 meetings/calls. Additional efforts included participation in 20 annual meetings and one semi-annual portfolio review.

**Real Estate:** The Real Estate group participated in 185 meetings/calls with potential managers. Serious due diligence was initiated on 18 new mandates. Thirteen new mandates were completed and there were additions to two existing mandates. Ongoing review of active external managers included 233 meetings/calls. Additional efforts included participation in 19 annual meetings and one semi-annual portfolio review.

**Specialized Training:** Staff attended 71 industry-related conferences/functions.

**High-Risk Area #2: Investment Risk Management**

**Responsible Party:** Managing Director - Risk Management

**Key “A” risk(s) identified:**

- *Organization could fail to accurately perform its assessment of risk due to data and investment instrument modeling error.*
- *Organization could fail to respond to risk levels (manage risk budget).*

**Key Monitoring Activities:**

- Risk Team won Investor Intelligence Award: Risk Management for Endowments & Foundations at the Institutional Investors Annual Conference.
- Risk Team reconciled accounting records’ market value with market values modeled by IFS; reconciled month end values from IFS to accounting records and identified reasons for all discrepancies. Risk Team compared each month’s downside volatility with both prior month results and with market activity to determine consistency, and identified reasons for all changes; prepared monthly charts and reports, as well as analysis of managers’ portfolio-level risks and performance.
- Risk Team participated in four due diligence calls and reviewed 15 additional due diligence questionnaires.
- Risk Team performed an in-depth quantitative study of Concentration Risk, which was then expanded to include Leverage Risk.
- Risk Team is incorporating holdings-based data for the Private Equity Risk proxy. This includes creating a system and processes by which UTIMCO can verify the accuracy/integrity of the underlying data, thereby resulting in a system which the Staff trusts and uses. This project also allows additional analytics using exposures generated by the underlying data.
- Risk Team negotiated, finalized, and executed the documents necessary for the Wellington Commodity portfolios to be a source for additional cash in times of crisis and/or opportunity.
- Risk Team met with Wellington to learn Risk Management practices that would benefit UTIMCO (i.e., when managing managers), as well as to review Risk Management in the funds they manage for UTIMCO.
- Risk Team monitors UTIMCO counterparties for any negative news and/or potential downgrades and continues to support investment staff in understanding risks inherent in managers operating under agency agreements. There was one Counterparty downgrade during the year.
- Risk Team continued to monitor the current macro environment. Risk Team continued to review future scenarios with high risk, and is working with the Portfolio Positioning Task Force to better understand the impact of each such scenario and to address such scenarios.
- All internal derivatives were reviewed and analyzed in detail prior to initiation. The insurance budget is continuously tracked.
- Derivative positions are monitored on a daily basis. External managers that may use derivatives are monitored daily for spikes in returns or in volatility. Effects of derivatives on the overall portfolio are

monitored monthly. Fixed income duration and tracking error is being monitored on an ongoing basis. Managers' use of margin and leverage is monitored on an ongoing basis. Risk Team confirmed each month downside volatility and VaR calculations.

- Risk Team prepared projections on portfolio downside volatility utilization, country exposure, liquidity, and asset allocations; updated projections on a weekly basis.

**Specialized Training:** Risk Team participated in seven seminars and conferences during the year.

**High-Risk Area #3:** Information Technology & Security

**Responsible Party:** Chief Technology Officer

**Key "A" risk(s) identified:**

- *Organization could fail to adequately secure networks and data to prevent abuse, destruction, and/or theft.*
- *Organization could fail to manage computer software and hardware resulting in internal and external users unable to perform necessary job duties.*

**Key Monitoring Activities:**

- Annual employee and new employee/intern security trainings were completed.
- Annual data owner reviews were completed.
- Annual Deloitte & Touche LLP audit work was completed.
- Annual IT Audit portion of the larger AFR audit completed.
- Several alerts were sent to staff covering topics such as viruses, malware, phishing scams, securely sending credit card and social security numbers via email and updates for mobile devices.
- RSA Archer Risk Assessment Tool roll-out was completed. Training was completed by CISO and Teresa Stewart. UTIMCO staff is learning the tool and adapting processes to utilize it.
- UTS 165 revisions are largely complete, pending reviews by executive committees at UT System.
- Two-factor authentication has been implemented on all public facing access points that provide privileged access. This includes Outlook Web Access, Citrix and legacy VPN for IT administrators.
- Box.com training/rollout largely complete.
- Monitoring and blocking of unencrypted electronic transmissions of social security numbers and credit card numbers is ongoing. Four violations occurred during the year. Violations are reported to the CCO and staff is reminded to transmit via encrypted means.
- Laptop security reviews continue. At random, the CISO and CCO verify laptops are physically secured to the desk. Violators are notified when necessary.
- Compliance checks for nightly shutdown/logout are ongoing. Violations noted and violators notified as necessary.
- Random checks for confidential data storage continue and CISO continues to work with development staff to limit access to source code.
- Random checks for software compliance were performed. CISO continues to monitor and address policy violations for unauthorized software, sharing of credentials, and use of network resources. Violations identified in the IT development domain.
- Review of security for data vendors' web sites was completed. CISO met with all investment groups.
- No malware infections this year.
- Continued rollout of Splunk for infrastructure monitoring and alerting.
- Review of ISS screens, system components, configurations and scripts is ongoing.
- Completed Denim Group security/code review of ISS.

**Specialized Training:** CISO attended teleconference UT Security meetings and on-site CISO Council meetings. CISO also met with Dell computer, Spiceworks, Box, Sequel Data Systems, and Juniper on new technologies and security.

**High-Risk Area #4: Investment Compliance**

**Responsible Party:** Manager - Portfolio Accounting and Operations and Chief Compliance Officer

**Key “A” risk(s) identified:**

- *Organization could fail to comply with investment policies, applicable laws and regulations, and other policies.*
- *Organization could fail to detect non-compliance with applicable policies, etc.*

**Key Monitoring Activities:**

- Verified that investments are in compliance with rules and guidelines in policies, rules and regulations utilizing custodian’s software and in-house developed databases and reports.
- Review of monthly and quarterly investment compliance reports prepared by staff continues.
- Thirty (30) annual compliance statements were sent to external managers. All were returned with no non-compliance issues noted.
- All mandates submitted to the Chief Compliance Officer were reviewed and categorized pursuant to asset class and investment type in accordance with the Mandate Categorization Procedure and approved by the UTIMCO Risk Committee.
- Portfolio Accounting and Operations staff continue to participate in prospective and active external manager investment due diligence.
- Derivative Investment Controls and Processes are being followed and work continues on improving them.

**Specialized Training:** None

**High-Risk Area #5: Conflicts of Interest**

**Responsible Party:** Chief Compliance Officer

**Key “A” risk(s) identified:**

- *Organization could fail to comply with conflicts of interest provisions in Code of Ethics and Texas Education Code section 66.08.*

**Key Monitoring Activities:**

- All Certificates of Compliance were received timely from all Directors and Key Employees for all investment managers hired and funded. Certificates were reviewed for completeness; no conflicts of interest were noted, i.e., no pecuniary interests were identified.
- Three new Directors were appointed during the year. Three Director’s financial disclosure statements and ethics compliance statements were received after the required due dates.
- All employee financial disclosure statements and ethics compliance statements due were received on or before the required due dates. Filing of financial disclosure and ethics compliance statements was waived for one temporary employee hired for two weeks.
- Effective April 1, 2013, a new procedure regarding the periodic review of public resources for comparison with financial disclosure statement information provided by Directors and Key Employees was adopted, which requires review of these statements within 90 days after the deadline for filing the statements. The review of public resources was performed as/when required.
- Three annual employee ethics and compliance training sessions were held for employees/interns and ten training session was held for new hires/interns. All new employees/interns received training within a reasonable time after hire. Training was waived for one temporary employee hired for two weeks.
- List of publicly traded securities of all publicly traded companies in which a Director or employee has a pecuniary interest (the “restricted list”) was maintained. Internal managers and external managers under agency agreements are provided the restricted list in order to prevent the violation of UTIMCO Code of Ethics and *Texas Education Code* Section 66.08. No new external managers under agency agreements were hired. Due to the addition and removal of securities to the “restricted list” (based on financial disclosure statements received), a revised list was sent to all external managers in October, January, February, and June.



- On a daily basis, the Legal and Compliance Specialist reviewed security holdings of internal and external managers under agency agreements for compliance with the restricted list. No exceptions noted.
- Of 129 securities transactions during the year, only one required preclearance and it was not preapproved as required. All but one transactional disclosure forms were turned in by the required ten days.
- CEO approval was given to 8 employees for outside employment; one employee's request for approval was not submitted timely.
- During the first three quarters, thirty-six (36) trips containing third party reimbursed/paid expenses, which required documentation and supervisor approval, had appropriate documentation and approval; three additional third party paid travel were not preapproved, one of which the traveler was unaware expenses would be paid by the third party; post approval was obtained for all three. Twenty-four (24) events that included sponsored entertainment requiring CEO, CCO, or UTIMCO Chairman approval received the requisite approvals.
- Beginning with the fourth quarter, the Finance and Administration travel review process was modified to require testing of a sample of expense reports only and no longer provide a review of all reimbursement requests. As a result, compliance reporting is now limited to information obtained from the sample tested during the quarter. Of the sample tested, five trips containing third party reimbursed/paid expenses, which required documentation and supervisor approval, had appropriate documentation and approval. Eight sponsored entertainment events requiring CEO, CCO, or UTIMCO Chairman approval received the requisite approvals.

**Specialized Training:** None

**Section III – Monitoring and Assurance Activities (Performed by Compliance Office)**

**High-Risk Area #1: Investment Due Diligence**

**Assessment of Control Structure:** *Well controlled*

**Assurance Activities Conducted:** CCO reviewed results of quarterly due diligence monitoring plans for each Investment group. Ongoing due diligence efforts on multiple managers continue. The Managing Director, Risk Management and CCO participated in the bi-weekly Investment Committee meetings and semi-annual portfolio reviews. The CCO participated in the annual Fixed Income Broker/Dealer review.

**Significant Findings:** None.

**High-Risk Area #2: Investment Risk Management**

**Assessment of Control Structure:** *Well controlled*

**Assurance Activities Conducted:** CCO continues to review documentation maintained by the Risk Team evidencing risk monitoring performed by the Risk Team.

**Significant Findings:** None

**High-Risk Area #3: Information Technology & Security**

**Assessment of Control Structure:** *Well controlled*

**Assurance Activities Conducted:** CCO continues to meet with CISO regarding information technology and security practices.

**Significant Findings:** None

**High-Risk Area #4: Investment Compliance**

**Assessment of Control Structure:** *Well controlled*

**Assurance Activities Conducted:** CCO is performing monthly review and sign-off of Compliance Reports to determine that policy requirements have been maintained based on the activity performed by staff. CCO reviewed the documentation and workpapers supporting the various compliance reports prepared by the Responsible Parties.  
**Significant Findings:** None

**High-Risk Area #5:** Conflicts of Interest

**Assessment of Control Structure:** *Well controlled*

**Assurance Activities Conducted:** Legal and Compliance Specialist reviewed the completed sign-offs for completeness for all certificates of compliance received. Monitoring for potential conflicts of interest in the areas of personal securities transactions, outside employment and business activities, and manager/third party-paid travel, entertainment and gifts is ongoing.

**Significant Findings:** None

**Section IV – General Compliance Training Activities**

Three annual training sessions for all employees/interns and ten training sessions for new hires, including interns were held. Training was waived for one temporary employee hired for two weeks.

**Section V – Action Plan Activities**

See updated Institutional Compliance Action Plan Fiscal Year 2015.

**Section VI – Confidential Reporting**

UTIMCO maintains a Compliance Hotline to receive and process complaints. UTIMCO has contracted with an outside vendor to provide the service. The chart below summarizes the calls received during the **FISCAL YEAR:**

<b>Type</b>	<b>FYTD Number</b>	<b>% of Total</b>
Employee Relations	0	0.00%
Policy Issues	0	0.00%
Hang ups or wrong numbers	1	0.00%
Total	0	0.00%

All calls are accepted by the hotline and reported to the UTIMCO Compliance Office. All reports are handled by a 5-person team comprised of the General Counsel and Chief Compliance Officer, the Legal and Compliance Specialist, the Manager - Finance & Administration, the Executive Assistant to the CEO and Chief Investment Officer, and David Givens from The University of Texas Systemwide Compliance Office.

**The University of Texas Investment Management Company  
Institutional Compliance Action Plan  
Fiscal Year 2015**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
<b><i>A. RISK ASSESSMENT</i></b>			
1.	Update risk assessments as needed, including mapping of controls	08/31/15	<i>No activity; no notable changes needed</i>
<b><i>B. MONITORING ACTIVITIES / ASSURANCE</i></b>			
2.	Continual enhancement of compliance monitoring and reporting	On-going	<i>Ongoing</i>
3.	Periodic review of Responsible Party Monitoring Plan documentation for high risk areas A	On-going	<i>All quarters FY 2015 reviewed</i>
<b><i>C. COMPLIANCE TRAINING / AWARENESS</i></b>			
4.	Provide Code of Ethics training and information to improve staff awareness of compliance program	04/30/15	<i>Three annual training sessions and ten initial training sessions for new employees/ interns were held during the year</i>
5.	Identify and network with similarly situated compliance professionals	On-going	<i>Participated in monthly Council of Compliance Officers calls; calls changed to quarterly beginning in September 2015</i>
<b><i>D. REPORTING</i></b>			
6.	Conduct quarterly meetings with the internal ethics and compliance committee	On-going	<i>First quarter FY 2015 meeting held on January 7, 2015; Second quarter FY 2015 meeting held on March 25, 2015; Third quarter FY 2015 meeting held on June 24, 2015; Fourth quarter FY 2015 meeting held on October 5, 2015</i>
7.	Provide quarterly/annual reports to the Audit and Ethics Committee and System-wide compliance office	On-going	<i>First quarter FY 2015 report presented to Audit &amp; Ethics Committee on January 30, 2015; Second quarter FY 2015 reported presented on</i>

Updated as of 10/05/15

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
			<i>April 13, 2015; Third quarter FY 2015 report presented to Audit &amp; Ethics Committee on July 14, 2015</i>
<b><i>E. OTHER / GENERAL COMPLIANCE</i></b>			
8.	Complete transition of compliance work from Back Office staff to Compliance Office	05/31/15	<i>Tasks were transferred as planned; Meeting held to revisit transfer to ensure no tasks had been missed</i>
9.	Institutional Compliance Program Self-Assessment	12/31/14	<i>Completed and reviewed at first quarter FY 2015 Employee Ethics and Compliance Committee meeting</i>
10.	Peer Review of UTIMCO Compliance Program	03/31/15	<i>Peer review report dated April 1, 2015 issued</i>
11.	Complete second live testing of Business Continuity Plan; update as business processes change	12/31/14	<i>Completed on February 6, 2015</i>
12.	ICAC activities: ICAC and Standing Committee participation	On-going	<i>Systemwide Compliance Officers' meeting scheduled held on March 30, 2015</i>
13.	Hotline reporting	On-going	<i>No activity</i>

Updated as of 10/05/15

**The University of Texas Investment Management Company  
Institutional Compliance Action Plan  
Fiscal Year 2016**

#	ACTION ITEM	TARGET COMPLETION DATE	STATUS
<b><i>A. RISK ASSESSMENT</i></b>			
1.	Maintain Enterprise Risk Management Framework; update risk assessments as needed, including mapping of controls	08/31/16	
<b><i>B. MONITORING ACTIVITIES / ASSURANCE</i></b>			
2.	Continual enhancement of compliance monitoring and reporting	On-going	
3.	Periodic review of Responsible Party Monitoring Plan documentation for high risk areas A	On-going	
<b><i>C. COMPLIANCE TRAINING / AWARENESS</i></b>			
4.	Provide Code of Ethics training and information to improve staff awareness of compliance program	04/30/16	
5.	Identify and network with similarly situated compliance professionals	On-going	
<b><i>D. REPORTING</i></b>			
6.	Conduct quarterly meetings with the internal ethics and compliance committee	On-going	
7.	Provide quarterly/annual reports to the Audit and Ethics Committee and System-wide compliance office	On-going	
<b><i>E. OTHER / GENERAL COMPLIANCE</i></b>			
8.	Complete wholesale review and compilation of all laws, regulations, policies and procedures applicable to UTIMCO and the funds; and to the extent necessary, modify compliance processes and reporting	03/31/16	
9.	Supervise and manage work of Legal and Compliance Specialist	08/31/16	
10.	Research and implement new/additional compliance program best practices, if needed	08/31/16	
11.	Complete third live testing of Business Continuity Plan; update as business processes change	02/28/16	
12.	UT Systemwide Compliance Office activities participation: annual compliance officers' forum and other activities	On-going	
13.	Hotline reporting	On-going	

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

**Agenda Item:** Report from Compensation Committee: Discussion and Appropriate Action Related to Performance Incentive Awards for UTIMCO Compensation Program Participants for the Performance Period ended August 31, 2015; Discussion and Appropriate Action Related to CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016; and Discussion and Appropriate Action Related to Designation of Employees in Eligible Positions as Participants in the UTIMCO Compensation Program for the Performance Period ending August 31, 2016

**Developed By:** Zimmerman, Gonzalez, Moeller

**Presented By:** Hobson

**Type of Item:** Action Item; Action Required by UTIMCO Board

**Description:** The Compensation Committee (the "Committee") met on November 9, 2015 and will meet on November 18, 2015. At its meeting on November 9, 2015, the Committee's agenda included the following (1) discussion and appropriate action related to minutes of its October 12 and 15 meetings; (2) discussion and appropriate action related to the designation of employees in Eligible Positions as Participants in the UTIMCO Compensation Program (the "Plan") for the Performance Period ended August 31, 2016; and (3) discussion and appropriate action related to Qualitative Performance Goals for the Participants of the Plan for the Performance Period ended August 31, 2016. The Committee also met in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters at the meeting. The Committee postponed action related to the designation of employees in Eligible Positions as Participants in the Plan and action related to Qualitative Performance Goals for the Participants of the Plan.

At its November 18<sup>th</sup> meeting, the Committee will convene in Executive Session for the purpose of deliberating individual personnel compensation and evaluation matters, including the Performance Incentive Awards for the Plan Participants for the Performance Period ended August 31, 2015. The Committee's agenda will include (1) discussion and appropriate action related to minutes of its November 9, 2015 meeting; (2) discussion and appropriate action related to the Performance Incentive Awards for the Plan Participants for the Performance Period ended August 31, 2015; (3) discussion and appropriate action related to the designation of employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2016; and (4) discussion and appropriate action related to Qualitative Performance Goals for the Participants of the Plan for the Performance Period ended August 31, 2016.

**Discussion:** **(1) Performance Incentive Awards.** The Committee will make its recommendation to the UTIMCO Board related to the Performance Incentive Awards under the Plan for all Plan Participants. Performance Incentive Awards in the Plan for the

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

2014/2015 Performance Period are calculated for each Participant based on the percentage achieved of each Performance Goal, taking into account the weightings for the Participant's Entity Performance, Asset Class/Investment Type Performance, and Qualitative Performance Goals. Action is required by the UTIMCO Board related to the Performance Incentive Awards.

**(2) Qualitative Performance Goals.** The Committee will report on its actions related to the Participants' Qualitative Performance Goals for the Performance Period ended August 31, 2016. There are two categories of performance goals in the Plan: (1) entity performance and (2) qualitative performance. Qualitative Performance Goals may be established in one or more of the following areas: asset class/investment type, leadership, implementation of operational goals, management of key strategic projects, effective utilization of human and financial resources, and UTIMCO's investment performance relative to the Peer Group. The entity performance goals are included in the Plan in Table 2 of Appendix D of the Plan. Section 5.4. of the Plan requires that the CEO's performance goals be determined and approved by the UTIMCO Board. The Committee presents and recommends the approval of the CEO's goals to the UTIMCO Board. The Committee will request that the Board take appropriate action related to the CEO's 2015/2016 Qualitative Performance Goals. The CEO's Qualitative Performance Goals will be reviewed in Executive Session with the UTIMCO Board.

**(3) Designation of Employees in Eligible Positions.** Approval is required by the UTIMCO Board related to the designation of Employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2016. Eligible Positions, as defined in Section 5.3. of the Plan include senior management, investment staff, and other key positions as designated by the CEO and approved by the UTIMCO Board. Section 5.3. of the Plan provides that in order for an employee of UTIMCO to become a Participant in the Plan for a Performance Period, the employee must be (1) employed by UTIMCO in an employment position that is designated as an Eligible Position for the Performance Period and (2) be selected by the UTIMCO Board as eligible to participate in the performance incentive award opportunity available under the Plan. An employment position that is an Eligible Position in one Performance Period is not automatically an Eligible Position in any subsequent Performance Period. Similarly, an employee eligible to participate in one Performance Period is not automatically eligible to participate in any subsequent Performance Period. The UTIMCO Board in its discretion may also designate the employment position of a newly hired or promoted employee as an Eligible Position. The designation of Employees in Eligible Positions as Participants in the Plan for the Performance Period ended August 31, 2016, is included in the materials.

**Recommendation:** The Committee will recommend appropriate action from the Board related to (1) the 2014/2015 Performance Incentive Awards, including the 2014/2015 Performance Incentive Award proposed for the CEO of UTIMCO, (2) the CEO's Qualitative

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

Performance Goals for the Performance Period ended August 31, 2016, and (3) the designation of Employees in Eligible Positions as Participants in the Plan for the 2015/2016 Performance Period.

**Reference:**

Materials provided for Executive Session  
Exhibit 1 – Designation of Plan Participants in Eligible Positions for the Performance Period Ended August 31, 2016



**RESOLUTION RELATED TO THE  
CEO'S 2014/2015 PERFORMANCE INCENTIVE AWARD**

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the "Plan") provides that, at the end of each "Performance Period," the Board will approve the "Performance Incentive Award" of the CEO based upon a determination of the level of achievement of the CEO with respect to his or her "Performance Goals" for such Performance Period; and

WHEREAS, the Compensation Committee has reviewed and approved the actual performance of the CEO during the 2014/2015 Performance Period and has submitted its recommendation to the Board for approval; and

WHEREAS, the Board has reviewed the actual performance of the CEO during the 2014/2015 Performance Period and has compared such actual performance relative to each Performance Goal category for the CEO against his corresponding Performance Goal for such Performance Period.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the CEO's Performance Incentive Award for the 2014/2015 Performance Period in the amount of \$\_\_\_\_\_ and be it

FURTHER RESOLVED, that of the CEO's \$\_\_\_\_\_ Performance Incentive Award for the 2014/2015 Performance Period, 50% (\$\_\_\_\_\_) will be deferred pursuant to the Plan.

**RESOLUTION RELATED TO  
2014/2015 PERFORMANCE INCENTIVE AWARDS**

WHEREAS, Section 5.5.(d) of the UTIMCO Compensation Program (the “Plan”) provides that, at the end of each “Performance Period,” the Compensation Committee will approve, subject to further approval of the UTIMCO Board, the “Performance Incentive Award” of each Participant based upon a determination of the level of achievement of such Participant against his or her “Performance Goals” for such Performance Period; and

WHEREAS, in accordance with Section 5.5.(d) of the Plan, the Compensation Committee has determined the level of achievement by each Participant in the Plan during the 2014/2015 Performance Period of his or her Performance Goals for such Performance Period; and

WHEREAS, Sections 5.5.(e) and 5.5.(f) of the Plan provide that, based on the percentage achieved of each Participant’s Performance Goals for a Performance Period, a Performance Incentive Award will be calculated for such Participant for such Performance Period in accordance with the calculation methodology set forth in Appendix A of the Plan; and

WHEREAS, Section 5.5.(f) of the Plan provides that the Compensation Committee will review all calculations of Performance Incentive Awards, make any changes it deems appropriate, and submit its recommendation to the Board for approval; and

WHEREAS, the Compensation Committee has reviewed the Performance Incentive Awards for all Participants who have met or exceeded their performance benchmarks for the 2014/2015 Performance Period, made changes it deemed appropriate, approved such Performance Incentive Awards, and recommended that the Board approve the same.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Performance Incentive Awards for all Participants for the 2014/2015 Performance Period (excluding the CEO) in the total aggregate amount of \$\_\_\_\_\_ and be it

FURTHER RESOLVED, that of the Performance Incentive Awards for the 2014/2015 Performance Period (excluding the CEO),\_\_\_\_% (\$\_\_\_\_\_) will be deferred pursuant to the Plan.

**RESOLUTION RELATED TO THE CEO'S QUALITATIVE PERFORMANCE GOALS FOR THE PERFORMANCE PERIOD ENDED AUGUST 31, 2016**

WHEREAS, Section 5.4.(a) of the UTIMCO Compensation Program (the "Plan") provides that the Compensation Committee (the "Committee") of the Board of Directors of UTIMCO (the "Board") will approve the Performance Goals for each Participant (other than for the CEO) each Performance Period; and

WHEREAS, Section 5.4.(c) of the Plan provides that the Board will determine the Performance Goals of the CEO for each Performance Period; and

WHEREAS, the Board has reviewed the CEO's Qualitative Performance Goals for the Performance Period ended August 31, 2016, as prepared by the CEO, and recommended by the Committee and set forth in the document presented to the Board.

NOW, THEREFORE, be it:

RESOLVED, that the Board approves the Qualitative Performance Goals for the CEO for the Performance Period ended August 31, 2016, as set forth in the document presented to the Board.

**RESOLUTION RELATED TO  
2015/2016 PARTICIPANTS IN  
UTIMCO COMPENSATION PROGRAM**

WHEREAS, Section 5.3.(a) of the UTIMCO Compensation Program (the “Plan”) provides that, in order to become a “Participant” in the Plan for a Performance Period, a UTIMCO employee must be (1) employed in a position designated by the Board of Directors of UTIMCO (the “Board”) as an “Eligible Position” for that Performance Period and (2) selected by the Board as a Participant for that Performance Period; and

WHEREAS, the Compensation Committee of the Board has recommended the individuals who may become Participants for the Performance Period ended August 31, 2016 set forth on Exhibit 1 attached hereto; and

WHEREAS, the UTIMCO Board has reviewed Exhibit 1 and wishes to select the individuals who may become Participants for the Performance Period ended August 31, 2016.

NOW, THEREFORE, be it:

RESOLVED, that the individuals set forth on Exhibit 1 attached hereto are hereby designated as “Participants” in the Plan for the Performance Period ended August 31, 2016, effective as of September 1, 2015.

**Exhibit 1**  
**Designation of Plan Participants in Eligible Positions**  
**for the Performance Period Ended August 31, 2016**

ELIGIBLE POSITION	PARTICIPANTS
<i>Investment Professionals</i>	
CEO & Chief Investment Officer	Bruce Zimmerman
Senior Managing Director - Investments	Mark Warner
Managing Director - Investments	Mark Shoberg
Managing Director - Investments	Ryan Ruebsahm
Managing Director - Investments	Susan Chen
Managing Director - Fixed Income	Russ Kampfe
Managing Director - Risk Management	Uzi Yoeli
Senior Director - Investments	Scott Bigham
Senior Director - Investments	Courtney Powers
Senior Director - Investments	Edward Lewis
Senior Director - Investments	Amanda Hopper
Senior Director - Investments	Harland Doak
Director - Investments	Spencer Swayze
Director - Investments	Pat Pace
Director - Investments	Billy Prather
Director - Investments	Richard Rincon
Director- Risk Management	Kate Wagner
Senior Associate - Investments	Mukund Joshi
Senior Associate - Investments	Lara Jeremko
Associate - Investments	Drury Morris
Senior Analyst - Investments	Russell Brown
Senior Analyst - Investments	Jena Michels
Senior Analyst - Investments	Spencer Branch
Senior Analyst - Investments	Kyle Burhop
Senior Analyst - Investments	Zoe Gabbard
Senior Analyst - Investments	Mallory Weinshall
Analyst - Investments	Victoria Lee
Analyst - Investments	Ryan Arestie
Analyst - Investments	James Yang
Analyst - Investments	Shree Pandya
<i>Operations/Support Professionals</i>	
Senior Managing Director	Joan Moeller
General Counsel and Chief Compliance Officer	Anna Cecilia Gonzalez
Chief Technology Officer	Uche Abalogu
Senior Manager	Gary Hill
Manager	Debbie Childers
Manager	Melynda Shepherd
Manager	Lara McKinney
Senior Investment Counsel	Jon Ellison
Chief Information Security Officer	David Gahagan
IT Investment Associate	Aman Jain

**Agenda Item**  
UTIMCO Board of Directors Meeting  
November 18, 2015

**Agenda Item:** Report on 2016 Meeting Dates

**Developed By:** Zimmerman

**Presented By:** Zimmerman

**Type of Item:** Information item

**Description:** This agenda item presents the 2016 UTIMCO Board Meeting schedule and the Committee meetings schedule.

**Recommendation:** None

**Reference:** UTIMCO 2016 Meeting Dates



## UTIMCO Meeting Dates 2016

Month	UTIMCO 20 <sup>th</sup> Anniversary Event	Board Of Directors	Audit and Ethics Committee	Compensation Committee	Policy Committee	Risk Committee	UT System Board of Regents	TAMU System Board of Regents
January								
February		<b>Feb 18</b>	Feb 2	Feb 2	Feb 2	Feb 2	Feb 10-11	Feb 10-13
March	Mar 3-4							
April (annual)		<b>Apr 21</b>	Apr 14	Apr 14	Apr 14	Apr 14		April 26-28
May							May 11-12	
June								
July		<b>Jul 21</b>	Jul 12	Jul 12	Jul 12	Jul 12	Jul 13-14	
August							Aug 24-25	
September								Aug 31 - Sep 2
October		<b>Oct 13</b>						
November		<b>Nov 17</b>	Nov 8	Nov 8	Nov 8	Nov 8	Nov 9-10	Nov 9-11
December								

**UTIMCO Board of Directors Meetings to be held in the Corporate Office:**  
401 Congress, Suite 2800, Austin, Texas 78701

Committee Assignments:

**Audit and Ethics:** White - Chair, Adams, Beck, Hobson

**Compensation:** Hobson - Chair, Bass, Hicks, Moore

**Policy:** Hicks - Chair, Adams, Beck, White

**Risk:** Bass - Chair, Hobson, Moore, White