

**MINUTES OF  
MEETING OF THE POLICY COMMITTEE OF  
THE UNIVERSITY OF TEXAS INVESTMENT MANAGEMENT COMPANY**

The Policy Committee (the "Committee") of The University of Texas Investment Management Company (the "Corporation") convened in open session on **January 25, 2007**, in the Livingston Room of the Four Seasons Hotel, 1300 Lamar, Houston, Texas, said meeting having been called by the Chairman, Robert B. Rowling, with notice provided to each member in accordance with the Bylaws. The audio portion of the meeting was electronically recorded. Participating in the meeting were the following members of the Committee:

Robert B. Rowling, Chair  
Colleen McHugh  
Erle Nye

thus, constituting a majority and quorum of the Committee. Also attending the meeting were H. Scott Caven, Jr., Chairman of the Board; Cathy Iberg, Interim President of the Corporation; Joan Moeller, Secretary and Treasurer of the Corporation; Christy Wallace, Assistant Secretary of the Corporation; Bill Edwards, Managing Director of Information Technology; Trey Thompson, Managing Director – Non-Marketable Alternative Investments; Tushar Shah, Director of Public Markets; Glenn Opel of Vinson & Elkins, legal counsel for the Corporation; Keith Brown of the McCombs School of Business at UT Austin; Philip Aldridge and Jim Phillips of UT System Administration; and Bruce Myers of Cambridge Associates. Chairman Rowling called the meeting to order at 8:10 a.m. Copies of materials supporting the Committee meeting agenda were previously furnished to each Director.

**Approval of the Minutes**

The first matter to come before the Committee was approval of the minutes of the Committee's July 13, 2006 meeting. By motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the minutes of the Meeting of the Policy Committee of the Board of Directors held on July 13, 2006, be, and are hereby, approved.

**Policies, Governance Documents, and Procedures and Guidelines**

Mr. Rowling asked Ms. Iberg to present the first discussion item on the agenda. Ms. Iberg reviewed a list of policies, governing documents and procedures and guidelines of the Corporation, and noted that the list indicated those needing UT System Board of Regents approval, those needing Corporation Board and/or Committee approval, and several internal documents developed by Staff not historically requiring Board approval. The Committee had previously requested review of several of the internal documents. Ms. Iberg stated that Staff was bringing forward today for review the Soft Dollar Policy and Proxy Policy. Also reviewed were proposed amendments to the Delegation of Authority Policy and Travel Guidelines. The UT

System Audit Office recommended that the travel guidelines be reviewed and approved by the Committee. One last item discussed was the Securities Lending Policy. The Corporation did not have a policy on securities lending due to the fact that the lending contracts with custodians are very detailed.

### **Delegation of Authority Policy**

Ms. Iberg continued with presenting to the Committee proposed amendments to the Delegation of Authority Policy. Most proposed changes are to provide clarification and make minor editorial changes. One change was made to consolidate documentation, controls and reporting into one section. This change satisfies a recommendation from the UT System Audit Office to develop specific timeframes for reporting exceptions. Another change in the Delegation of Authority Policy mentioned by Ms. Iberg was regarding dates for contracts. Outside counsel recommended that when a contract does not have a fixed term, it should be deemed to have a term of one year. Ms. Iberg and Mr. Thompson answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that amendments to the Delegation of Authority Policy be, and are hereby, approved in the form submitted to the Policy Committee, subject to approval by the Corporation's Board of Directors.

### **Travel Guidelines**

Mr. Rowling asked Ms. Iberg to continue with discussion of the travel guidelines. Ms. Iberg explained that UT System Audit Office recommended that the Corporation's Travel Guidelines be approved by the Policy Committee. The UTIMCO Travel Guidelines provide Staff with information and guidance about the procedures and responsibilities for traveling on company business. Staff has been following these guidelines. Ms. Iberg answered the Committee Members' questions. Upon motion duly made and seconded, the following resolution was unanimously adopted:

RESOLVED, that the UTIMCO Travel Guidelines be, and are hereby, approved in the form submitted to the Policy Committee.

### **Internal Policies**

Ms. Iberg continued with discussion of internal policies. The two internal policies reviewed were the Soft Dollar Policy and the Proxy Voting Policy. Ms. Iberg indicated that Staff had reviewed both the Soft Dollar Policy and the Proxy Voting Policy and concurred that the current guidelines are appropriate and sufficient for the current manner in which staff executes these activities, but welcomed discussion by the Committee. A draft Securities Lending Policy was also discussed. The Securities Lending Policy was prepared based on the existing agreement that is in place with the Corporation's Master Custodian. Ms. Iberg, Mr. Shah and Mr. Myers answered the Committee Members' questions. Outside counsel was in the process of

reviewing the Securities Lending Policy and the Corporation's agreement with the Master Custodian. Further discussion will be held on the policy.

There being no further business to come before the Policy Committee, the meeting was adjourned at approximately 9:00 a.m.

Secretary: Joan Moeller  
Joan Moeller

Approved: Robert B. Rowling  
Robert B. Rowling, Chair  
Policy Committee of the Board of Directors of  
The University of Texas Investment Management Company

Date: 11/12/07