

**MINUTES OF MEETING
OF THE RISK COMMITTEE OF THE
BOARD OF DIRECTORS OF
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Risk Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **November 17, 2016**, by means of conference telephone enabling all persons participating in the meeting to hear each other, at the offices of the Corporation, Suite 2800, 401 Congress Avenue, Austin, Texas, said meeting having been called by the Committee Chair, Kyle Bass, with notice provided to each member in accordance with the Corporation's Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Kyle Bass, Chair
David J. Beck
H. Lee S. Hobson
Ray Rothrock

thus constituting a majority and quorum of the Committee. Director Ray Nixon did not attend the meeting. Employees of the Corporation attending the meeting were Mark Warner, Interim CEO and Chief Investment Officer; Joan Moeller, Secretary and Treasurer; Cissie Gonzalez, Corporate Counsel and Chief Compliance Officer; Russ Kampfe, Managing Director – Fixed Income; Uzi Yoeli, Managing Director – Risk Management; and Susan Chen, Managing Director – MCC, Technology & Deal Legal. Also attending were Keith Brown of the McCombs School of Business of The University of Texas at Austin; Terry Hull, Allen Hah, and Roger Starkey of The University of Texas System; Jerry Turner and Bob Jewell of Andrews Kurth Kenyon LLP; and David Rejino of The Texas A&M University System. Chairman Bass called the meeting to order at 1:03 p.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Committee member.

Minutes

The first matter to come before the Committee was approval of the minutes of the July 12, 2016 Meeting of the Risk Committee and July 12, 2016 Meeting of the Joint Meeting of the Policy and Risk Committees. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Risk Committee and the Joint Meeting of the Policy and Risk Committees held on July 12, 2016, be, and are hereby, approved.

Mandate Categorization

Chairman Bass asked Mr. Warner to give a brief summary of the new mandate categorizations requiring approval by the Committee. Mr. Warner summarized the 20 new investment mandate categorizations prepared and recommended by Staff for the period beginning July 2, 2016 and ending November 7, 2016, and Susan Chen discussed the one mandate being considered for recategorization, that needed to be approved by the Committee. The Chief Compliance Officer and Interim CEO and Chief Investment Officer concurred in the categorizations prepared by the Managing Directors. Mr. Warner answered the Committee

Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

WHEREAS, the purpose of the Mandate Categorization Procedure, amended as of July 22, 2013, is to provide greater transparency into the process of classifying an investment mandate within the approved Asset Classes and Investment Types as defined in the Investment Policy Statements for the Permanent University Fund, the General Endowment Fund, and the Intermediate Term Fund; and

WHEREAS, the Procedure requires the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer to review and categorize each new mandate, and to review mandates prior to each Risk Committee meeting to determine whether there have been any change(s) in the investment characteristics of the mandate that warrant a recategorization and, if so, to recommend recategorization to the Risk Committee for their approval or recategorization; and

WHEREAS, a Managing Director, the Chief Compliance Officer, and the Chief Investment Officer have reviewed all new mandates prepared from July 2, 2016, through November 7, 2016, and categorized each as required by the Procedure; and

WHEREAS, the Managing Directors, the Chief Compliance Officer, and the Chief Investment Officer have reviewed existing mandates and determined that, with the exception of one mandate, there have been no changes in the investment characteristics of the mandates to warrant recategorization; and

WHEREAS, the Risk Committee has reviewed the new Asset Class and Investment Type Mandate Categorizations of twenty (20) new mandates and the recategorization of one (1) existing mandate, and concurs in the classifications as proposed by the Corporation's staff.

NOW, THEREFORE, BE IT

RESOLVED, that the categorizations of the Asset Class and Investment Type for each new Investment Mandate and the recategorization of an existing mandate are hereby approved.

Compliance Summary Program

Chairman Bass asked Ms. Gonzalez to present the Compliance Summary Program update. Ms. Gonzalez presented to the Committee the Investment Policies Compliance Report for the Quarter Ended August 31, 2016. Also monitored were the Derivative Investment Policy, risk targets, asset allocation targets and ranges, and other investment-related restrictions. She reported that there were no out of compliance matters related to the investment policies this quarter. There was one outstanding item regarding a compliance breach reported by staff with regard to trading authorization. As discussed at the previous Risk Committee meeting, Ms. Gonzalez was to provide and had provided the list of authorized traders to all counterparties in derivative investment transactions. The compliance staff will continue to ensure that the list of authorized traders is furnished to all counterparties any time it is updated to avoid any future breaches. Ms. Gonzalez also presented to the Committee the Institutional Compliance Program Report for the Year Ended August 31,

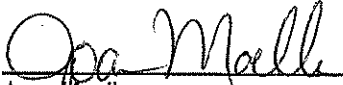
2016, including on-going monitoring of the compliance program, employee training, the preclearance of trades, and the Corporation's Compliance Hotline. Ms. Gonzalez reported that there was one trade preclearance violation related to a new employee. The issue was addressed and resolved. Ms. Gonzalez reported that there had been several changes within the organization but all Staff responsibilities had been tracked with regards to compliance due diligence. Ms. Gonzalez also gave an update on the Institutional Compliance Action Plan for FY 2016 and presented the FY 2017 Institutional Compliance Action Plan to the Committee. Ms. Gonzalez answered the Committee Members' questions.


Other Items

Chairman Bass asked for Staff input regarding his concerns of exposure to negative yielding securities in the Investment Grade Fixed Income Portfolio. Russ Kampfe and Mr. Warner answered Chairman Bass's questions and will research and provide further information to the Directors at a later meeting.

Adjourn

There being no further business to come before the Committee, the meeting was adjourned at 1:23 p.m.

Secretary: 
Joan Moeller

Approved: 
Kyle Bass, Chair
Risk Committee of
The University of Texas Investment
Management Company

Date: 6/15/17