

**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 July 21, 2016, 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, Chairman
William H. McRaven, Vice President for Policy
Phil Adams
Kyle Bass
David J. Beck
R. Steven Hicks
H. Lee S. Hobson
Ray Nixon
Ray Rothrock

Directors Hicks, Hobson and Bass participated by means of conference telephone, enabling all persons participating in the meeting to hear each other, thus constituting a majority and quorum of the Board. Chairman Hildebrand called the meeting to order at 11:03 a.m. Employees of the Corporation attending the meeting were Bruce Zimmerman, CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cecilia Gonzalez, Corporate Counsel and Chief Compliance Officer; Mark Warner, Senior Managing Director - Natural Resources, Emerging Markets & Lower/Middle Markets; Uzi Yoeli, Managing Director - Risk Management; Russ Kampfe, Managing Director - Fixed Income; Ryan Ruebsahm, Managing Director - LCC; Susan Chen, Managing Director - MCC; Eddie Lewis, Senior Director - Real Estate; Gary Hill, Senior Manager - Investment Reporting; Uche Abalogu, Chief Technology Officer; Billy Prather, Director - Natural Resources; and other staff members. Other attendees were Terry Hull, Jim Phillips, Roger Starkey, Allen Hah, and Eric Polonski of UT System Administration; Maria Robinson and David Rejino of The Texas A&M University System; Keith Brown of the McCombs School of Business at UT Austin; and Bob Jewell of Andrews Kurth LLP. Copies of materials supporting the Board meeting agenda were previously furnished to each member of the Board.

Chairman Hildebrand invited the two newest members of the Board, Ray Rothrock and Ray Nixon, to introduce themselves, since this was their first time attending a Board meeting in person.

Minutes

The first action item to come before the Board was approval of the minutes of the Board of Directors Meetings held on May 5, 2016. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the minutes of the Annual Meeting of the Board of Directors held on May 5, 2016, be, and are hereby, approved.

Board Committee Assignments

Chairman Hildebrand recommended approval of the UTIMCO Board Committee assignments for Director Ray Nixon. Upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that Director Ray Nixon is hereby designated as a member of the Policy, Risk and Compensation Committees of the Board of Directors, to serve until the expiration of his term, or until his successor 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 spoke about the performance summary for the endowments and the Intermediate Term Fund ("ITF") for the period ending May 31, 2016. He presented the endowment dashboard, including underperformance, market performance, scenarios, downside volatility, active management, transparency, concentration, illiquidity, leverage and permanent loss of capital. The net performance for the nine months ended May 31, 2016, for the PUF was -0.10% and for the GEF was -0.08%. The ITF's net performance was 0.18%. Mr. Zimmerman also reported on UTIMCO Assets under Management as of May 31, 2016, reporting that the Corporation had \$35.5 billion of assets under management: \$17.4 billion in the Permanent University Fund ("PUF"), \$8.2 billion in the General Endowment Fund ("GEF"), \$1.8 billion in the Short Term Fund ("STF"), \$0.2 billion in the Separately Invested Funds, \$0.4 billion in the Debt Proceeds Fund, and \$7.5 billion in the ITF. He then gave a detailed report of each line item in the combined PUF and GEF Exposure. Mr. Kampfe, Mr. Prather, Mr. Warner, Mr. Ruebsahm, Mr. Lewis, and Ms. Chen, reported on their respective portfolios. Mr. Zimmerman and staff answered all questions from the Directors.

Operations, Accounting and Reporting Overview

Mr. Zimmerman moved to the Operations, Accounting and Reporting ("OAR") Overview. Mr. Zimmerman introduced Ms. Moeller and Mr. Hill, who presented an overview of the team's critical activities related to the Investment Funds and individual endowments, including the support provided to the UT and A&M Systems, internal investment staff, and other key interfaces. Ms. Moeller and Mr. Hill discussed the support and control provided by OAR for a myriad of activities critical to the UT and A&M Systems, including contributions and disbursements for the Investment Funds; funding, redemptions, distributions and fees of external investment management partners; internal trading; securities; accounting for the Investment Funds; accounting and reporting for individual endowments; general reporting; operational due diligence; and the Separately Invested Funds. The OAR staff was introduced to the Directors and Ms. Moeller thanked her staff for everything they do on a daily basis. Ms. Moeller and Mr. Hill answered the Directors' questions. Chairman Hildebrand commented that the efficiency slide was the most impressive and expressed thanks and appreciation for OAR staff's work.

UTIMCO Organization Update

Mr. Zimmerman provided a brief update on UTIMCO's staffing. Mr. Abalogu provided an update on information technology and discussed the progress made on ongoing initiatives, including the Investment Support System initiative, Office 365 & productivity enhancement tools, email system migration to the cloud, and technology design and engineering for the new office space. Also noted was the score of 99% received by the Information Technology Team on the UT System-wide security assessment scorecard. Mr. Gahagan, Chief Information Security Officer, was introduced to the Directors.

At 12:51 p.m. the Board recessed for lunch.

The meeting of the Board reconvened in open session at 1:25 p.m.

Audit and Ethics Committee Report

Chairman Hildebrand asked Mr. Beck to give an update for the Audit and Ethics Committee. Director Beck reported that the Audit and Ethics Committee had considered three action items at its meeting, minutes from the April 26th meeting, the appointment of Deloitte & Touche, LLP as the external auditor for the Corporation, subject to approval from the Board, and the base salary, performance incentive plan participation, and FY17 performance goals for the Corporate Counsel and Chief Compliance Officer. He also reported that Mike Peppers with the UT System Audit Office briefed the committee on the recommendations made by the UT System Audit Office resulting from the separately managed accounts audit, all but one which had been implemented. Director Beck reported that Ms. Gonzalez gave her report on compliance matters for the quarter ending May 31, 2016, the annual financial advisor and service provider disclosure statements, and the director co-investment log. He also reported that Ms. Moeller had reported on the unaudited financial statements for the quarter ended May 31, 2016, for the PUF, GEF, PHF, LTF, ITF and UTIMCO. On behalf of the Audit and Ethics Committee, the following resolution was recommended for approval. 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, 2016.

Risk Committee Report

Chairman Hildebrand asked Mr. Bass to provide a report from the Risk Committee. Mr. Bass reported that the Risk Committee had considered two action items at its meeting. The minutes from the previous April 26, 2016 meeting were approved as drafted. He stated that the Risk Committee approved 14 new investment mandate categorizations prepared by staff for the period beginning April 2 through July 1, 2016. Director Bass also addressed an investigation performed by staff on a non-US manager related to allegations of an ethical lapse and lack of credibility. The investigation was concluded and staff determined the manager was in compliance but staff will continue to monitor the manager. The second item related to a derivative investment transaction executed by an employee who was not on the list of authorized traders. Ms. Gonzalez was instructed to provide a list of authorized traders to all counterparties. There were no action items related to the Risk Committee report.

Policy Committee Report

Chairman Hildebrand asked Mr. Hicks to provide a report on behalf of the Policy Committee, which met jointly with the Risk Committee on July 12, 2016. Mr. Hicks reported that the Committees considered and approved proposed amendments to the Investment Policy Statements, Liquidity Policy, Derivative Investment Policy and the Delegation of Authority Policy, subject to approval by the Board. A discussion regarding the proposed changes to the Liquidity Policy that began at the joint Policy and Risk Committee meeting continued. Mr. Zimmerman answered the questions from the Directors. After discussion, the Directors determined that no changes should be made to the Liquidity Policy. On behalf of the Policy Committee, the following resolution was recommended for approval. 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, and Intermediate Term Fund, and amendments to the Derivative Investment Policy, as presented be, and are hereby approved, subject to approval by the Board of Regents of The University of Texas System; and

FUTHER RESOLVED, that amendments to the Delegation of Authority Policy as presented be, and are hereby approved.

Executive Session

Chairman Hildebrand announced, at 1:43 p.m., that, "The Board of Directors of The University of Texas Investment Management Company having been duly convened in Open Session and notice of this meeting having been duly given, I hereby announce the convening of a closed meeting as an Executive Session to consider individual personnel compensation matters, including the CEO and Chief Investment Officer, pursuant to Section 551.074, *Texas Government Code*. The date is July 21, 2016, and the time is now 1:43 p.m. With the exception of Mr. Zimmerman and Mr. Jewel, all other meeting participants left the meeting at this time. Mr. Zimmerman left the meeting during discussions regarding his compensation matters.

Open Session

The Board reconvened in open session and Chairman Hildebrand announced that "The Open Session of the Board of Directors of The University of Texas Investment Management Company is now reconvened. The date is July 21, 2016, and the time is now 2:24 p.m. During the Executive Session, the Board deliberated individual personnel compensation matters but no action was taken nor decisions made, and no vote was called for or had by the Board in Executive Session."

Compensation Committee Report

Chairman Hildebrand asked Mr. Hobson to provide a report on behalf of the Compensation Committee. Mr. Hobson stated that the Committee had met on July 12, 2016, via teleconference and all members of the committee were present, including Chairman Hildebrand and Ray Nixon. The Committee considered three

action items: approval of the minutes of the April 26, 2016 meeting; base salaries for the UTIMCO officers and other plan participants, excluding the CEO and CIO, for 2016-2017 fiscal year; and the base salary of the CEO and CIO for the 2016-2017 fiscal year, subject to approval by the Board. On behalf of the Compensation Committee, the following resolution was recommended for approval. Upon motion duly made and seconded, the following resolution was 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 2016-2017 in the amount of \$772,500.

Proposed UTIMCO FY2017 Budget

Chairman Hildebrand asked Mr. Zimmerman to review the proposed budget for FY2017. Mr. Zimmerman recognized and thanked Ms. Kim Bauer, Senior Accountant, for preparing the budget. Mr. Zimmerman compared FY2017 Budget vs. FY2016 Budget, reviewed salaries, incentive compensation and other Corporation expenses. He also explained direct costs, capital budget, the annual fee and allocation schedule and reserve analysis. With respect to the reserve analysis, Mr. Zimmerman explained that staff recommended that no cash be returned to the Investment Funds due to future cash needs related to the new office space. Chairman Hildebrand requested staff to provide additional information regarding the Corporation's budget as compared to other endowments and staffing changes. Mr. Zimmerman answered the Directors' questions. There being no further discussion, upon motion duly made and seconded, the following resolution was unanimously adopted by the Board:

RESOLVED, that the UTIMCO Management Fee of \$32,295,292 and the Other Direct Fund Costs of \$8,746,653, resulting in Total Fees of \$41,041,945, Capital Budget of \$100,000 and the Allocation Schedule; as provided to the Board for the period beginning September 1, 2016 through August 31, 2017, be, and are hereby, approved, subject to approval by the Board of Regents of The University of Texas System.

There being no further business to come before the Board, the meeting was adjourned at approximately 2:43 p.m.

Secretary: 
Joan Moeller

Approved:  Date: 9-29-16
Jeffery D. Hildebrand
Chairman, Board of Directors of
The University of Texas Investment Management Company